

Northern Ireland ESF Programme Investment for Growth & Jobs - 2014 to 2020

Call 2 (Priority Axes 1 & 2) Operating Manual

Version Control

Version	Date
1	April 2018
2	March 2019

Contents

1. Introduction	6
1.1. Background	6
1.2. The Purpose of the Operating Manual	7
1.3. Roles and Responsibilities	8
1.3.1. Member State	8
1.3.2. Managing Authority	8
1.3.3. Certifying Authority	10
1.3.4. Audit Authority	12
1.3.5. Intermediate Bodies	12
1.3.6. Beneficiaries	13
1.3.7. Programme Monitoring Committee	13
1.4. Programme Implementation Timetable	14
1.4.1. Programme Timetable	15
1.4.2. Indicative Annual Timetable	16
1.5. Further Guidance	18
1.5.1. Guidance for Intermediate Bodies and Internal Departmental Beneficiaries	18
1.5.2. Guidance for External Beneficiaries (Priorities 1 and 2)	18
2. Application and Selection of Operations	18
2.1. Background	18
2.2. Priority Axes 1 and 2	19
2.3 The Offer and Award of Funding to Successful Applicants	19
3. Rules and Conditions of Support	20
3.1. The Basic Rules for Beneficiaries	20
3.2. Governance Arrangements	22
3.2.1. General	22
3.2.2. Responsibilities of Directors and Employees	22

3.2.3.	Financial Checking	23
3.2.4.	Insurance Obligations	23
3.2.5.	Employment Law and Safe Working Environments	23
3.2.6.	Safeguarding.....	24
3.2.7.	Sustainability	24
3.2.8.	Handling Complaints.....	24
3.3.	Tendering Procedures	24
3.3.1.	Requirements for Public Sector Bodies	25
3.4.	Training Delivery Quality and Restrictions	25
3.5.	Audit Trail and Document Retention	26
3.5.1.	The Audit Trail	26
3.5.2.	Document Retention.....	26
3.5.3.	Document Availability	27
3.5.4.	Document Transfer and E-cohesion	27
3.6.	Information and Publicity	28
3.6.1.	General	28
3.6.2.	Roles and Responsibilities	28
3.6.3.	Non-compliance.....	29
4.	Eligibility	29
4.1.	Participant Eligibility.....	29
4.1.1.	Introduction.....	30
4.1.2.	The Basic Eligibility Requirements	30
4.1.3.	The Specific Eligibility Requirements	30
4.2	Expenditure Eligibility	30
4.2.1	Revenue Generation.....	31
4.3	Financing Model – Call 2	32
Eligible Direct Staff Time.....		32

5	The Claims Process	35
5.1	General	35
5.2	General Parameters for Receiving and Paying Claims	35
5.2.1	Advance Payments	35
5.2.2	Timing of Claims	35
5.2.3	Payment of Claims	35
5.3	Irregularities	36
6	Match Funding	36
6.1	General	36
6.1.1	In Cash and In Kind	37
6.1.2	Sources of Match Funding for Further Education Colleges	37
7	Management Verifications	37
7.1	General	37
7.2	Managing Authority Role	38
7.3	The Role of Intermediate Bodies	39
7.4	The Role of Beneficiaries	39
8	Drawdown Process	40
8.1	General	40
9	Expenditure Targets (N+3 and Performance Framework)	40
9.1	General	40
9.2	Performance Framework Targets	41
9.2.1	Background	41
9.2.2	Performance Framework Monitoring	41
10	Monitoring and Evaluation	42
10.1	General Responsibilities	42
10.1.1	Performance Indicators with Targets	43

10.1.2	Performance Verification.....	43
10.2	Programme-level Reporting Requirements.....	43
10.2.1	Progress Reports & Annual Implementation Reports.....	43
10.3	Operation-level Reporting Requirements.....	44
10.3.1	Dealing with Underperformance.....	44
10.4	Evaluation.....	44

Contents

1. Introduction

1.1. Background

The Northern Ireland European Social Fund (ESF) Operational Programme 2014-2020 was submitted to the European Commission (the Commission) on 17 July 2014, formally adopted on 12 December 2014 (CCI: 2014UK05SFOP004) and further amended by Commission Implementing Decision (2017) 8822 on 15th December 2017.

The Programme has been allocated €210m ESF, including a 6% Performance Reserve, This will be matched nationally by contributions of over €300m.

The overall strategic aim of the Northern Ireland ESF Programme 2014-2020 is to combat poverty and enhance social inclusion by reducing economic inactivity, and to increase the skills base of those currently in work and future potential participants in the workforce. This aim is to be realised through three main priority axes, namely:

- i. Promoting sustainable and quality employment and supporting labour mobility;
- ii. Promoting social inclusion and combating poverty and any discrimination; and
- iii. Investing in education, training and vocational training for skills and life-long learning.

The first priority axis funds activities geared towards supporting unemployed (including long-term unemployed) people, economically inactive people, and young people aged 16 to 24 years not in education, employment or training (NEETs) to move closer towards employment.

The second priority axis funds activities geared towards supporting people with a disability and NEETs aged 16 years and above in families experiencing multiple

disadvantages and receiving support through the Community Family Support Programme (CFSP).

The third priority axis funds activities aimed at increasing the proportion of people in employment skilled at levels 2 and above through apprenticeships and traineeships.

A fourth priority axis, Technical Assistance, is also in place to support the ongoing running of the programme.

Further information on these thematic objectives and investment priorities can be found in the Operational Programme on the [Department's Website](#)

1.2. The Purpose of the Operating Manual

The Operating Manual has been produced by the Programme Managing Authority, which is part of the European Fund Management Division within the Department for the Economy (DfE). It is intended as a general reference guide for the implementation of the Programme, to be used both by Intermediate Bodies, to whom the Managing Authority has delegated various roles in relation to the management of specific investment priorities, and by individual beneficiaries, the ultimate recipients of funding under the Programme.

The Operating Manual should be read in conjunction with the relevant laws, to which the Operating Manual may refer in places. The main [Commission Regulations](#) relating to the Programme are:

- The Common Provisions Regulation (EU) No. 1303/2013 (CPR);
- The European Social Fund Regulation (EU) No. 1304/2013 (ESF Regulation);
and
- Various Implementing and Delegated Regulations which have been adopted for specific elements of the programme.

As a general guidance document, the Operating Manual should also be read in conjunction with other more specific guidance documents where appropriate, to which the Manual may refer in places. All Commission guidance relevant to the implementation of the Programme is available on the [Commission's Regional Policy website](#) and all supplementary Managing Authority guidance is available on the [Department's website](#).

