

# Local Enterprise Offices Procedures Manual



# Section 1

## Introduction



# 1. INTRODUCTION

Government Reform in April 2014 resulted in the dissolution of the City and County Enterprise Boards (CEBs). The Department of Jobs, Enterprise and Innovation (DJEI) re-structured the delivery of supports for micro-enterprise through the establishment of Local Enterprise Offices (LEOs) within the Local Authorities (LAs).

A Framework Service Level Agreement (SLA) sets the context for the operation of the LEOs by the Local Authorities, on behalf of Enterprise Ireland (EI). Under this SLA, EI plays a significant oversight role in the activities of the LEOs and, through its Centre of Excellence (CoE), will ensure the appropriate matching and linking of national policy and programmes with local policies and programmes.

## 1.1 Roles of Respective Bodies

### Enterprise Ireland

Established by the Industrial Development (Enterprise Ireland) Act 1998, Enterprise Ireland (EI) operates in accordance with the provision of the Industrial Development Acts 1986-2014 and under the aegis of the Minister for Jobs, Enterprise and Innovation. EI, through its CoE, will provide a range of strategic, administrative, technical and financial supports to the LEOs to enable them develop an environment conducive to maximising the contribution of the micro-enterprise sector to the economy. Financial support includes the administration and distribution of funding to each LA/ LEO in accordance with procedures agreed between EI and DJEI, to meet the LEO funding requirements and to enable it to discharge its obligations in carrying out its functions.

The main activities undertaken by EI's CoE in this regard are:

- negotiating central Exchequer funding for the LEOs;
- monitoring expenditure and budgetary management, in association with the LEOs, to guarantee value for money to the Exchequer and EU funding;
- inputting into DJEI enterprise policy from a micro-enterprise perspective;
- providing best-practice guidance on a range of issues to the LEOs;
- representing the LEOs at micro-enterprise conferences, seminars and internal departmental meetings;
- developing and promoting high levels of performance within the LEOs and overseeing appropriate metrics; and
- preparing responses to Government representations and parliamentary questions; providing input to Ministerial speeches and; reporting on the implementation of measures relevant to the LEOs under various Programmes for Government.

## Local Authorities

A City/County Council is a Local Authority (LA) in accordance with the provisions of the Local Government Act 2001. Each LA is charged with providing a wide range of services in its respective functional area. The LEO model ensures that micro-enterprise and small business service delivery continues with significant local input, within a national micro-enterprise policy framework.

The City and County Management Association (CCMA) is a representative body for the Chief Executives of City and County Local Authorities throughout Ireland and has a key role in ensuring the successful implementation of the LEO initiative.

## Local Enterprise Offices (LEOs)

LEOs serve as a first-stop shop to provide support and services to start, grow and develop micro and small businesses in each local area.

They are strategically charged with stimulating economic activity at city/county level to develop indigenous enterprise potential in each of their 31 operating areas. This is attained through harnessing the collective effort of a wide range of local stakeholders, with a focus on building local economies of real strength and permanence and, providing jobs and wealth to meet the needs of each area.

Their key focus is to maximise opportunities for job creation and retention, attained through:

- promoting the general economic development of their areas;
- creating and raising local enterprise awareness and developing an enterprise culture and community-based enterprise activity;
- providing a single/first point of contact service to the business community;
- influencing the allocation of resources for micro-enterprise from EU, private and public funding sources;
- providing support to private sector and community initiatives so as to secure the establishment and/or expansion of commercially viable micro-enterprise projects;
- providing comprehensive pre and post start-up support to new and expanding micro-enterprises;
- providing business advice, counselling and mentoring;
- delivering management and capability development programmes aimed at improving owner-manager skills to assist the survival and growth of micro- businesses; and
- providing financial interventions to support business development.

## 1.2 Function of Procedures Manual

The Procedures Manual outlines the responsibilities, tasks and procedures for all personnel involved in the implementation of this EU co-financed activity. The manual complies with European Commission requirements as set out in Circular 08/2015 - National Eligibility Rules for Expenditure Co-Financed by the European Regional Development Fund (ERDF) under Ireland's Partnership Agreement 2014-2020.

The Procedures Manual addresses the following topics, where applicable:

- Operational arrangement for drawing down Exchequer funding from EI by the LAs for the LEOs ;
- Operational arrangement for Refundable Aid (RA) debt;
- Project evaluation and approvals process ;
- Procurement (training/consultancy/procurement in capital grant-aided projects) subject to the LA process ;
- Making payments ;
- Treatment of receipts ;
- National eligibility rules as per Department of Public Expenditure and Reform Circular 08/2015 ;
- Responsibilities of Intermediate Body and Beneficiaries;
- Publicity requirements ;
- EU rules on competition and State aid, environment and equality ;
- Audit requirements; file retention and storage.

The manual will be reviewed annually by EI's CoE and will be available for inspection by the level above the Body in the Financial Management and Control Cascade i.e. Certifying Authority, Managing Authority, the European Social Fund (ESF) and European Regional Development Fund (ERDF) Financial Control Units, the Internal Audit Units, the European Commission or its agents, and the European Court of Auditors.

The operation of the LEOs and the interaction between the LEOs, EI's CoE, and DJEI (Micro-Enterprise Policy Unit), and between the LEOs and their clients, are governed by the following, and must be complied with:

- The Industrial Development Act, 1986 - 2014
- Framework Service Level Agreement (between EI and LA)
- The Code of Practice for the Governance of Local Authorities
- Relevant Company Law Provisions
- The Ethics in Public Office Act, 1995
- De Minimis Aid Regulation (EC) 1407 / 2013
- The State Aid Rules of the EU
- The requirements of the managing authority for the relevant EU co-funded Operational Programme
- Freedom of Information Acts, 1997 - 2014
- Data Protection Act, 1988, as amended by Data Protection (Amendment Act), 2003
- Official Languages Act, 2003
- DJEI and EI Circulars currently in operation and any future circulars

LEOs should comply with their obligations under legislation, State aid regulations and any relevant LA procedures.

This Procedures Manual has been compiled to ensure that the activities of each respective LEO comply with all applicable obligations and responsibilities placed on it by the aforementioned Acts, regulations, procedures, etc.

This document provides additional and updated procedures to incorporate regulations and requirements facing the LEOs and should be read and utilised in conjunction with circulars currently in operation. Each LEO may opt to add additional procedures relevant to its own particular circumstances.



## Section 2

# General Control Procedures



## **2. GENERAL CONTROL PROCEDURES**

### **2.1 Financial Administration & Reporting**

LEOs, through the LA process and procedures, must demonstrate effective financial controls, including the maintenance of proper accounting records, which will be subject to audit spot checks by EI, the ERDF and other bodies as required. Such controls are an important element of the internal control process and help ensure that the LEO, inter alia the LA and EI, is not unnecessarily exposed to avoidable financial risks; that financial information on which they rely can be confirmed and; that such information is publicised and reported to stakeholders, as required. These controls also contribute to the prevention and detection of fraud or other irregularities and form the audit trail to support the ERDF co-funding claim. This internal control system should be reviewed in line with LA risk management and:

- be embedded in the operations of the LEO and form part of its culture;
- be capable of responding quickly to evolving risks within the LEO as identified via the LA risk management system; and
- include procedures for the immediate reporting of any significant control failing(s) or weakness(es) to appropriate levels of management, together with details of corrective action(s) being taken.

#### **2.1.1 Estimates Process**

EI's CoE must prepare a budget to indicate the estimated expenditure to be incurred by the LEOs during the year under the following categories:

1. Administration - Pay and Non-Pay
2. Measure 1
3. Measure 2
4. Other Programmes

The CoE will make an interim payment to each LEO at the commencement of each year to enable the LEOs make payments in advance of finalisation of budget allocations by the Board of EI. Such payments must be formally requested by letter to EI's CoE. The letter of request must be on LA letter-headed paper and signed by the Head of Enterprise and the LA Finance Manager or his/her nominee. The amount of such interim payments is at the discretion of EI; however, these amounts will issue without prejudice to the final decision in respect of budget allocations for each LEO.

#### **2.1.2 Exchequer Funding Drawdown**

##### **Grant Management Information System – GMIS**

The Grant Management Information System (GMIS) is the national system for recording grant and programme information for LEOs. The information confirms the grant process from client application to final payment. The GMIS should be kept up to date so that current information on projects including approvals, payments and refundable aid (RA) (see section 2.1.3 for information) repayments is centrally available, as required, to EI, LAs and other bodies, including audit authorities. The GMIS must also reconcile to the LA Financial Management System (FMS) so that reports supporting the quarterly drawdown by the LA are both accurate and up to date.



## Drawdown Request for Funding

Following confirmation of budget allocation, EI's CoE will request the LEOs to:

- acknowledge receipt of the interim payment issued at the start of the year; and
- submit an Exchequer funding drawdown request for each quarter by a specified date.