1.3. Roles and Responsibilities

1.3.1. Member State

The role of the Member State in Northern Ireland is carried out by the Department of Finance (DoF). Its main functions are defined in [Article 122 CPR](#) and are summarised below:

- Preparation, negotiation and approval of the Operational Programme;
- Ex-ante evaluation;
- Setting up of management, monitoring and control arrangements;
- Correct management and reporting of irregularities to the Commission;
- Designation of the Managing Authority;
- Publicity and information, including the establishment of an electronic exchange system; and
- Chair and secretariat of the Programme Monitoring Committee (PMC) and related Working Groups.

1.3.2. Managing Authority

The Member State has designated DfE as the Managing Authority for the Programme. The Managing Authority is responsible for managing the Programme in accordance with the principles of sound financial management. Its main functions are specified in [Article 125 CPR](#) and are summarised below:

- Develop and maintain the Operational Programme document and seek modification approvals from the Commission as required;
- Support the work of the PMC and provide it with the information it requires to carry out its tasks, including regular progress reports in relation to the programme's financial and non-financial performance indicators, targets and milestones;
- Develop and, after approval by the PMC, submit annual and final implementation reports to the Commission;
- Provide financial assistance to the Member State from the Technical Assistance budget for the establishment and maintenance of a database, which will record and store in a computerised form the data on each operation necessary for monitoring, evaluation, financial management, verification and audit;
- Ensure that the data referred to above is collected, entered and stored in the system to enable meaningful monitoring and reporting;
- Establish, with approval from the Member State and PMC, procedures for the application and selection of operations funded under the Programme, which ensure that operations selected contribute to the achievement of the Operational Programme and its investment priorities;
- Ensure procedures, guidance and templates are established for the assessment and approval of operations;
- Submit major project applications to the Commission in accordance with regulatory requirements;
- Establish procedures, guidance and templates which ensure that each beneficiary is provided with 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;
- Establish procedures, guidance and templates for financial management and control activities, setting our requirements pertaining to expenditure verification and accounting treatment/codification where expenditure is reimbursed on a real cost basis;
- Develop and implement effective and proportionate risk-assessment and anti-fraud measures in accordance with regulatory requirements;

- Explore opportunities for simplification in terms of procedures and cost reimbursement;
- Ensure that where the Managing Authority is also a beneficiary, for example in the use of Technical Assistance, arrangements exist for verifications which ensure adequate separation of functions;
- Establish procedures and plans to ensure the achievement of annual expenditure targets;
- Establish procedures and guidance which ensure that a full audit trail is established and maintained in accordance with regulatory requirements;
- Draw up the management declaration and annual summary in accordance with regulatory requirements;
- Develop and implement an Information and Publicity Plan;
- Maintain and publish a list of operations financed under the programme in accordance with regulatory requirements;
- Develop an Evaluation Plan for the programme; and
- Establish procedures for reporting, monitoring and investigating irregularities and for the recovery of amounts unduly paid.

The Managing Authority can choose to delegate some of these functions to Intermediate Bodies. This is formally documented in a Memorandum of Understanding. The delegated functions are also set out below.

1.3.3. Certifying Authority

The Member State has also designated a unit within DfE, which is functionally independent from the Managing Authority, as the Certifying Authority for the Programme. The Certifying Authority is responsible for drawing up and submitting payment applications to the Commission, and certifying that they result from reliable accounting systems, are based on verifiable supporting documents, and have been subject to verifications by the Managing Authority. Its main functions are specified in [Article 126 CPR](#) and are summarised below:

- Drawing up and submitting payment applications to the Commission, and certifying that they result from reliable accounting systems, are based on verifiable supporting documents, and have been subject to verifications by the Managing Authority;
- Drawing up the accounts referred to in point (a) of Article 59(5) of the Financial Regulation;
- Certifying the completeness, accuracy and veracity of the accounts and that the expenditure entered complies with applicable law and has been incurred in respect of operations selected for funding;
- Ensuring that there is a system which records and stores, in computerised form, accounting records for each operation, and which supports all the data required for drawing up payment applications and accounts, including records of amounts recoverable, amounts recovered and amounts withdrawn following cancellation of all or part of the contribution for an operation or operational programme;
- Ensuring, for the purposes of drawing up and submitting payment applications, that it has received adequate information from the Managing Authority on the procedures and verifications carried out in relation to expenditure;
- Taking account when drawing up and submitting payment applications of the results of all audits carried out by, or under the responsibility of, the Audit Authority;
- Maintaining, in computerised form, accounting records of expenditure declared to the Commission and of the corresponding public contribution paid to beneficiaries; and
- Keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation, and ensuring that amounts recovered are repaid to the budget of the Union prior to the closure of the programme by deducting them from the subsequent statement of expenditure.

All of the functions listed will be carried out by the designated Certifying Authority without delegation.

1.3.4. Audit Authority

The Member State has also designated a unit within DfE, which is functionally independent from both the Managing Authority and the Certifying Authority, as the Audit Authority for the Programme. The Audit Authority has direct responsibility for the audit of ESF operations and its main functions are specified in [Article 127 CPR](#), summarised below:

- Ensuring that audits are carried out on the proper functioning of the management and control system of the Operational Programme and on an appropriate sample of operations on the basis of the declared expenditure;
- Ensuring that, where audits are carried out by a body other than the Audit Authority, the alternative body has the necessary functional independence;
- Ensuring that audit work takes account of internationally accepted audit standards;
- Preparing, within eight months of the adoption of the Operational Programme, an audit strategy for performance of audits, setting out sampling methods and planning procedures for the current accounting year and the two subsequent accounting years;
- Updating the audit strategy annually from 2016 until and including 2024; and
- Drawing up an audit opinion and a control report setting out the main findings of the audits carried out, including findings with regard to deficiencies found in the management and control systems and proposed corrective actions.

The Audit Authority will, where appropriate, place reliance on the work of the Internal Audit Service in regard to the systems audits of management and control.

1.3.5. Intermediate Bodies

Intermediate Bodies are any bodies, public or private, to whom the Managing or Certifying Authorities have delegated one or more of their functions in relation to

implementing operations. As indicated above, the Certifying Authority will not delegate any of its responsibilities. The Managing Authority has however identified one Intermediate Body to carry out several of its functions.

A separate unit within DfE, called ESF Project Delivery Branch (PDB), has been delegated various functions pertaining to operations funded under priority axes one and two. These include: project administration (including issue and management of Letters of Offer); financial and non-financial management verification; administering payments to beneficiaries; effecting financial recoveries as appropriate; performance monitoring, management and validation; and maintenance of all project level information on the Programme database. Other Intermediate Bodies may be identified by the Managing Authority as appropriate during the course of the Programme.

The designation of each Intermediate Body will be formally recorded in writing through a signed Memorandum of Understanding (MoU) between the Managing Authority and the Intermediate Body. This MoU will outline each Body's responsibilities in detail and the Managing Authority will undertake to ensure that the Intermediate Body is fulfilling the stipulated functions to the standard required.

1.3.6. Beneficiaries

Beneficiaries are any bodies, public or private, in receipt of ESF funding and responsible for implementing operations funded by the Programme. In the majority of cases, their roles and responsibilities will be laid out in a legally binding Letter of Offer, detailing the terms and conditions attached to the funding offered therein and issued to them by either the Managing Authority or one of its Intermediate Bodies. In some cases the Managing Authority itself may be a beneficiary through the receipt of Technical Assistance funding.

1.3.7. Programme Monitoring Committee

The Member State (DoF) is responsible for establishing the PMC, details of which, including details of membership, can be found on the [DoF website](#). The PMC is responsible for reviewing the implementation of the Programme and the progress

made towards achieving its objectives. The functions of the PMC are set out in [Articles 47-49](#) and [Article 110](#) CPR and are summarised below:

- Reviewing the implementation of the Programme and its progress towards achieving the objectives agreed with the Commission, including the review of financial data, common and programme specific output and result indicators, and performance framework milestones;
- Examining all issues which affect the performance of the Programme, including the conclusions of performance reviews;
- Making observations to the Managing Authority regarding implementation and evaluation of the Programme, including actions related to the reduction of the administrative burdens on beneficiaries;
- Examining progress towards the implementation of the evaluation plan and communications strategy for the Programme;
- Examining actions taken to promote equality between men and women, equal opportunities, non-discrimination and sustainable development; and
- Examining and approving application and selection criteria, annual and final implementation reports, evaluation plans, communications strategies, and amendments to the Operational Programme.

The PMC may establish Working Groups as it deems appropriate to consider specific areas of its responsibility in more detail. These Working Groups will operate under the direction and authority of the PMC.

1.4. Programme Implementation Timetable

1.4.1. Programme Timetable

The key activities which will take place during the programming period are outlined in the table below:

Period	Key Activity
2012-2013	Formulation of draft Programme
July – October 2013	Public consultation on the content of the draft Programme
July 2013	Draft Programme approved by the Northern Ireland Executive
July 2014	Draft Programme submitted to the Commission
December 2014	Programme adopted by the Commission
June 2015	Official Programme launch
May 2016	First Annual Implementation Report submitted to the Commission covering performance from January 2014 to December 2015
February 2017	First Management Declaration and Annual Control Report
December 2017	First N+3 expenditure target
2017-2018	Mid-term review
August 2019	Commission decision on Performance Reserve
December 2023	Final date by which expenditure must have been incurred and paid by beneficiaries under the Programme

1.4.2. Indicative¹ Annual² Timetable

The key activities which will normally take place in each year of the programming period are outlined in the table below.

Month	Key Activity
January	<ul style="list-style-type: none"> Managing Authority requests input from Intermediate Bodies and beneficiaries to Annual Implementation Report in respect of performance relevant to the preceding year Managing Authority submits quarter 4 drawdown to the Certifying Authority
February	<ul style="list-style-type: none"> Managing Authority requests input from Intermediate Bodies and beneficiaries for Progress Report for PMC Audit Authority submits the Annual Control Report to the Commission by 15 February Managing Authority submits the Management Declaration and Audit Summary to the Commission by 15 February Certifying Authority submits the Annual Accounts to the Commission by 15 February
March	<ul style="list-style-type: none"> Managing Authority submits Progress Report, Annual Implementation Report and other relevant papers to PMC secretariat 3 weeks prior to PMC meeting (normally scheduled for April)
April	<ul style="list-style-type: none"> PMC meets Managing Authority requests quarter 1 N+3 forecasts from Intermediate Bodies Managing Authority initiates quarter 1 drawdown Managing Authority submits quarter 1 drawdown to the Certifying Authority

¹ Timings may vary on a year-by-year basis depending on need.

² The Commission Financial Year runs from 01 January to 31 December and applies to the N+3 targets and the Annual Implementation Reporting period. The Commission Accounting Year runs from 01 July to 30 June and applies to audit and accounting periods, including the Annual Control Report, the Management Declaration, and the Annual Summary.

May	<ul style="list-style-type: none"> • Managing Authority follows up on actions arising from PMC meeting • Europe Day (09 May) is marked by Managing Authority • Managing Authority submits 'light' Annual Implementation Report to Commission through SFC2014 by 31 May
June	<ul style="list-style-type: none"> • Managing Authority submits 'enhanced' Annual Implementation Report through SFC2014 by 30 June (2017 and 2019 only)
July	<ul style="list-style-type: none"> • Managing Authority requests quarter 2 N+3 forecasts from Intermediate Bodies • Managing Authority initiates quarter 2 drawdown • Managing Authority submits quarter 2 drawdown to the Certifying Authority
August	<ul style="list-style-type: none"> • Managing Authority requests input from Intermediate Bodies and beneficiaries for PMC Progress Report
September	<ul style="list-style-type: none"> • Managing Authority submits Progress Report and other relevant papers to PMC secretariat 3 weeks prior to PMC meeting (normally scheduled for October/November)
October	<ul style="list-style-type: none"> • PMC meets • Managing Authority requests quarter 3 N+3 forecasts from Intermediate Bodies • Managing Authority initiates quarter 3 drawdown • Managing Authority submits quarter 3 drawdown to the Certifying Authority
November	<ul style="list-style-type: none"> • Managing Authority follows up on actions arising from PMC meeting • Managing Authority attends Annual Examination meeting with Commission
December	<ul style="list-style-type: none"> • Managing Authority initiates quarter 4 drawdown

1.5. Further Guidance

1.5.1. Guidance for Intermediate Bodies and Internal Departmental Beneficiaries

Should an Intermediate Body or internal Departmental beneficiary have any queries in relation to the content of this guidance, they should be addressed directly to the Managing Authority via the following e-mail address:

EuropeanFundManagement@economy-ni.gov.uk.