The drawdown requests for quarterly funding, supported by requisite documentation, must be submitted in hard-copy format to Enterprise Ireland, 4500 Atlantic Avenue, Westpark, Shannon, Co Clare and electronically to [leo.unit@enterprise-ireland.com](mailto:leo.unit@enterprise-ireland.com), no later than the due date.

## Frequency

The LEO/LA must submit, in electronic and hard-copy format, a quarterly drawdown request to the EI's CoE, using the approved drawdown letter template together with financial and GMIS reports of performance in the year to-date. The standard drawdown letter and reporting templates are available on LEO SharePoint. The drawdown letter, on Local Authority letterhead paper, must be signed by the Head of Enterprise and the LA Finance Manager or his/her nominee.

## Drawdown Template and Supporting Documentation (available on LEO Sharepoint)

The completed standard drawdown letter will be supported by:

- Summary and detailed analysis LEO Cost Centre reports (for the period year to-date) from Agresso or equivalent financial management systems <sup>1</sup> (FMS) that show the income and expenditure transactions for Pay, Non-Pay, Measure 1, Measure 2 and other programmes.
- Transaction listings including sub-totals that reconcile with the LEO Cost Centre reports.
- Reports from the GMIS showing Measure 1 RA income receipts and Measure 1 payments for the reporting period that agree with the RA income receipts and Measure 1 payments for the reporting period that agree with the RA income receipts and Measure 1 payment figures in the LEO Cost Centre report.
- The standard quarterly RA template must be completed and submitted as part of the quarterly drawdown request, along with supporting documentation (See section 2.1.3 for further information)

## EI Centre of Excellence Review and Process

The CoE unit will review the drawdown request and requisite documentation to ensure completeness and that the funding requested is reasonable. Additional information or explanation may be requested by CoE to support the drawdown request if deemed necessary.

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<sup>1</sup> Examples: Agresso / J D Edwards / Oracle

## **EI Finance Department**

The EI Finance department will submit the Exchequer funding drawdown request to DJEI based on the request for funding from CoE. The EI Finance department will enter the Payment Request Forms received from the CoE into Oracle. When the requested funds have been received from DJEI, the funds will be transferred by electronic funds transfer (EFT) to the LA bank accounts, indicated in the LA drawdown letters. The LA Finance department will get an email notification that the funds have been transferred.

### **2.1.3 Operational Arrangement for Refundable Aid**

Refundable Aid refers to repayable grants<sup>2</sup> under Measure 1 (Selective Financial Intervention) whereby the LEO provides priming and business expansion grant assistance to micro-enterprises, part of these grants may have a repayable element, referred to as Refundable Aid (RA), which is repayable by the beneficiary. The Department of Jobs Enterprise and Innovation and Enterprise Ireland previously issued circulars in relation to the operation and use of repayable grants including a requirement that a minimum of 30% of all approvals must incur a repayable element.

Use of Measure 1 grant aid including RA is set out in the financial instruments and national eligibility rules which are approved by the Department of Jobs, Enterprise and Innovation.

Receipts from RA repayments are ring fenced under Measure 1 and can be used only for Measure 1 activity. Refundable Aid receipts must be reused by LEOs and cannot be allowed to accumulate.

Refundable Aid income and expenditure is subject to monitoring by EI and is also monitored under the ERDF and Operational Programmes.

### **Refundable Aid Debt**

A Refundable Aid debt arises where grants approved by the LEOs' EVAC<sup>3</sup> have a repayable element supported by an agreement which sets out the repayment rate and schedule, due to be repaid to the LA for reuse by the LEO under Measure 1 grant aid.

Following the dissolution of CEBs in 2014, assets and liabilities, including RA debts, transferred to EI. For operational efficiency, the LAs have established a Refundable Aid Debtors ledger within their FMS where the Refundable aid debtors' balances at the CEB dissolution date, and all future RA debtor transactions, are recorded. A Contra Debtor account has also been established to offset the RA debtor balances; the RA debtor balances will not therefor be included in the LA annual accounts.

As the RA debtor balances are an EI asset, Enterprise Ireland is required to report them in its annual accounts. The EI records are updated by way of the LEO Quarterly RA Debtors Report, submitted by the LEO/LA.

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<sup>2</sup> LES /EI Circulars 18/2004, 06/2006 and 13/2008 refer

<sup>3</sup> Evaluation and Approvals Committee – a committee established by local authorities under a Framework Service Level Agreement with EI to evaluate and approve LEO grants.

## Quarterly Refundable Aid Debtors Report

Enterprise Ireland in consultation with the LAs and LEOs has established a quarterly reporting requirement for all RA debtors to ensure that the information in relation to assets i.e. the RA debt is accurately reflected in EI's accounts. The Quarterly Refundable Aid Report records information in respect of:

1. Repayments of Refundable Aid
  2. New Refundable Aid Balances
  3. Refundable Aid Balances written off
- A listing of RA receipts for the reporting period. This figure should agree with the RA repayments figure in the LEO cost centre report and with the GMIS information.
  - A listing of the new RA balances created for the reporting period which should agree with the GMIS information.
  - A listing of the RA debtor balances making up the closing balance on the RA debtors report and this listing should agree with the balances on the GMIS information.

LEOs using Agresso must use the standard reports (listed below) to provide the information required to complete the standard quarterly RA template. The information is provided in a pro-forma report which is run from the LA FMS system and verified by the LEO. It should be supported by and reconciled to the GMIS report, which lists all the grantees and RA balances outstanding. The RA debtor balances, per the FMS, must match the GMIS.

- LEO – Refundable Aid Debtors Summary to Period
- LEO – Refundable Aid Detail to Period
- LEO – Refundable Aid Detail by Customer Period

## Recording on Grant Management Information System - GMIS

The information provided in the Quarterly RA Debtors Report is supported by a print-out from the GMIS. When a grant is approved by the relevant EVAC, the grant approval data input to the GMIS should be triggered when the EVAC minutes are prepared, and updated by the LEO after each EVAC. The approved grant will usually have a repayable element expressed as a percentage of the grant approved (e.g. 30% repayable). The LEO must ensure that the GMIS is up to date with all approvals and repayable amounts, which should be done following the EVAC meeting. When a grant is approved, the grantee commits to a repayment schedule which can commence up to a maximum one year after drawdown.

When a grant is paid to the beneficiary/client by the relevant LA, the grant payment data should be entered on the GMIS by the LEO in a timely manner, at least on a monthly basis. The RA debt is only accounted for in the LA FMS and in the GMIS following the grant payment. The repayable amount associated with each grant payment is calculated as the percentage repayable per the grant approval, multiplied by the grant payment. Once the grant payment has been made, the repayable element of the grant is established as a debt in the LA FMS and on the GMIS by the LEO.

The information on the GMIS should be updated accurately to include the following:

1. The payment date
2. The grant type and category under which the payment is made

3. The payment amount
4. The refundable element to this payment
5. The expenditure incurred by the client in order to receive this grant payment
6. The amount being claimed on the EU Expenditure Certification Process for Operational Programmes (EUSF IT B1 System)
7. The expenditure incurred by the client on the claimed amount in the EU Expenditure Certification Process for Operational Programmes (EUSF IT B1 System)
8. The budget allocation Measure or Programme where this payment is made from (Fund Type and Fund Source)
9. The cashed date (used for the EU Expenditure Certification Process for Operational Programmes (EUSF IT B1 System))

Payment

Category	Approved Amount	Approved Refundable	Outstanding Amount	Outstanding Refundable	Amount	Amount Refundable	Private Investment	Eligible B1 Reclaim	Eligible B1 Pvt Inv.
Salary	€10,000.00	€3,000.00	€10,000.00	€3,000.00	10000.00	3000.00	10000.00	10000.00	10000.00
<b>Total</b>	<b>€0.00</b>	<b>€0.00</b>	<b>€0.00</b>	<b>€0.00</b>	<b>€10,000.00</b>	<b>€3,000.00</b>	<b>€10,000.00</b>	<b>€10,000.00</b>	<b>€10,000.00</b>

  

Fund Type	Fund Source*	Total Actual Private Inv.	Payment Ref
ERDF	Measure 1	€10,000.00	60059527
Payment Date*	Payment Cashed Date*	Comments	
19/11/2013	19/11/2013		

LEOs then record the grant drawdown payment i.e. the outbound payment as the grant is drawn down by the client.

### Relationship of Quarterly Refundable Aid Report, GMIS and Local Authority FMS

Inbound payments received against the repayable grant/debtor are posted in the LA FMS e.g. Agresso. As the grantee makes repayments, LEO staff must ensure that the repayment reports are run from the FMS, and the GMIS should be updated by the LEO. This should be done on a monthly basis to ensure that the individual client records are updated and kept in line with the FMS. The GMIS record shows the client record and balances all parts of the grants process from approval to payment: refundable receipts ; write-offs and decommitals.