1.5.2. Guidance for External Beneficiaries (Priorities 1 and 2)

Should an external beneficiary (priorities 1 and 2) have any queries in relation to the content of this guidance, they should be addressed in the first instance to the Department's ESF Project Delivery Branch via the following e-mail address:

esf@economy-ni.gov.uk.

2. Application and Selection of Operations

2.1. Background

The spending priorities and financial allocations within the Programme were agreed by the Northern Ireland Executive and adopted by the Commission in December 2014. The Managing Authority, in accordance with [Article 125 CPR](#), is responsible for drawing up and, once approved by the PMC, ensuring application of appropriate selection procedures and criteria which:

- Ensure the contribution of operations to the achievement of the specific objectives and results of the relevant priority;
- Are non-discriminatory and transparent; and

- Take into account the general principles set out in [Articles 7 and 8 CPR](#) (concerning Equality and Sustainable Development).

2.2. Priority Axes 1 and 2

For Priorities 1 and 2, a second call for applications commenced in September 2017. The call was well advertised and new application criteria and procedures developed. The selection criteria was approved by the Programme Monitoring Committee. The process included:

- Stakeholder Consultation Events;
- Development of application and supporting guidance;
- Call for Applications; and
- Selection. Letters of Offer issued to successful projects in March 2018.

The eligibility period for Call 2 project expenditure will be from 1 April 2018 up to 31 March 2022.

2.3 The Offer and Award of Funding to Successful Applicants

Successful applicants for ESF funding under priority axes 1-2 will normally be issued a formal offer of funding (LoO). The LoO will outline the details of the support and the relevant terms and conditions applicable. Once a LoO has been formally accepted by the beneficiary, it will become a binding agreement between both parties.

Provision will also be made in the LoO for actions to be taken in the event of default, including the potential for the recovery of funding from the beneficiary.

Given the varied nature of operations supported under ESF, not all LoOs will be identical. However, there are certain areas which all LoOs must cover, including:

- An eligibility period, setting out the dates between which approved eligible expenditure must be incurred and paid;

- Details of access rights for inspection and audit purposes;
- Details of the beneficiary's responsibilities regarding the retention of documentation, including the opportunities provided by e-Cohesion and the maintenance of a separate accounting system;
- Details of the beneficiary's responsibilities concerning tendering procedures;
- Details of the beneficiary's responsibilities in ensuring that all expenditure is eligible;
- References to the relevant legislation with which the beneficiary must comply;
- Reference to the beneficiary's insurance responsibilities;
- Details of the arrangements in place for seeking amendments to the scope of the operation;
- Details of the beneficiary's disclosure and publicity requirements;
- Details of the monitoring and evaluation arrangements for the operation, including the beneficiary's obligations regarding the return of performance information in relation to its established performance indicators and targets; and
- Details of the beneficiary's responsibilities in respect of financial management;

Where LoOs are issued by Intermediate Bodies, they should ensure that all LoO templates cover at least these minimum requirements.

3. Rules and Conditions of Support

3.1. The Basic Rules for Beneficiaries

It is the responsibility of each beneficiary to ensure compliance with the LoO and all relevant EU and National legislation, policies and directives relating to activities co-financed by ESF and communicated through guidance from the Managing Authority.

Compliance with these rules and regulations will be assessed by the relevant Intermediate Bodies during management verification checks.

The basic rules which must be followed by all beneficiaries are summarised below:

- Each beneficiary must comply with the rules and conditions set out in this Operating Manual, any supplementary guidance produced by the Managing Authority or relevant Intermediate Body and the LoO terms and conditions;
- Each beneficiary must deliver its operation in line with what was described in its initial application for funding, unless changes have been agreed with the relevant Intermediate Body;
- Each beneficiary must ensure that it collects reliable and verifiable data in relation to the output and result performance indicators stated in its application, in the format required;
- Reimbursement is on the basis of a Unit Cost, payable against agreed direct staff time registered. Where changes to personnel are necessary, the Beneficiary must seek approval for a change from the Intermediate Body.
- All project activity and expenditure must be legal, eligible and accounted for, complying with all applicable Northern Ireland, UK, EU and international laws;
- Net revenue generated as a direct result of funded activity where applicable, must be reported and deducted from eligible expenditure;
- All relevant accounting records, performance data and supporting documents, including both financial and non-financial information, must be retained to demonstrate compliance until 31 December 2030 or otherwise communicated by the PDB/ the Managing Authority;
- Each beneficiary must maintain an up-to-date record of the names and addresses of all organisations which have been agreed as joint beneficiaries and other delivery partners;
- The audit trail, including accounting records, performance data and supporting documents, must be verifiable, readily accessible for verification and audit activities, and held in a format which protects its authenticity and integrity; and
- Beneficiaries must permit and facilitate inspections of their premises, and those of any partner organisations, at any reasonable time by Departmental staff or

agents of other bodies responsible for the verification and audit of the Programme including: the Northern Ireland Audit Office; DfE Internal Audit Services; the Audit Authority; the Certifying Authority; the Education and Training Inspectorate; the European Commission; the European Anti-Fraud Office; the European Court of Auditors; the Managing Authority; and Intermediate Bodies entrusted by the Managing Authority to carry out management verifications.

The funding made available to all beneficiaries will be on the basis of a non-repayable grant. Provided all rules and conditions of support are met (including performance), beneficiaries will not be required to repay any portion of the funding. However, expenditure which does not comply with EU or national rules will be regarded as irregular (an 'irregularity') and will either not be paid (where the irregular expenditure is discovered before payment is made) or will be recovered at a later date (where the irregular expenditure is discovered after the payment is made).

3.2. Governance Arrangements

3.2.1. General

All beneficiaries must ensure that acceptable governance arrangements are in place for their co-financed operations. This includes the maintenance of appropriate staffing structures, ensuring all insurance obligations are met, adherence to all relevant employment laws and the maintenance of fit-for-purpose internal procedures for handling complaints.

3.2.2. Responsibilities of Directors and Employees

No employee of the operation or member of the Project Supervisory Board/Board of Directors may enter into any arrangement with the project, in addition to their roles as an employee or board member, to supply goods, facilities or services to the project for payment. Neither should they play any part in the conduct of a recruitment exercise to

fill an employee post if he or she is a candidate for that post. If they wish to apply for a post as an employee of the project they must first resign their membership of the Board.

Communications to the Department, including claims for payment, must be made on behalf of the Beneficiary by a person(s) duly authorised by the funded organisation.