<b>Grant Summary</b>	
<b>Client Ref#:</b>	6010642
<b>Business Name:</b>	Exemplar Energy Solutions Ltd
<b>Amount Approved:</b>	10,000.00
<b>Amount Paid:</b>	10,000.00
<b>Amount Decommited:</b>	0.00
<b>Payments Returned:</b>	0.00
<b>Amount Outstanding:</b>	<b>€0.00</b>
<b>Refundable Approved:</b>	3,000.00
<b>Refundable Paid:</b>	3,000.00
<b>Returns (Refundable):</b>	0.00
<b>Decommited (Refundable):</b>	0.00
<b>Interest on Refundable:</b>	120.00
<b>Interest Deductions:</b>	0.00
<b>Amount repaid by Client:</b>	0.00
<b>Refund Returned:</b>	0.00
<b>Write Off:</b>	0.00
<b>Amount Outstanding:</b>	<b>€3,120.00</b>

Once the RA client makes the first payment to the LA, the LEO must ensure that the repayment is posted to the LEO cost centre and then updated by LEO staff on the GMIS. The GMIS and the FMS system should always be in sync and the FMS debtors balances should reconcile to the balance on the GMIS at the end of each month.

When produced, the Quarterly RA debtors report should be reconciled to the GMIS and a print-out from the GMIS should clearly demonstrate that both the GMIS and FMS are correct and up to date.

### **Changes to Refundable Aid Debtor Balances**

Clients who are experiencing financial difficulties may seek to have their RA balance repayment schedule modified, balances written down or written off.

### **Modification to a Refundable Aid Repayment Schedule**

Clients who are experiencing financial difficulties in meeting the demands of the repayment schedule may have their schedule modified. Where a client requests such a modification:

1. The Head of Enterprise will consider the application.
2. If approved, the Head of the Enterprise will note the reasons for the change and the duration of the change on the client's file.
3. A listing of approved client RA debt repayment schedules will be brought to the attention of the EVAC.

### **Write-Off of Refundable Aid Balance**

LEOs/LAs must recognise the RA debt as an asset of EI and must take all measures necessary to recover of RA repayable grants due. Debts are generally not written off except in cases where the client has ceased trading. Enterprise Ireland must keep a debtor balance on its books until such time as the company has formally ceased trading.

However, EI recognises that this is not always possible and some grants may be irrecoverable, for example: clients in financial difficulties may seek to have their RA balance written off due to having ceased trading or being subject to an order and/or resolution for the winding up of the business or, is subject to receivership and/or examinership.

In advance of a write-off or write-down of a RA debt being considered, the LEO must:

1. Have direct engagement with the client and undertake a due diligence review of the financial position of the client.
2. Explore the option of a modified repayment schedule.
3. Request an auditor's certificate or equivalent independent opinion such as a Personal Insolvency Practitioner's (PIP) report.
4. Advise the client to consider independent legal advice.
5. Discuss the request with the LA Head of Finance.
6. Prepare a case outlining grant history, financial position and a recommendation.
7. The Head of Enterprise, with the concurrence of the Head of Finance, will then bring a proposal to the EVAC.

The decision of the EVAC will be notified to EI's Head of Finance together with a copy of the EVAC proposal document requesting the debt write-off and a copy of the minute outlining the EVAC recommendation for formal ratification by EI.

### **Write-Off of Refundable Aid balance of less than €500**

Where there are residual debtor balances of less than €500 and the LEO due diligence process to reclaim the outstanding balance has indicated that the client cannot repay his/her debts or it is considered impractical given the amounts involved.

1. The Head of Enterprise, with the concurrence of the Head of Finance, can prepare a case outlining grant history, financial position and a recommendation to write off the refundable aid to the EVAC.
2. The decision of the EVAC will be notified to the Enterprise Ireland Head of Finance together with a copy of the EVAC proposal document requesting the debt write-off and a copy of the minute outlining the EVAC recommendation for formal ratification by EI.



## 2.2 Implementation of Financial Supports

### 2.2.1 Measure 1

Following the establishment of the LEOs in 2014 and subsequent consultations with the DJEI, the Financial Instruments (Circular No. 2/2015), which govern how LEOs implement financial supports, were revised.

There are three grant types:

- Feasibility Study Grants
- Priming Grants
- Business Expansion Grants.

The cumulative level of grant aid to any eligible business must not exceed €150,000 over a three-year period. This accumulation of aid applies retrospectively i.e. to clients who have availed of support over the previous three years from the date of drawdown of approved funds.

The threshold for public aid from all sources to qualify as *De Minimis* Aid is €200,000. This will facilitate the support of projects that may have been grant aided from other sources. LEOs must ensure that all state aid is declared.

Grant support in respect of payments to State bodies are excluded: State bodies cannot be beneficiaries of grant aid.

Grant aid may not be approved retrospectively, for example, in relation to machinery already purchased or rental agreements already in place. Grant aid may apply from date of receipt of application for funding, which should be confirmed by the EVAC. Sustaining existing jobs may be considered by the EVAC provided that such jobs have not already been supported by public funds.

#### Eligibility Criteria for All Grants

The enterprise:

- must not employ more than ten people (including the promoter);
- must be established, registered, and operate within the geographic location of the LEO;
- must operate commercially;
- must demonstrate a market for the product/service;
- must have potential for growth in domestic and/or export markets and also potential for new job creation;
- can be a manufacturing or internationally-traded services business;
- can be a domestically-traded business with the potential to trade internationally; and
- must be a business which, on growth, may or may not fit the Enterprise Ireland portfolio.

The eligibility criteria listed above are subject to certain priorities and restrictions:

- Priority must be given to enterprises in the manufacturing or internationally-traded services sectors which, over time, can develop into strong export entities and graduate to the Enterprise Ireland portfolio.
- Salary support may be offered to unique tourism services projects that are focused predominantly on generating revenues from overseas visitors and which do not give rise to deadweight and/or displacement in the local economy.

## **Refundability**

At least 30% of total annual grant approvals, excluding feasibilities, made by each LEO, must be in refundable form. An individual LEO may decide not to assign a refundability element in the case of any individual grant, once the overall levels are achieved. It will be a matter for each LEO/EVAC to determine the commencement date for repayment of RA. LEOs/EVAC may offer a moratorium on repayments; however, such a moratorium should not extend beyond one year following drawdown.

## **Grant Types**

### **Feasibility Study Grant**

Feasibility Study Grants are designed to assist the promoter with researching market demand for a product or service and examining its sustainability. It includes assistance with innovation, including specific consultancy requirements; hiring of expertise from third-level colleges; private specialists; design costs and; prototype development costs.

The maximum Feasibility Study Grant payable for the Southern & Eastern Region is 50% of the investment or €15,000, whichever is the lesser. The maximum levels payable in the BMW Region is 60% or €15,000, whichever is the lesser.

Promoters who have availed of Feasibility Study Grants in the past are eligible for support subject to the overall grant limits of €150,000 over a three-year period, compliance with the *De Minimis* rules, and the appropriateness of the proposal for grant support.

### **Priming Grant**

A Priming Grant is a business start-up grant available to micro-enterprises within the first 18 months of start-up. The maximum grant level is €150,000 over any three-year period.

### **Business Expansion Grant**

The Business Expansion Grant is designed to assist the business in its growth phase after the initial 18-month start-up period. Micro-enterprises can apply for a Business Expansion Grant to help them to expand the business after the first 18 months of trading. The maximum Business Expansion Grant that can be paid is 50% of the investment, or €150,000, whichever is less.

If a business received a Priming Grant, it cannot apply for a Business Expansion Grant until 12 months after the date of approval of the Priming Grant. Priming and Business Expansion Grants between €80,000 and €150,000 are the exception. Only enterprises that clearly demonstrate a potential to graduate to Enterprise Ireland can be awarded grants of this size. In all other cases, the maximum grant is 50% of the investment or €80,000, whichever is the lesser.

## Eligible Grant Costs

### Feasibility Grants

- **Own Labour Research:** maximum €400 per week. This must be certified by the provision of a timesheet or work log to record time spent on a project and must not represent more than 20% of the overall cost of the Feasibility Study/Innovation Grant. Own labour costs may not be claimed by individuals in receipt of Department of Social Protection (DSP) payments.
- **Consultancy Fees:** to include design fees, architect, and legal fees.
- **Technical Development/Prototype/Innovation Costs;** cover prototype development, innovative design, research costs and third-level consultancy costs.
- **Market Research:** costs incurred to validate the business proposition.
- **Miscellaneous Costs:** include travel, at €0.26 per kilometre, airfares, and subsistence costs at €20 per day and €50 per overnight (where justified), telephone costs etc. This category must not represent more than 20% of the overall cost of the Feasibility/Innovation Grant.

### Priming/ Business Expansion Grants

All categories of costs set out below apply to both Priming and Business Expansion Grants. It will be a matter for the LEO/EVAC to allocate the grant approval within the various categories of support, which will be included in the Letter of Offer.

- **Capital Costs:** modifications and fit-out of workspace, office equipment, machinery, computer hardware and software. Cover both new and second-hand equipment and leasing arrangements. Rule 9 of the National Eligibility Rules (Circular 08/2015) on leasing applies. It should be noted that acquisitions and construction of buildings and purchase of mobile devices and assets, including laptops and iPhones/smart phones/iPads, are excluded from grant aid. Laptops, where necessary, may be included but only in respect of high specification for specialist work e.g. graphics, CAD etc.
- **Salary Costs:** apply to 1<sup>st</sup> year of employment only and payable in two instalments. Promoters on back-to-work programmes etc. may avail of grant support within a period of up to 18 months from 1<sup>st</sup> payment of the back-to-work allowance or similar DSP payment.

LEOs should ensure that salary scales for jobs are in line with the business plan. While it is a matter for each LEO and its EVAC to allocate its Measure 1 allocation, subject to resource availability, and in line with its priorities, it is intended that jobs paying the minimum wage should be generally grant aided at a level of €7,500; with jobs paying in excess of €40,000 grant aided at €15,000, and appropriate adjustments made for in-between salary scales.

- **Consultancy/Innovation/Marketing Costs:** consultancy fees, marketing initiatives, packaging, brochures, business cards, trade fairs, website design and development.

- **General Overhead Costs:** overhead costs could include the following:

**Rental Costs:** this category of aid may apply to Priming Grants and Business Expansion Grants for the first year that the project is being supported by the grant. It may only be used in the case of business premises i.e. those paying commercial rates or with planning permission to operate a commercial premises; these are generally not domestic dwellings except where change of use has been authorised. Evidence of executed lease is essential.

**Utility Installation Costs:** this category may be used to support broadband installation/upgrade costs, telephone installation costs, three-phase electricity etc. It excludes operating costs.

## Approval Process

All projects being considered for financial support are evaluated by the EVAC.

- All projects under €40,000 are approved by this Committee in line with enterprise policy.
- All projects over €40,000 are evaluated, and if endorsed by the EVAC, recommended to EI for final approval.
- Projects seeking approval in excess of a cumulative €80,000 over a three-year period will also be approved by EI in the same manner.

An EVAC is established in each LEO area. Members of this committee include:

- a Chair (either the City or County Chief Executive Officer (CEO) or another senior LA official not from the LEO, delegated by the City or County CEO);
- an EI representative (Regional Manager or his/her nominee); and
- five individuals with specific areas of business expertise (i.e. proven entrepreneurship, accountancy experience, knowledge of markets/sectors/technology, and banking/financial expertise).

In evaluating a project, the EVAC, based on the recommendation of the Head of Enterprise/Business Advisor, as part of the normal project assessment, will:

- Determine if the project is eligible; has the potential to trade internationally; can transfer to EI or is capable of generating revenue from overseas visitors and; does not give rise to deadweight and/or displacement in the local economy.
- Take account of all relevant legislation including public procurement, environmental protection, planning permission, EU State aids, equality of opportunity requirements and any relevant legislation. Any projects that are not in compliance with these requirements should be rejected.
- Ensure that the purpose of the project being evaluated is consistent with the overall objective of the Measure funding the project.
- Check that there has been no overlapping of EU aid for the project and that the requirements in relation to monitoring of the *De Minimis* Aid provisions have been complied with.

The EVAC minute should clearly demonstrate the decision/reason for supporting, rejecting or deferring the project and the level of support being offered. Copies of all documentation should be retained on file, in line with file retention guidelines issued.

## **Certification of Grants for Audit Purposes**

As a guideline, receipts in respect of all expenditure incurred and proof of payment is required for grant claims less than €15,000. For claims greater than €15,000, receipts, proof of payment and an auditor's certification will be required in respect of all expenditure incurred.

- A bank statement alone, other documentary evidence, or funds transfer to suppliers, does not fulfil all of the requirements of National Eligibility Rules 1.5. Each is an acceptable proof of payment, but must be accompanied by the invoices for the declared costs and must be reconciled with the invoices, submitted as part of the 100% verification of the eligibility of the declared costs, with proof of delivery to the project verified on-site by the respective LEO.
- Only relevant transactions should be visible on bank statements; all other transactions should be blanked out.
- Grant payment is on the basis of vouched expenditure except in the case of salaries and rent, which may be paid up front.
- In the case of Feasibility Study Grants, the Feasibility Study/Prototype must be completed and submitted by the client to the satisfaction of the respective LEO.
- A copy of the feasibility report must also be provided to support the claim and retained on file.
- A timesheet or work log together with details of the work undertaken should be retained as evidence on file for Own Labour Research.
- Certification will include receipts and bank statements in relation to telephone costs, travel and subsistence for miscellaneous feasibility costs.
- In regard to capital/utility/marketing/consultancy – certification will require original invoices (nett of VAT). VAT can only be included where VAT is not recoverable by the beneficiary by any means. It is not sufficient that the promoter is not registered. The promoter must demonstrate that they cannot recoup VAT under any circumstances.
- In relation to equipment or services purchased, invoices marked paid and details of serial numbers, if appropriate, are required. Confirmation of site visit will be required, supported by site visit report. This is especially important for capital items. In the case of consultancy-related costs, it will also be necessary to provide evidence that the work/study programme has been satisfactorily completed.
- In relation to Employment Support it is essential that copies of the following be retained: Payroll records/salary rates /contracts of employment and confirmation that tax/PRSI has been deducted and remitted to the Revenue Commissioners.

Verification is also required to demonstrate that the grant support is not more than a 50% contribution towards salary costs in respect of employees in the business.

- First-instalment grants require submission of details of all employees, their PPS numbers, commencement dates and Tax Clearance Certification.
- Unemployed returning to the workforce must furnish evidence of signing-off date from DSP.
- Self-employed salary-supported employment requires an accountant's certificate certifying that the person is employed full time in the grant-aided business with effect from a specified date. Details of tax registration and company registration, if appropriate, must also be furnished, as also

Tax Clearance Certification. Self-employed personnel may not take an income or drawings from the business at the outset.

- In relation to Rental/Accommodation Support Grant, support **cannot** be more than a 50% contribution towards rental costs. A signed copy of the lease/rental agreement must also be retained on file; this must include details of the monthly rent and receipts for rent paid.

Where a premises has been built with state aid support, rent should be reduced accordingly to reflect the differential between the market rate and subsidised rate in rental spaces that are already subsidised by an investment of state funds or tax breaks. The value of any such subsidy must be taken into account in determining compliance with EU *De Minimis* aid levels. Evidence of this should be retained on file.

Rental may be inclusive of utility costs in certain circumstances. Rental support should not distort rents in an area. LEOs should guard against rents being inflated because of rental support for clients. LEOs should also guard against clients renting, at inflated rates, property from themselves, or a company in which they may have an interest.

It is important that the State's investment is protected. In this regard, where there is an investment in infrastructure in relation to premises, the rental/lease agreement should be for a minimum period of 4 years and nine months.

**It should be noted that proof of payment is required for all forms of payment – cash, online, cheque or bank transfer.**

### **Tax Requirements**

The grant offer is conditional on the grantee being willing to produce a Tax Clearance Certificate from the Revenue Commissioners or in the case of sole traders to provide proof from the Revenue Commissioners that their tax affairs are fully compliant.

The Grantee should ensure that any contractor employed in connection with the approved project has a current Tax Clearance Certificate from the Revenue Commissioners.

### **Trading Period**

In order to certify the trading period, clients should submit details of start-up date plus evidence of any of the following:

- Date of registration for tax, VAT
- Date of registration with Companies Registration Office (CRO)

### **Costs per Job**

No specific costs per job have been set for micro-enterprises; however, it is critical that value for money in relation to costs per job be retained in the implementation of the supports and also having regard to the maximum grant available.



## Procurement Requirements

Procurement guidelines relate to all projects, whether EU co-financed or not. Amounts of up to €25,000 should comply with National Procurement Guidelines.

- **Amounts Less than €5,000**  
In accordance with National Public Procurement Guidelines, evidence must be retained on file that one or more verbal quotes were sought, where practical and proportionate.
- **Amounts between €5,000 and €25,000**  
Competitive tenders must be sought with at least three written quotations sought for all orders of supplies or services, in accordance with National Procurement Guidelines. While these guidelines must be followed where practical and proportionate, exceptional circumstances are catered for, in cases which a competitive process is impractical such as rental space or the acquisition of specialised equipment. This deviation must be documented and such documentation retained on file. Where direct invitations to tender/quote are issued, firms from which quotations are sought should be a good representative sample of all potential bidders in the market concerned. All records should be maintained on file.
- **Amounts in excess of €25,000**  
A formal tendering, using the Irish Government website [www.etenders.ie](http://www.etenders.ie) and/or other suitable publication, should be used, or, 5 written quotations sought and evidence that at least 3 were received; this evidential information should be retained on file. The tenders must be evaluated against specified requirements using a scoring sheet. (Refer to Circular 4/2012 issued 10 July, 2012 from the Central Coordination Unit (CCU) informing CEBs of the amendments to Public Procurement).