3.2.3. Financial Checking

Each beneficiary must appoint key staff who will have responsibilities for the financial aspects of the operation. These individuals must have oversight of all accounting and financial procedures and ensure that accurate financial records are maintained as appropriate.

3.2.4. Insurance Obligations

Beneficiaries must be adequately insured in line with the conditions of the LoO.

Employer's Liability Insurance

All employers must be insured by law against claims from employees who are injured or contract diseases in the course of their work.

Public Liability Insurance

Employer's liability insurance only covers an employer against claims from people employed on an operation. It will also be necessary for beneficiaries to be insured against claims from the general public (including any volunteers working in the organisation) for injuries received or items damaged in the workplace due to the negligence of the beneficiary or its employees.

3.2.5. Employment Law and Safe Working Environments

Beneficiaries must comply with all relevant EU and national directives and regulations relating to working conditions, health and safety at work, etc. Beneficiaries should have

policies in place to ensure promotion of equal opportunities in accordance with Section 75 of the Northern Ireland Act. Registration with Equality Commission for organisations with 11 employees or an equal opportunities policy for those with less than 11 will be required. These will be checked during the pre-letter-of-Offer phase.

3.2.6. Safeguarding

Beneficiaries should ensure that, where appropriate, suitable safeguarding policies are in place for young people and vulnerable adults. This will be checked by the Education & Training Inspectorate.

3.2.7. Sustainability

There are a number of principles set out in the Northern Ireland Sustainable Development Strategy:

- Living within environmental limits;
- Ensuring a strong, healthy and just society;
- Achieving a sustainable economy;
- Using sound science responsibly; and
- Promoting opportunity and innovation.

ESF projects should by nature have no negative environmental impact and therefore would be at worst neutral. The other aspects of the principles will be covered as part of the application and selection process.

3.2.8. Handling Complaints

All complaints in relation to the operation of the ESF Programme should be forwarded to Project Delivery Branch. These complaints will be handled in line with DfE's standard complaints procedures.

3.3. Tendering Procedures

3.3.1. Requirements for Public Sector Bodies

All P1 & P2 projects must comply with Programme procurement requirements and regulations applicable at the time. Guidance and a document setting out frequently asked questions is available at <https://www.economy-ni.gov.uk/publications/esf-information-memo-0818-procurement-external-tutors-call-2>

3.4. Training Delivery Quality and Restrictions

All beneficiaries will be required to clearly outline the nature of the training to be delivered on their co-financed operation at the initial application. Beneficiaries must deliver training in line with their initial application or as subsequently agreed with Intermediate Body.

Training delivered on operations co-financed under priority axes 1 and 2 will be restricted to level 1 provision and below. The only exception to this relates to priority axis 2 operations targeting people with disabilities, under which provision can extend up to level 2. Operations funded under priority axis 3 will have no upper level restrictions.

Beneficiaries must also ensure that they have adequately trained staff in place to deliver essential skills in line with Departmental guidance. The quality of provision will be checked through ongoing Education and Training Inspectorate (ETI) arrangements. The Department will be kept informed through reports and where issues arise in regard to the quality of provision the Department will raise these directly with the beneficiary concerned. Failure by the beneficiary to address issues adequately to the satisfaction of the Department could ultimately result in financial corrections and/or termination of the LoO.

3.5. Audit Trail and Document Retention

3.5.1. The Audit Trail

The audit trail is a comprehensive set of documents which provides a complete history of an operation, including evidence that proper procedures have been applied and all applicable rules and regulations complied with. [Article 72\(g\) CPR](#) requires the Managing Authority to ensure that an adequate audit trail is available for the entire Operational Programme.

Stemming from this, all individual beneficiaries must ensure that an adequate audit trail is available for all activities carried out in relation to their co-financed operations. Responsibilities around the maintenance of an audit trail will feature in all LoO templates used by the Managing Authority or its Intermediate Bodies.

3.5.2. Document Retention

The retention of documentary evidence is the means by which an adequate audit trail can be maintained.

In accordance with [Article 140 CPR](#), beneficiaries must ensure that all documents relating to each operation and its implementation and financing are retained until 31 December 2030 or otherwise instructed by the Managing Authority.

These documents may be retained either in the form of:

- Originals;
- Photocopies of original documents;
- Microfiches of original documents;
- Electronic versions of original documents;
- Documents which exist in electronic version only.

Beneficiaries should also ensure that information kept on commonly accepted data carriers is kept secure and can be relied upon for audit purposes and accessible throughout the period (e.g. through necessary software updates/licenses). Where transactions are wholly electronic, the computer systems must meet accepted national (e.g. ISO) security standards.

In the event of the termination or closure of the operation, all documentation must be returned to the Managing Authority or relevant Intermediate Body. In no circumstances should any of the operation's documentation be disposed of without the written permission of the Managing Authority.

It is the responsibility of each lead beneficiary to ensure that any joint beneficiaries or other delivery partners are aware of, and compliant with, document retention requirements. These should be incorporated into any contracts or formal partnership agreements.

3.5.3. Document Availability

All relevant records and documents must be made available upon request to facilitate management verifications, audits, and any related investigations. If records are not made available, the related expenditure could be deemed ineligible.

It is at all times the responsibility of the lead beneficiary – that is, the beneficiary with whom a LoO has been agreed – to ensure that documentation is retained and available at request. Where documents are held at locations other than the lead beneficiary's premises – such as off-site storage facilities or the premises of delivery partners – the beneficiary must ensure that they are retrievable and accessible.

3.5.4. Document Transfer and E-cohesion

E-Cohesion (as outlined in Article 122(3)³ of the CPR) is a European Union initiative concerning the electronic exchange of information between beneficiaries of

³ Article 122(3) of CPR: *"Member States shall ensure that no later than 31 December 2015, all exchanges of information between beneficiaries and a managing authority, a certifying authority, an*

Cohesion policy programmes and programme authorities during the 2014-2020 programming period.

In accordance with Article 122(3) CPR, exchanges of information, including documentation, between beneficiaries and relevant Programme authorities will be able to be carried out by means of electronic data exchange. The Department of Finance, in its role as Member State, has provided a Database which will permit the electronic exchange and storage of relevant documentation including the submission of applications and the provision of participant data. The ESIF Database has been independently checked against the industry standard security requirements.

3.6. Information and Publicity

3.6.1. General

Information and Communication requirements are set out in Articles 115-117 CPR. These Articles require that all EU co-financed Programmes should be transparent and publicised to beneficiaries and the general public. The overall aim of publicity is to highlight and promote the role played by the EU in supporting co-financed operations in Northern Ireland.