## Re-Allocation of Cost Categories

Reallocation between cost categories may be permitted, subject to prior written consent from the LEOs.

## Drawdown

The normal drawdown period for all grants is set at a maximum of twelve months.

## Time Extensions

All grants have a final claim date and no grant can or should be paid beyond this date.

In general, extensions to this final claim date should only be approved in exceptional circumstances where it can be demonstrated that the primary reason for the delay was due to circumstances outside the control of the client.

The LEO executive should complete a time extension request form for all time extensions.

The request form must clearly articulate the reason for a time extension. If a reason is not given, the extension will not be considered. It is the responsibility of the LEO executive to include the reason in the Time Extension Request Form.

#### **Process:**

- For time extensions less than 6 months, the Head of Enterprise will endorse and recommend the time extension for ratification by the EVAC for approval.
- For time extensions greater than six months the request is submitted to the CoE for review and if it supports the time extension, the CoE will endorse and recommend it to the LEO for ratification and approval by the EVAC.
- Once the time extension has been ratified by the EVAC, the Head of Enterprise will inform the client, in writing, of the outcome.

#### **Specific Grant Information**

A project may receive support from one or more European Structural and Investment Funds (ESIF) or from one or more programmes and from other Union instruments. In such cases, the expenditure item included in a request for payment for reimbursement by one of the ESIFs must not receive support from another fund or Union instrument, or support from the same fund under another programme i.e. support is per transaction, not per project.

#### **Process and Control**

The following procedures apply to all applications for Measure 1 grants - acceptance, evaluation, and confirmation.

- Each grant application should be assigned a reference number and acknowledgement issued to the client quoting a GMIS reference number.
- A written acknowledgement should be sent within five working days, acknowledging receipt of a grant application.
- Where applications are received via email, the client should be requested to manually sign the application at a meeting with the LEO executive.
- A new file should be opened for all new LEO clients - individual/company – and all related forms should be added to the file. A list of all client files and the filing code should be available on the GMIS.
- A record should be kept on file at the LEO premises of all meetings and significant communications with clients and non-clients.
- Application details should be entered on GMIS.
- A LEO executive should thoroughly appraise the project and request such additional information as deemed necessary to substantiate the application.
- The project proposal is submitted to the EVAC for consideration and approval.
- The list of projects pending further information should be routinely reviewed. Where an application is withdrawn due to incomplete information, the client must be notified and the GMIS updated accordingly.
- Having considered the project, the Chairman should ensure that the decision is clearly documented and that the approval is recorded.
- The Head of Enterprise should ensure that minutes of all EVAC meetings are maintained.

- Once approved, applicants should be sent a letter of offer and a list of conditions and be requested to sign and return an acceptance of grant offer.
- Applicants who are unsuccessful or those who are requested to provide further information should be notified in writing.
- Each LEO shall adhere to the LEO Customer Services Charter, which sets out the course of action to be followed in the event of a customer complaint.
- Applicants, whose project has been rejected by the EVAC, has a right to appeal the decision of the EVAC.
- All project approvals and associated information should be updated and maintained on GMIS. All soft support details should also be entered on GMIS e.g. mentoring/attendance on courses etc.
- The LEO must have regard to the requirements of the Form B1 process and update information on the DEEF 2014-2020 IT system as required.
- Information received from grant applicants should be safeguarded and kept confidential as per the Data Protection Act, 1988 and as amended by the Data Protection (Amendment Act), 2003 and any subsequent updates.
- Projects should be continuously monitored post approval. The LEO representative should check on both the physical and financial progress and inspections by way of desk check and/or site visit should be carried out as appropriate. Whilst such site visits may not be required for all Feasibility Study Grants, other grant types should be inspected to confirm that the project actually exists. Reports of these inspections should be documented and maintained.
- The Head of Enterprise should routinely consider what action is needed in respect of the grants approved by the EVAC, where the amounts approved have not been drawn down within the specified period as per the letter of offer.

## Benchmarks

Grant-aided projects should be reviewed with LEO staff on an annual basis for the first three years. Meetings should assess benchmarked achievements and review accounts. Each of the milestones set should be reviewed and noted and a copy of the report retained on file. It may be necessary to adjust the milestones and/or set new milestones as a consequence of these meetings.

The review process is designed to develop the communication and client/LEO relationship and help ensure the success of the business.

### 2.2.2 Measure 2

The Head of Enterprise, together with relevant LEO executives, is required to draw up a proposal for Measure 2 Programmes for the coming year, including estimated expenditure proposed. The LEO must have regard to and comply with National Eligibility Rules and National Procurement Guidelines when determining proposed Measure 2 activities.

The following procedure shall be generally adapted for the implementation of Measure 2 activities:

- Each Measure 2 activity shall be assigned a reference code to correspond with the LEO's internal system in completing and returning B1 forms.

- All trainers engaged by the LEO in the delivery of Measure 2 Programmes shall be recruited via a tendering process in line with the national thresholds for the procurement of supplies and services.
- Mentors shall be recruited by way of a Mentor Panel, which is at the discretion of each LEO to engage mentors by way of an application and evaluation process on a yearly basis. However, the Head of Enterprise has discretion to add mentors, where specific needs arise during the year.
- The LEO executive shall assess the request for Measure 2 assistance (under other programmes with the exception of training requests) and determine eligibility. This may, in some cases, require a meeting with the client to discuss the support in more detail and/or assist in the completion of the appropriate application form.
- The Head of Enterprise shall ensure that the purpose of the approved Measure 2 assistance is consistent with the overall objective of the Measure funding the project.
- The Head of Enterprise shall ensure that there has been no overlapping of EU aid at transaction level and that the requirements in relation to monitoring and compliance of 'De Minimis Aid' provisions have been complied with.
- All clients supported by Measure 2 funding shall be updated on the GMIS.
- Measure 2 Programmes shall be monitored on an ongoing basis.
- Evidence of proof of payment to the suppliers of Measure 2 Training/Development must be made available for audit purposes.

### 2.2.3 Other Sources of Funds

From time to time LEOs receive funding in addition to the Measure 1, Measure 2 and administration allocation from EI's CoE e.g. European Globalisation Adjustment Fund (EGF) (Eligibility Rules for 2014-2020 on SharePoint); Trading Online Vouchers (TOVs). In many cases, the LEO acts as project promoter. The standard procedures detailed in this document should be adhered to in relation to any additional sources of finance and in accordance with LA best practice.

Specific procedures for additional sources of funding will be notified from time to time by EI's CoE and, in addition, the following procedures will apply:

- The EVAC shall be appraised of an application in respect of any additional sources of finance.
- The EVAC should be kept informed of the outcome and status of applications.
- The Head of Enterprise should sign the acceptance of terms in relation to funding.
- The Head of Enterprise should ensure that procedures are implemented to ensure compliance with the requirements of the funding organisation. EU funding requirements are outlined in Section 3.

### 2.2.4 General Administration

#### Payment Process by Local Authority

All payments - Measure 1, Measure 2 and other sources of funds must be paid and processed in accordance with LA payment processes and procedures.

## **Risk Assessment**

LEOs should maintain a system of internal controls covering financial, operational and compliance, and associated risk management; these should be reviewed regularly.

## **Code of Best Practice**

In carrying out its functions, the LEOs will adhere to relevant policy guidelines and instruction from the DJEI, and EI. Management of the LEOs will be consistent with appropriate governance guidelines and practices and any other relevant national guidance or circulars. All LEO staff shall be required to comply with the local government staff-related codes, including the Code of Conduct for Employees and the Local Authority Accounting in Ireland Code of Practice and Accounting Regulations (updated 2009).

## **Structured Financial & Strategic Planning Procedures**

The Framework Service Level Agreement provides that each LEO prepares an annual Local Enterprise Development Plan and metrics for submission to the DJEI and EI's CoE.

## **Employment Survey**

Each LEO must undertake an annual employment survey and update the GMIS accordingly. The CoE will then submit a report to the DJEI on the LEO's employment performance.

## **Procurement**

Procurement guidelines in accordance with National Public Procurement Guidelines must be adhered to and LEOs should consult their LA Procurement Officer and LA Corporate Plan for all tendering and procuring requirements.

## **Protocols**

A set of Protocols have been established between EI and a number of agencies; these provide structured links between EI and the agencies with regard to LEOs, and in support of enterprise development locally. These Protocols (see Documents' Log section for listing), which are available on SharePoint, provide for sharing of information, cooperation on awareness and promotion activities and facilitate formal exchanges between the parties on the mutual uptake of services between the agencies.

## **LEO Branding Guidelines**

LEO branding guidelines must be strictly adhered to at all times, to ensure that a uniform corporate identity is projected and the unified service offerings of the LEOs are continually reinforced. The latest guidelines, issued in November 2015, outline the brand, sample communications and environment templates – these are available on SharePoint.

## **LEO Websites**

The corporate LEO website and all 31 subsites, are developed and managed by a content management system (CMS). All information uploaded to the site/s should reflect the corporate branding guidelines, agreed marketing communications messages and be consistent with the advice provided by the CMS provider in earlier training sessions. Information should be reviewed regularly, with the most relevant news and events highlighted, rotated and deleted as appropriate. Ongoing guidance is provided on SharePoint.

## **LEO SharePoint Extranet Portal**

This portal is a primary communication tool between the CoE and the LEOs. It is a central repository for documents and files and a useful means of sharing and collaborating. All staff should be familiar with, and use, SharePoint.

## **Customer Charter**

The LEO Customer Service Charter outlines the standard procedure in place to ensure that every complaint is fully and fairly dealt with.

## **Freedom of Information (FOI)**

The LEOs are established as Operational Units of the LAs and all Freedom of Information (FOI) requests should issue through the LA FOI process. All LEOs should liaise with the FOI section of the LAs on this process.

## **Circulars from the Centre of Excellence**

In supporting operational procedures, EI's CoE will issue Circulars which must be filed centrally and be available to all LEO staff and the EVAC, where necessary. These Circulars should be kept on file in date order. When a Circular is issued, it should be brought to the attention of the EVAC at the next meeting post issue.

The CoE will send a schedule of all Circulars issued during the year to each LEO at year end.

## **Irish Language**

The bilingual master LEO logo must be used on stationery, signage and recorded oral announcements. LEOs must, at all times, comply with the Official Languages Act 2003 (SI No. 391/2008). Local Authorities should also be cognisant of statutory commitments made in any local language scheme under this Act.



## Section 3

# EU Regulations

European Structural and Investment Funds (ESIF) 2014-2020  
European Regional Development Fund (ERDF)



## 3. EU Regulations

### 3.1 General Funding

#### Partnership Agreement

Under the EU legislation governing the **European Structural and Investment Funds (ESIF)**, member states were required to draw up and submit a partnership agreement to the European Commission. This partnership agreement sets out the policy context within which **European Structural and Investment Funds (ESIF)** allocated to Ireland will be applied. The focus will be on promoting jobs and growth and the ESIF funding will complement national investments in line with national and EU priorities. Ireland's partnership agreement was approved by the European Commission in November 2014. It is available at [per.gov.ie](http://per.gov.ie).

The ESIF include the following Funds applicable to Ireland:

- European Regional Development Fund (ERDF)
- European Social Fund (ESF) including additional EU funding from the Youth Employment /Initiative (YEI)
- European Maritime and Fisheries Fund (EMFF)
- European Agricultural Fund for Rural Development (EAFRD)

The investment under the ESIF 2014 – 2020 comes from the Irish Exchequer and the EU Structural and Investment Funds. Ireland has two Regional ERDF Operational Programmes, the Southern and Eastern Operational Programme 2014-2020 managed by the Southern Regional Assembly and the Border, Midlands and Western Operational Programme 2014-2020 managed by the Northern & Western Regional Assembly for the period 2014-2020. LEOs are co-financed through the ERDF fund and the "SME Support, Promotion and Capability Development" priority of the two Regional OPs. Other programmes operated by LEOs separate to the Regional OP may be eligible for EU co-financing from other measures e.g. EGF etc.

The Department of Public Expenditure and Reform Circular 13/2015 "Management and Control Procedures for the European Structural and Investment Funds Programme 2014-2020" sets out the main responsibilities of the Intermediate Body and Beneficiary as below.

#### Responsibilities of an Intermediate Body

Intermediate Bodies (IBs) shall be responsible for submitting financial and non-financial data to facilitate the drawdown of EU Funds, and any other responsibilities delegated to them by their Administrative Agreements.

#### Responsibilities of a Beneficiary

A Beneficiary shall ensure that:

- Only eligible expenditure actually incurred and paid under the terms of the project/operations approved is claimed; and that,
- A clear audit trail exists, i.e.:
  - All claims are supported by receipted invoices, or, where this cannot be done, by accounting;
  - Documents of equivalent probative value;
  - Appropriate data is recorded to allow for compliance with Article 125(2) (d) of the CPR; and

- A sufficient accounting code or system is maintained at transaction level to meet the requirements of Article 125(4) (b).

In accordance with the regulations for the 2014-2020 programmes, Local Enterprise Offices which carry out project selection, verifications and payments to beneficiaries (Managing Authority functions in accordance with Article 125 of the CPR) are deemed to be Intermediate Bodies as these are delegated to the LEOs in the Irish administrative structure.

Enterprise Ireland will continue to be deemed an Intermediate Body primarily in respect of Measure 2-funded operations but also in terms of carrying out sample checks on Measure 1.

Enterprise Ireland as IB must ensure that each LEO as a beneficiary of Measure 2 support is provided with a document setting out the conditions for support. This document will include the specific requirements of the services to be delivered, the financing plan, and the time-limit for execution, in accordance with Article 125(3)(c) of the CPR (EU) 1303/2013. LEOs must comply with these conditions of grant aid as outlined in a letter of offer in order to ensure the eligibility of expenditure for ERDF co-funding. This letter of offer will be issued to each Local Authority on an annual basis and a signed acceptance by the Chief Executive must be returned to the CoE.

For Measure 1, the primary responsibility for conducting and documenting verification checks on beneficiary (grantee) claims will lie with the LEOs, while for Measure 2, the primary responsibility for verifying expenditures incurred by the LEOs will rest with Enterprise Ireland.

The activities of LEOs, which are supported by EU Structural and Investment Funds, are set out in the text of the relevant Regional Operational Programmes (OPs). Implementation Plans are issued for each of the schemes under the OPs. LEOs must note the Implementation Plans and the OPs to ensure compliance with their eligible activities under the ESIF which set collective Performance Targets and Horizontal Principles.

The main EU Regulations and National Rules governing the ESIF are as follows:

General Regulation:

- Common Provision Regulation(CPR) 1303/2013  
REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.
- The following Regulation outlines the general tasks and scope of the ERDF fund:  
ERDF Regulation  
Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.
- DPE 055/20/2015 – Circular 13/2015  
Management and controls procedures for the European Structural and Investment Programmes 2015-2020.

- DPE 055/18/2015 – Circular 08/2015  
National Eligibility Rules for expenditure co-financed by the European Regional Development Fund (ERDF) under Irelands Partnership Agreement 2014-2020.
- Information and Communication Requirements:
  1. Articles 115-117(24) and Annex XII (25) of the Common Provisions Regulation (CPR).
  2. Information and communication guidelines for European Structural and Investment Funds 2014-2020.
- Managing Authorities, Intermediate Body and Beneficiaries are required by Article 140(42) of the CPR to maintain the availability of all supporting documents regarding expenditure supported by the Funds.

LEOs are obliged to retain these documents, which have been circulated by the Department of Public Expenditure and Reform and the CoE, EI.

### **General Principles of Management and Control Systems:**

General principles of the management and controls systems as set out in Article 4(8) and Article 72 of the Common Provision Regulation (CPR).

#### Article 4(8)

The Commission and the Member States shall respect the principle of sound financial management in accordance with Article 30 of the Financial Regulation.

#### Article 72

General principles of management and control systems.

Management and control systems shall, in accordance with Article 4(8), provide for:

- (a) A description of the functions of each body involved in management and control, and the allocation of functions within each body;
- (b) Compliance with the principle of separation of functions between and within such bodies;
- (c) Procedures for ensuring the correctness and regularity of expenditure declared;
- (d) Computerised systems for accounting, for the storage and transmission of financial data and data on indicators, for monitoring and for reporting;
- (e) Systems for reporting and monitoring where the body responsible entrusts execution of tasks to another body;
- (f) Arrangements for auditing the functioning of the management and control systems;
- (g) Systems and procedures to ensure an adequate audit trail; and
- (h) The prevention, detection and correction of irregularities, including fraud, and the recovery of amounts unduly paid, together with any interest on late payments.

LEOs are responsible for reporting and certifying the accuracy, actuality and eligibility of the expenditure to the Intermediate Body. For Measure 1, the primary responsibility for conducting and documenting verification checks on beneficiary (grantee) claims will lie with the LEOs as IBs, while for Measure 2, the primary responsibility for verifying expenditures incurred by the LEOs as beneficiaries will rest with Enterprise Ireland as IB.