3.6.2. Roles and Responsibilities

The Managing Authority is responsible for drawing up a communication strategy and annual plan, maintaining a Programme website, informing potential beneficiaries of funding opportunities, and publicising the activities and achievements of the Programme to the general public.

Details of all operations supported, including the amount of funding awarded, will be publicised by the Managing Authority on the Programme website.

audit authority and intermediate bodies can be carried out by means of electronic data exchange systems."

Beneficiaries must ensure that the EU contribution to their operation is appropriately recognised and publicised. To do this they must:

- Display the ESF and DfE logos on websites;
- Display the Union Emblem with reference to the ESF on their premises through the use of a poster (at least A3 size). This must also contain basic information about the project and be displayed at a location readily visible to the public;
- Display the ESF and DfE logos and include an acknowledgement of the co-financing in the narrative of any general and course specific literature and publications about co-financed activities, including those displayed on beneficiaries' websites, exhibition stands and information events; and
- Refer to ESF and DfE co-financing in speeches at award ceremonies, open days, meetings, etc.

Further specific detail on these requirements is set out in the [ESF Programme's Branding and Publicity Requirements](#)

3.6.3. Non-compliance

Non-compliance with the information and publicity requirements laid out will be deemed as an irregularity and could result in a financial correction. If beneficiaries are in any doubt about their obligations they should seek further guidance from the Project Delivery Branch. If PDB are in any doubt, they should seek clarification from Managing Authority.

4. Eligibility

4.1. Participant Eligibility

4.1.1. Introduction

There are two main types of participant eligibility criteria in the Northern Ireland ESF Operational Programme:

- i. Basic eligibility criteria; and
- ii. Specific eligibility criteria.

The basic criteria apply to every single participant on the Programme, no matter which investment priority they are being supported under. Meanwhile, the specific eligibility criteria relate to certain investment priorities only.

4.1.2. The Basic Eligibility Requirements

To be eligible for support from the Programme, under any investment priority, an individual **must be legally able to reside and work in the UK.**

By virtue of the latter requirement above, there is an effective lower age limit of 16 for the Programme. There is no upper age limit, but applicants and beneficiaries should bear in mind that the purpose of ESF support under the 2014-2020 Programme is to help move people closer towards employment or to up-skill the existing workforce.

4.1.3. The Specific Eligibility Requirements

In addition to the basic requirements, individuals must also satisfy the eligibility criteria relevant to the specific investment priority under which their relevant ESF operation is funded. These are detailed in ***Guidance Note 1: “ESF Promoter Guidance on Data Collection and Validation for ESF Projects Funded under Call 2 of Priority Axis 1 & 2”***.

4.2 Expenditure Eligibility

4.2.1 Revenue Generation

Article 61(2) CPR requires that the eligible expenditure of an operation to be co-financed under the Programme should be reduced to take into account the **potential of the operation** to generate net revenue. Net revenue is defined as revenue directly generated above that normally generated by an organisation which is directly attributable to the funded project activities. Where net revenue is a factor it must be declared, ring-fenced and netted off the eligible project cost.

Examples of net revenue include:

- sale of articles not normally produced by the organisation but produced as a direct result of the project activity;
- sale of services not normally provided by the organisation but provided as a direct result of the project activities; and
- increased sale of goods or services as a direct result of the project activity.

Therefore, if the funded activity is generating revenue this must be declared to the Managing Authority or relevant Intermediate Body.

The reduction of eligible expenditure to account for potential net revenue generation will normally be undertaken **in advance** as part of the application and selection process. However, if net revenue is generated at a later stage, the beneficiary should declare this to the relevant Intermediate Body.

When declared, the Intermediate Body will consider whether or not the net revenue generated by the operation should be regarded as **incidental to the operation**. If so, the revenue need not be removed from the eligible expenditure to be claimed. If it is not considered as incidental, the revenue will be deducted from grant payable.

Intermediate Bodies should consult with the Managing Authority where there is any doubt.

4.3 Financing Model – Call 2

In accordance with Article 67 of the Common Provisions Regulations, the ESF Managing Authority will employ a distinct simplified unit cost funding model in respect of all projects funded in Call 2 of the ESF Programme. This funding model is different from that employed in Call 1.

Under the Simplified Direct Staff Funding Model for Call 2, direct staff time will be reimbursed at the relevant predetermined unit rate which is inclusive of a 40% uplift to remunerate projects for other costs (indirect staff and non-staff costs) incurred.

Eligible Direct Staff Time

Direct staff time must relate to the direct delivery of an ESF supported activity (project) and directly contribute to the achievements of its objectives. That is staff directly involved in the progression of relevant participants towards employment, education or training.

The table below provides an indication of the type of costs of a project which will fall into one of the three categories, (a) direct staff costs (b) indirect staff costs (c) other costs.

Direct Staff Costs	Indirect Staff Costs	Other Costs
Support	Senior Management corporate tasks	Corporate Supplies
Implementation	Finance	Furniture
Specialist/ Management	Human Resources	Office Rent Equipment Rental or Leasing
	Staff involved in maintenance, cleaning, repairs, IT and security services.	ICT Systems, WIFI connections Phone and postal services

	Staff Travel	Insurance Stationery Consultancy Training materials Participant Allowances
--	--------------	--

Beneficiaries' staff will fall within the following three categories;

- i. Direct Support;
- ii. Direct Implementation; or
- iii. Direct Specialist/Management

Direct support staff are defined as those staff that assist the direct delivery activities of the project.

Direct implementation staff are defined as those staff that interface and engage with participants in the direct delivery activities of the project.

Direct specialist/management staff are defined as those staff highly skilled in a specific field of a particular direct delivery activity or those staff that manage the direct delivery activities of the project.

Table A below shows the simplified cost categories and examples of roles within each category (highlighted in grey) and the full-time annual salary and hourly fixed rates per simplified cost category (highlighted in green) that will be used to reimburse projects.