LEOs are also responsible for ensuring that there are procedures in place and documented to ensure that expenditure on the measure/operation is consistent with the provisions of the National ERDF Eligibility Rules and the eligibility rules in the Regulations.

LEOs are required to use the “Schedule of Payment” template to list the M1 eligible expenditure. LEOs are also required to use the M1 and M2 Checklists provided to demonstrate a clear audit trail (See Documents’ Log section).

## **3.2 ERDF Funding**

In order to initiate the payment of ERDF funds by the EU Commission the LEO must complete a report, Form B1, to certify the accuracy, actuality and eligibility of ERDF expenditure.

The LEO must adopt procedures for Measure 1 as IBs and for Measure 2 as beneficiary to ensure that all projects in receipt of funding are in compliance with the requirements detailed in Form B1.

The requirements for the completion of Form B1 are set out in the paragraph on the main EU Regulations and National Rules governing the ESIF above. Further guidance will be issued by the MAs including procedures and management verification templates in advance of the request for submission of the first B1 claim.

The Form B1 should be prepared through the Data Exchange for European Funds 2014-2020 I.T. System (DEEF) or alternatively through any alternative procedure communicated by the MAs .

The LEOs must maintain sufficient documentary evidence to support the procedures performed during the completion of the Form B1, the results of the procedures, the individual responsible for performing the procedures and the review of same. This documentation should be maintained for possible future review by the Centre of Excellence, Managing Authority, Audit Authority, Certifying Authority, European Commission or the EU Court of Auditors.

The following section sets out further details on eligibility criteria and information and publicity regulations addressed in the Form B1:

Department of Public Expenditure and Reform Circular 08/2015: National Eligibility Rules for expenditure co-financed by the European Regional Development Fund (ERDF) under Ireland’s Partnership Agreement 2014-2020.

## **3.3 Eligibility Expenditure Criteria for European Structural and Investment ESIF Projects**

*CIRCULAR 08/2015* sets-out the criteria for eligible expenditure for European Structural and Investment Funds (ESIF) projects.

At a high level, the main criteria for eligibility are as follows:

- Expenditure incurred by a beneficiary and paid between 1<sup>st</sup> January 2014 and 31<sup>st</sup> December 2023;
- Expenditure incurred by project/operations approved by the Managing Authority in accordance with the methodology and criteria adopted by the Monitoring Committee;

- All expenditure must be supported by appropriate documents to ensure an adequate and proper audit trail;
- All EU publicity and information requirements must be adhered to, as outlined in the Information and Publicity guidelines for European Structural and Investment Funds issued in March 2015 by the Department of Public Expenditure and Reform;
- Compliance with the conditions of grant aid as provided in a document setting out the conditions for support for each operation including the specific requirements concerning the products or services to be delivered under the operation, the financing plan, and the time limit for execution, in accordance with Article 125(3)(c) of the CPR (EU) 1303/2013; and
- All applicable public procurement legislation, including enactments transposing EU Directives, and all associated national procurement guidelines and circulars must be stringently adhered to.

The type of expenditure must comply with the 17 rules, as follows:

1. General Rules on Eligibility
2. Salaries, Wages, Travel and Subsistence Costs
3. Overhead/Indirect Costs/Flat Rates
4. In-kind Contributions
5. Purchase cost of tangible fixed assets and depreciation charge
6. Purchase cost of second-hand equipment
7. Land Costs
8. Purchase of real estate
9. Leasing and Rental Costs
10. Financial & Legal Charges
11. Technical Assistance
12. Joint support from the Funds under the Investment for growth and jobs goal
13. Repayable Assistance
14. Net Revenue Generating Projects and Receipts
15. Value-Added Tax (VAT)
16. Sub-contracting Costs
17. Location of operation

LEOs must have available written procedures to ensure compliance with the eligibility criteria. The procedures must be documented, together with details of the roles and responsibilities of staff members. In addition, each LEO must maintain sufficient documented evidence to demonstrate that it has met the eligibility rules.

### **3.4 Information and Publicity (Common Provisions Regulation (CPR) - EU Regulation No 1303/2013 Article 115-117)**

The Information and Communication Guidelines for European Structural and Investment Funds 2014-2020 has been issued to all LEOs.

LEOs should develop procedures to ensure that activities supported by the European Structural and Investment Funds are in compliance with the European Commission requirements on information and publicity.

Common Provisions Regulation (CPR) - EU Regulation No 1303/2013 Article 115-117 - sets down detailed rules for the LEOs in relation to information and publicity. In general terms, the European Structural and Investment Funds and EU logos must be displayed on all publicity material, application forms, letters of offer or grant approval as well as on signs for projects/operations, as required under the Regulations. In addition, where appropriate, publicity material should include the required text references and logo acknowledging the role of the Exchequer and EU Structural and Investment Funds in the funding of the project/operation.

It should be noted that compliance with information and publicity measures will be examined during all audits of co-financed expenditure and that failure to comply with the provisions of this Regulation may lead to a flat rate financial correction in accordance with the provisions set out in the Regulations.

### **How to use Ireland's European Structural and Investment Funds logo:**

Ireland's European Structural and Investment Funds logo must be used with the Union emblem, as it is referred to in Implementing Regulation 821/2014, for all projects that have, or will receive, EU funding. Ireland's European Structural and Investment Funds' logo is a White Harp facing left accompanied by the text:

"Ireland's European Structural and Investment Funds Programme 2014-2020  
Co-funded by the Irish Government and the European Union"

In addition, the MA is advising the use of the following phrase across all poster types.

"This project contributes to the SME support, promotion and capability development theme of the ERDF co-funded programme".

#### **3.4.1 M1 Projects**

LEOs, as IBs, are required to highlight to beneficiaries the requirement in relation to publicity; specifically that acceptance of grant aid is acceptance to publication of grant recipient name and grant amount through a number of media and channels. The LEO is also responsible for verifying compliance.

Where Promoter/Beneficiary should use the Union Emblem and Ireland's ESIF Logo:

The Promoter must:

- acknowledge receipt of funds with the respective logos on its website (where website exists);
- display a poster (min. size A3) in the public area of the promoter's premises, such as the entrance area of a building; and
- acknowledge funding on any other documentation issued that is linked to the co-funded operation.

Example of A3 poster displaying the appropriate text and logos:



### 3.4.2 M2 Projects

Where LEOs are the beneficiaries they must ensure that activities supported by the European Structural and Investment Funds are in compliance with the European Commission requirements on information and publicity. Enterprise Ireland, as IB for Measure 2, is responsible for verifying compliance.

A3 size posters displaying the below text and logos should be placed in the Public area of the Local Enterprise Office, such as the entrance area of a building.





## Where the Local Enterprise Office should use the Union Emblem and Ireland’s ESIF Logo:

Ireland’s European Structural and Investment Funds’ logo and the Union Emblem must be featured if a project is to be included in European Union funded programmes. These must feature on the following items (not exhaustive), if they are produced, in relation to projects or schemes in receipt of European Structural and Investment Funds:

- ❖ Billboards/Publicity Signage
- ❖ Plaques
- ❖ Brochures/Literature
- ❖ Application Forms
- ❖ Annual Reports
- ❖ Display/Exhibition stands
- ❖ Videos
- ❖ Advertisements & Supplements
- ❖ Conference Material
- ❖ CD-ROMs/DVDs
- ❖ Websites
- ❖ Offer letters, correspondence with projects/beneficiaries
- ❖ Press releases
- ❖ Launches/Awards
- ❖ Posters

LEOs shall acknowledge the support of the DJEI and the EU for its Enterprise Plan in all public announcements and advertising.

### 3.4.3 Publishing list of beneficiaries

LEOs must also inform beneficiaries that Measure 1 project details will be included in the list of beneficiaries to be updated twice annually for each Operational Programme. LEOs, as beneficiaries for Measure 2 projects, will also be included in this list.

The following text appears in the application form and the letter of offer:

“Beneficiaries of grant aid should note that the acceptance of their inclusion in the list of beneficiaries under Art. 115 (2) of Regulation (EU) No 1303/2013 (“the Common Provisions Regulation”). This list will be updated every six months and can be accessed on the respective Northern & Western Regional Assembly and Southern Regional Assembly websites.”

## 3.5 Interreg Programmes

Some LEOs are also in receipt of funding from Interreg Programmes. These programmes are co-financed by the European Structural and Investment Funds (ESIF) and are targeted at promoting specific issues such as cross-border cooperation or rural development. LEOs must adopt procedures to ensure that regulations are in compliance with EU rules and directives in relation to these programmes.

## 3.6 Horizontal issues

LEOs must ensure that all measures supported by public funds comply with, and where appropriate help to promote, Government and European Union policy objectives and legislation on the horizontal issues as set out below.

Contribution to (prioritised) Horizontal Themes

- Equal opportunities and non-discrimination
- Equality between men and women

### 3.6.1 Equal opportunities and non-discrimination

LEOs will seek to promote equal opportunities and prevent discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the operational programme and in particular in relation to access to funding, taking account of the needs of the various target groups at risk of such discrimination and in particular the requirements for ensuring accessibility for persons with disabilities.

### 3.6.2 Equality between men and women

LEOs will seek to promote equality between men and women and, where appropriate, the arrangements to ensure the integration of the gender perspective at operational programme and operation level.

### 3.6.3 LEO Approach to Equality

Each LEO should ensure that it develops a planned and systematic approach to equality in its own operational and structural arrangements and promotes and supports a similar approach in all projects funded. The LEO may liaise with the specialised equality body for support as appropriate.

The following actions will be taken to integrate relevant horizontal principles:

1. In dealing with clients, the LEOs will ensure the rights (enshrined in the Customer Service Charter) to equal treatment established by equality legislation are upheld. The LEOs do not discriminate on the grounds of age, disability, gender, family status, race, religious belief, sexual orientation and membership of the traveller community.
2. The LEOs will ensure that all offices, facilities and resources are fully accessible in line with the Disability Act, 2005.
3. LEOs will generally seek to proactively gender-mainstream their operational activities and structures, particularly in regard to gender balance requirements, with a view to achieving optimum levels of gender equality. The selection of projects for support or financial assistance will be monitored for gender balance.
4. Positive interventions such as The Women in Business Networks, mentoring and tailored training programmes and events will be undertaken, throughout the life of the programme.

5. Specific initiatives targeting non-Irish nationals such as Ethnic Entrepreneurship programmes will be promoted to maximize the potential of this latent entrepreneurship. Other initiatives including youth entrepreneurship, seniors' enterprise and activity by minority groups will be encouraged.

### **3.7 Head of LEO Responsibilities**

The LEO may be in receipt of various forms of funding for different projects. It is the responsibility of the Head of Enterprise to ensure that the LEO is fully aware of all the compliance requirements of the relevant funding and is fully compliant with these requirements.

This responsibility may be delegated by the Head of Enterprise to another staff member. However, that individual should report to the Head of Enterprise, who should maintain overall responsibility for the compliance of the LEO.

### **3.8 Audit and Closure**

It is important to highlight that all information and documentation relating to the Operational Programme (OP) is maintained as per the document retention guidelines and that the LEOs, as Intermediate Bodies and beneficiaries, are aware that in addition to the ongoing verification ('spot') checks, audits are liable to be carried out on a selection of LEOs, as part to the Closure of the OP.

Closure-related audits of LEOs conducted for or on behalf of the EU Commission, the Managing Authority, Certifying Authority, Audit Authority etc. should be facilitated and assisted by the Head of Enterprise and staff of the LEOs concerned.

Documentary and electronic evidence of the overall management and control of each programme should be retained for inspection, (by the EU Commission and the European Court of Auditors) until at least 2027 or until notified by the Managing Authorities. Compliance with the Eligibility Rules, Information and Publicity requirements and maintenance of a satisfactory audit trail (i.e. documentary evidence of payments receipts, co-funding, Procedures and record-listing all projects claimed under the B1 process) is required to be retained until at least 2027 or until notified by the Managing Authorities.

### **3.9 Guidelines for Record Retention**

LEOs, under company law, are required to retain records for various lengths of time, depending on the records.

With respect to EU co-funded projects, in accordance with Article 140 "Availability of Documents" Regulation (EC) no. 1303/2013 of 17th December 2013, the LEO is required to maintain proper records of accounts and details of all costs in respect of any claim for payment made under any EU measure. Article 140 of the Regulation 1303/2013 requires that all supporting documentation regarding ERDF co-funded projects are kept available for audits (national Audit Authority, European Commission, Court of Auditors). The MA advise all LEOs to retain all supporting documentation regarding ERDF co-funded projects until at least 2027 or until notified by the Managing Authorities.

# Procedures Manual Documents' Log



## Log of Documents referenced in Procedural Manual

Procedural Documents	Framework Service Level Agreement (SLA) Financial Instruments Customer Service Charter Protocols (8) Department of Social Protection (DSP) Skillnets Limited Credit Review Office Micro Finance Ireland Limited (MFI) The Office of the Revenue Commissioners (Revenue) Fáilte Ireland Education and Training Boards Ireland (ETBI) The National Association of Community Enterprise Centres (NACEC)	All located on SharePoint
Finance/Drawdown/ Refundable Aid Documents	Templates: Drawdown Template Letter for LEO Funding Cost Centre Report Template Refundable Aid Templates	All located on SharePoint
ERDF Documents	1. Southern and Eastern Operational Programme 2014-2020 2. Border, Midlands and Western Operational Programme 2014-2020 3. The Department of Finance Circular 13/2015 "Management and Control Procedures for the European Structural and Investment Funds Programme 2014-2020" 4. Common Provision Regulation(CPR) 1303/2013 ERDF Regulation - Regulation (EU) No 1301/2013 of the European Parliament and of the 5. Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 6. DPE 055/18/2015 – Circular 08/2015 - National Eligibility Rules for expenditure co-financed by the European Regional Development Fund (ERDF) under Irelands Partnership Agreement 2014-2020. 7. Information and communication guidelines for European Structural and Investment Funds 2014-2020. 8. Implementing Regulation 821/2014  M1 (Priming/Business Expansion and Feasibility Grants) & M2 Checklists Schedules of Expenditure – Priming/Business Expansion and Feasibility Study Grants Implementation Plans for the BMW/ S&E Regional Operation Programme 2014 - 2020  LEO Administration Agreement	ERDF Documents 1-8 – Website Addresses listed hereunder  On SharePoint On SharePoint Revised Version will be circulated on approval by EU Work in progress – being drafted by Managing Authority
EGF Documents	Financial Mgmt. and Controls and Eligibility Rules for the European Globalisation Adjustment Fund (EGF) 2014-2020	On SharePoint

### ERDF Documents – Website Links

- Southern and Eastern Operational Programme 2014-2020  
[http://www.southernassembly.ie/en/info/southern\\_and\\_eastern\\_regional\\_operational\\_programme\\_2014\\_2020](http://www.southernassembly.ie/en/info/southern_and_eastern_regional_operational_programme_2014_2020)
- Border, Midlands and Western Operational Programme 2014-2020  
[http://nwra.ie/dubh/wp-content/uploads/2013/09/Programme\\_2014IE16RFOP001\\_1\\_0\\_en-FINAL1.pdf](http://nwra.ie/dubh/wp-content/uploads/2013/09/Programme_2014IE16RFOP001_1_0_en-FINAL1.pdf)
- DPE 055/20/2015 – Circular 13/2015 “Management and Control Procedures for the European Structural and Investment Funds Programme 2014-2020”  
<http://www.esf.ie/en/ImageLibrary/Repository/Info-and-Pub/Circular-13-2015-Management-Control-Procedures-for-ESIF-2014-2020-DPE-.pdf>
- Common Provision Regulation(CPR) 1303/2013  
<https://ec.europa.eu/digital-single-market/en/news/eu-regulation-common-provision-regulation-cpr>
- ERDF Regulation - Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006  
<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R1301>
- DPE 055/18/2015 – Circular 08/2015 - National Eligibility Rules for expenditure co-financed by the European Regional Development Fund (ERDF) under Irelands Partnership Agreement 2014-2020.  
<http://circulars.gov.ie/pdf/circular/per/2015/08.pdf>
- Information and communication guidelines for European Structural and Investment Funds 2014-2020.  
<http://www.per.gov.ie/wp-content/uploads/Information-and-communication-guidelines-2014-2020.pdf>
- Implementing Regulation 821/2014  
<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0821>

## List of Acronyms



## List of Acronyms

CCMA	City and County Management Association
CCU	Central Coordination Unit
CEBs	County Enterprise Boards
CMS	Content Management System
CoE	Centre of Excellence
CRO	Companies Registration Office
DEEF	Data Exchange for European Funds
DJEI	Department of Jobs, Enterprise and Innovation
DSP	Department of Social Protection
EAFRD	European Agricultural Fund for Rural Development
EI	Enterprise Ireland
EFT	Electronic Funds Transfer
EGF	European Globalisation Fund
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
EVAC	Evaluation and Approvals Committee
FMS	Financial Management System
FOI	Freedom of Information
GMIS	Grant Management Information System
IBs	Intermediate Bodies
LA	Local Authority
LEO	Local Enterprise Office
MA	Managing Authority
OP	Operational Programme
PIP	Personal Insolvency Practitioner
RA	Refundable Aid
SLA	Service Level Agreement
TOVs	Trading Online Vouchers
YEI	Youth Employment Initiative