Table A

Simplified Cost Category	Example of roles	Full-Time Direct Staff Gross Annual Salary Costs	Full-Time Direct Staff Annual Salary Costs + 40% flat rate uplift	Rounded Hourly rate for Direct Staff working Part-Time on the Project + 40% flat rate uplift
Direct Support	Childcare Worker, Learner Assistant, Tutor Assistant, Driver and Translator.	£19,286	£27,000	£15.60
Direct Implementation	Tutor (Internal and external/procured), Trainer, Instructor, Mentor, Employment Officer, Employability Training Officer, Youth Worker, Supported Employment Officer, Family Liaison Officer.	£28,214	£39,500	£22.90
Direct Specialist/ Management	Project Manager, Operations Manager, Training Manager, Service Manager, Quality Assurance Manager, Regional Support Manager, Educational Manager, Curriculum Development Manager	£43,571	£61,000	£35.40

5 The Claims Process

5.1 General

Under priority axes 1 and 2, an Intermediate Body, ESF Project Delivery Branch, will be responsible for receiving and paying all claims for reimbursement from beneficiaries. This guidance lays out the general parameters under which claims for reimbursement should be received and paid by ESF Project Delivery Branch.

5.2 General Parameters for Receiving and Paying Claims

5.2.1 Advance Payments

An advance payment of up to 25% of the Programme Funding approved may be made available based on evidence of need for the first twelve months, if requested by the Project. This advance payment may be claimed initially as soon as the Beneficiary has satisfied all of the conditions in section 3.1 of the Letter of Offer. The arrangements for the repayment of the advance will be over a 10 month period and must be defrayed by the end of the first year. Advance payments in respect of future years are not guaranteed and will only be considered in exceptional circumstances. Any variances between claims and originally profiled budgets should be explained.

5.2.2 Timing of Claims

Claims **must be submitted by beneficiaries at monthly intervals**. Such claims must be submitted by the last working day of the next calendar month.

5.2.3 Payment of Claims

Claims should be paid only once they have been checked for completeness and accuracy and all supporting documentation and other information relevant to the preparation of the claim has been provided and verified, in line with the administrative verification requirements outlined in chapter 7.

5.3 Irregularities

The contents of Council Regulation (EC) No 1303/2013 make it clear that failure to comply with Regulations and/or any breakdown of management and/or control systems should be treated as an irregularity, whether or not the irregularity itself involves any loss or potential loss of funds. As such, an Intermediate Body has responsibility to use the Programme database and to ensure a system is in place to detect, record, report and follow-up cases. This must involve not only those responsible for monitoring/inspection and financial administration, but also those engaged in delivering ESF funded projects.

6 Match Funding

6.1 General

The contribution from the ESF will finance only a specified percentage of any operation.

For operations selected for support under priorities 1 and 2, a portion of the total costs of each operation will normally be awarded by DfE from national resources and combined with the ESF contribution, this combined Programme Funding will be no more than 65%.

The remaining funding is known as match funding. It is a fundamental principle of all EU Structural Fund programmes that operations are co-financed and, without the requisite match funding, an operation cannot receive support through ESF. The capability of beneficiaries to secure adequate levels of match funding will be assessed at the point of application for ESF support. It is the responsibility of the beneficiary to ensure that the project is fully funded and any reduction or increase in match funding

should be immediately notified to Project Delivery Branch and may result in an amendment to the Letter of Offer.

Projects must retain an audit trail to the source of match funding as it is an EC requirement that this cannot come from another EU source.

6.1.1 In Cash and In Kind

Match funding can be provided either:

- In cash; or
- In kind (non-financial direct staff resources made available free of charge to the operation from third parties including volunteers, secondees and non-remunerated board members); and/or
- Self-match funding including unrestricted funding and own cash reserves.

6.1.2 Sources of Match Funding for Further Education Colleges

Where a beneficiary under priorities 1 or 2 is a further education college, internal funding may not be used as the beneficiary's contribution to match funding unless specifically approved by the Department's FE Division. This is in order to ensure that the DfE contribution to match funding remains capped.

7 Management Verifications

7.1 General

The requirements for management verifications in the Programmes are established in Commission Regulation (EC) No 1303/2013 Article 125 .This requires establishment of a control system to ensure that the schemes/ operations/ projects receiving funding are actually delivered and that expenditure is eligible in that it complies with Community and national rules.

Article 125(5) sets out the management verification activity to be carried out, including administrative, financial, technical and physical aspects of operations, in respect of each application for reimbursement, as appropriate. Administrative checks are not deemed to be sufficient on their own and therefore periodic on-the-spot verifications are carried out to supplement the administrative checks in order to verify in particular the reality of the operation, delivery of the product/service in full compliance with the terms and conditions of the grant agreement, physical progress, respect for Community rules on publicity and procurement and as appropriate, cross cutting themes such as equality and sustainability.

7.2 Managing Authority Role in verification

The Managing Authority is responsible for managing and implementing the operational programme in accordance with the principle of sound financial management. The Managing Authority can entrust some or all of these tasks related to management verifications to Intermediate Bodies but it cannot delegate the overall responsibility for ensuring the checks are properly carried out.

The Managing Authority has entrusted management verification activity to an Intermediate Body, Project Delivery Branch, for priority axes 1 and 2. The Managing Authority will seek, in its supervisory capacity, to obtain assurance that the procedures for both the administrative and on the spot verifications that form the Article 125 checks are robust and that the Intermediate Body completes these verifications in line with the agreed procedures. This assurance will be achieved in a number of ways such as:

- Reviewing and approving the introduction, change or abandonment of the Intermediate Body procedures, including their framework for verifications and other tasks entrusted to them;
- Receiving and reviewing audit reports on the effectiveness of management verifications carried out by Intermediate Bodies and take action/assurance as appropriate, including audit reports prepared in the context of Article 127 of Common Provisions Regulation (EC) No 1303/2013;

- Performing checks (ideally annually) against the management verification responsibilities delegated under the Memorandum of Understanding;
- Analysing the findings of first level verifications conducted by the IB directly and/or appointed Service Providers, to identify any specific issues in the verification processes and make recommendations for improvements/corrective action; and
- Holding regular meetings with Intermediate Bodies to address any issues/concerns.

7.3 The Role of Intermediate Bodies

The Intermediate Body is responsible for managing projects in accordance with Managing Public Money and relevant DoF and Departmental guidance as the established procedures governing the management of public money applies to Programme funding. The Intermediate Body must ensure that Programme expenditure also meets relevant Programme requirements.

The Intermediate Body is responsible for developing its own processes and procedures for carrying out Article 125 management verifications which meet all regulatory requirements. The introduction, change or abandonment of these procedures must be approved by Managing Authority.

The primary sources of guidance for management verifications can be found on the Commission website ([EGESIF](#) Note 14-0012 is the primary source of guidance for management verifications). Further supplementary guidance on management verifications will also be issued by the Managing Authority as required.

7.4 The Role of Beneficiaries

It will be a standard clause of all LoO's issued to beneficiaries that they (and any partner organisations including those providing match funding in-kind) facilitate management verifications at any reasonable time during the lifespan of their co-financed operation. Beneficiaries will be notified in advance of any planned visits and

will be responsible for ensuring that all relevant records and documents are accessible during the visit.

8 Drawdown Process

8.1 General

Payments are made to beneficiaries on the basis of the total eligible expenditure declared and presented for inclusion in a claim to the Commission. This is known as the 'drawdown process'. Managing Authority has separate internal procedures covering this.

9 Expenditure Targets (N+3 and Performance Framework)

9.1 General

The NI ESF Programme is subject to financial targets relating to the amount of expenditure claimed from the Commission. This allows the Commission to assure itself that Member States are making sufficient progress towards spending their overall allocation for the Programme. It also allows the Commission to re-profile allocations in the event of underperformance against these targets.

There are two main types of expenditure targets for the Programme: N+3 (annual expenditure) and milestone targets contained within the Programme's Performance Framework. Failure to achieve these targets can result in financial corrections at Programme level.

9.2 Performance Framework Targets

9.2.1 Background

In addition to N+3 targets, there are financial targets outlined in the Operational Programme's Performance Framework. The Performance Framework contains a number of financial and non-financial targets for each investment priority (excluding Technical Assistance), upon which a specified portion of the overall ESF allocation, called a 'performance reserve', is predicated. The 'performance reserve' for the Programme has been set at 6% of the overall allocation.

The Performance Framework contains milestone targets, to be achieved by 31 December 2018, and final targets, to be achieved by 31 December 2023. The Commission will undertake a performance review in 2019 to assess progress against the milestone targets specified, and where underachievement against the milestones is identified the Commission may reallocate some or all of the 6% performance reserve for the relevant investment priority.

The Performance Framework, and the targets therein, can be viewed in the [Operational Programme on the DfE website](#).

9.2.2 Performance Framework Monitoring

The Managing Authority will monitor progress against the financial targets (both milestone and final) contained in the Performance Framework through the same forecasting mechanisms employed for N+3 monitoring. The Managing Authority should therefore be alerted to any potential issues in relation to performance framework targets as part of these forecasting exercises.

Non-financial targets contained in the Performance Framework will be monitored as part of the performance monitoring process outlined in section 10.

10 Monitoring and Evaluation

10.1 General Responsibilities

All publicly funded operations and programmes require some element of performance monitoring and evaluation in order to provide assurance that they continue to represent a good use of public funds. The Programme is no exception and the regulatory requirements for performance monitoring are outlined in Article 50 and Article 111 CPR.

The Managing Authority is responsible for performance monitoring and evaluation at the overall programme-level. At this level performance is monitored against each overall Investment Priority outlined in the Operational Programme, under which numerous individual operations will normally be co-financed.

Performance monitoring at this level will revolve around reporting against a standard set of common performance indicators set by the Commission. The Managing Authority will need to provide regular reports to both the PMC (twice per year) and the Commission itself (once per year) on the progress of the programme against these indicators, and in particular on progress against any targets set out in the Operational Programme.

To assist with this, Intermediate Bodies will be responsible for performance monitoring of each individual operation under their investment priority. This will include the monitoring of progress against each programme-level performance indicator, in order to enable the progress of each individual operation to input into the overall programme performance monitoring. It may also include the monitoring of other indicators and targets specific to that individual project and outlined at application stage.

Beneficiaries will at all times be responsible for ensuring that they can gather and report on reliable data in relation to the performance indicators as detailed in the individual Letters of Offer

10.1.1 Performance Indicators with Targets

While all of the common and programme-specific performance indicators must be monitored, only some have been assigned targets. These can be viewed in the [Operational Programme](#). Those indicators which have been assigned targets, and in particular those with targets included in the Operational Programme's Performance Framework, will need to be monitored with special care. Any significant issues arising with progress against targets should be reported to the Managing Authority. Further guidance is available in ***Guidance Note 1: "ESF Promoter Guidance on Data Collection and Validation for ESF Projects Funded under Call 2 of Priority Axis 1 & 2"***.

10.1.2 Performance Verification

Verification of participant enrolment results reported by projects will be validated against information held on the Department's Client Management System (CMS) using a predetermined sample from each project. Immediate and Long Term Results will be validated against self-declarations made by projects which must be scanned and uploaded onto the ESIF database. It is important that these declarations are accurately completed and projects must include an accurate record of correspondence / telephone calls to support any such self-declaration.

10.2 Programme-level Reporting Requirements

10.2.1 Progress Reports & Annual Implementation Reports

Twice per year the Managing Authority must provide progress reports to the PMC, in roughly April and November. These reports should detail progress made against all common and programme-specific performance indicators, with special focus given to those with targets outlined in the Operational Programme, grouped by investment priority.

Annual Implementation Reports are the means by which the Managing Authority updates the Commission on the progress of the implementation of the Programme each year. They are due in either May or June, depending on the year.

To assist the Managing Authority in the preparation of these reports, Intermediate Bodies and projects should ensure that the ESIF database is kept up to date with the relevant performance data. Where performance monitoring indicates that agreed targets may not be achieved, a detailed explanation for the under-performance must be provided to Managing Authority.

10.3 Operation-level Reporting Requirements

10.3.1 Dealing with Underperformance

The relevant Intermediate Body will assess the performance of each beneficiary against the objectives and output and result performance indicator targets agreed in the latest Letter of Offer. Any significant issues arising in meeting those targets should be signalled by the beneficiary to the Intermediate Body at an early stage.

Where significant underperformance (either actual or projected) is determined, beneficiaries may seek formal amendments to the performance indicator targets outlined in their LoOs. All amendments must be approved by PDB and included in an amended Letter of Offer.

Any shortfall on actual performance achieved against agreed targets could require a commensurate reduction in funding.

10.4 Evaluation

The Managing Authority is responsible for drawing up an Evaluation Plan for the Programme and ensuring that an evaluation is carried out on each investment priority at least once during the Programme. An ex-post evaluation will also be undertaken by the Commission by December 2024 and a synthesis report outlining the main conclusions will be prepared by 21 December 2025.

Intermediate Bodies will also be responsible for evaluation activity for each operation under their remit, both on an ongoing basis through the performance monitoring process and also following the completion of the operation. Evaluation activity should focus on comparing actual outputs and outcomes with planned outputs and outcomes as stipulated in the operation's initial application. Notable underperformance will be recorded and factored into the application and selection process developed for future calls.