



Special EU Programmes Body
 Foras Um Chláir Speisialta An AE
 Boord O Owre Ocht UE Projects

Peace

Northern Ireland - Ireland - Scotland
 European Regional Development Fund



Interreg

Northern Ireland - Ireland - Scotland
 European Regional Development Fund



Special EU Programmes Body Annual Report & Accounts 2017



Northern Ireland
 Executive
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Ireland's European Structural and
 Investment Funds Programmes
 2014-2020
 Co-funded by the Irish Government
 and the European Union



EUROPE & SCOTLAND
 European Regional Development Fund
 Investing in a Smart, Sustainable and Inclusive Future



**Special EU Programmes Body
Annual Report and Accounts
For the year ended 31 December 2017**

Laid before the Northern Ireland Assembly under North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 Schedule 1, Annex 2, Part 7, paragraphs 1.3 and 2.6 by the Department of Finance and before both Houses of the Oireachtas under Article 49 (1) of the British-Irish Agreement Act, 1999

on 29 November 2018.



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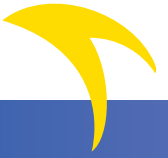
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Cover image:
European Commissioner Corina Crețu addresses the attendees of a reception which formed part of a two-day exhibition of PEACE and INTERREG funded projects in the European Parliament, Brussels.



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Chief Executive's Foreword

As Chief Executive Officer of the SEUPB I am very pleased to present the Annual Report for 2017. It has been a rewarding year for the Body, which has seen a number of new projects being launched that will positively transform the lives of hundreds of thousands of people across Northern Ireland, the border counties of Ireland and Western Scotland.

Collectively the projects are creating new working relationships and mutually beneficial partnerships that would simply not exist without the support of the PEACE IV and INTERREG VA Programmes. They are also opening up what I like to refer to as the 'mind border' by encouraging real cross-border and cross-community interaction that is making the region, as a whole, more outward facing in both purpose and action.

At the start of the year I had the privilege to take part in the launch of a truly inspirational new INTERREG VA funded project which is helping in the fight against lung disease (or COPD). Representing a unique cross-border partnership of academics and research institutes the 'BREATH' project is researching the causes, treatment and prevention of this life-threatening condition. It has amazing potential, not only for millions of people living in Europe, but for those affected right across the world.

A couple of months later, I also took part in the launch of a ground-breaking initiative that will help protect the marine environment. Named 'COMPASS' the INTERREG VA funded project will investigate the causes and impact of pollution in the coastal seas

surrounding Ireland, Scotland and Northern Ireland. Extremely forward thinking in approach, it will create hi-tech cross-border monitoring systems to safeguard our precious aquatic life now and well into the future.

INTERREG VA funding was also used as a catalyst to bring two key state-owned utilities together in order to fight pollution and improve water quality. Under the project name 'SWELL' both Irish Water and NI Water are currently embarking on a process to upgrade wastewater treatment facilities that will benefit up to a staggering 100,000 people on a cross-border basis.

Details of the new INTERREG VA funded Carlingford to Newry cross-border greenway was announced during the summer. Designed to help reduce carbon emissions, by encouraging commuters to leave their cars at home, the new 10 km sustainable travel route will connect Omeath to Newry and Carlingford Marina to Carlingford village.

INTERREG VA funding has also been used to support a number of Research and Innovation focused projects throughout the year. This includes a €5.8 million investment to create a cross-border 'super-cluster' for businesses working within the renewable energy sector. Led by South West College, the 'Renewable Engine' project will create up to 57 years' worth of invaluable research to help boost the competitive edge of all the companies participating in it.

The PEACE IV Programme met with a similar level of success throughout 2017. Funding was awarded to local authorities right across Northern Ireland and the Border Region of Ireland. This support will be used for three distinct strands, reflecting three of the core objectives of the Programme. Funding will be given for shared space capital build projects that will create safe spaces for use by all communities. Support will also be given to help develop the self-respect, and

respect for others, of many of our most vulnerable young people, as well as new initiatives to promote good relations between divided communities.

Unfortunately, many people living across Northern Ireland and the Border Region of Ireland are still subject to high levels of racism and sectarianism. The PEACE IV Programme has been specifically designed to address this and has invested in new and innovative projects that will help people to live free from prejudice and hate.

Towards the end of the year approximately €15 million worth of funding was announced for 13 different cross-border projects that will make a positive change in how people from different communities perceive, and interact with, each other. These projects will pay particular attention to minority groups who have traditionally been marginalised by society.

Approximately €1 million has been awarded to the Migrant Rights Centre Ireland for a project called 'Crossing Borders Breaking Boundaries' to help directly address the discrimination faced by EU and non-EU migrants living across the region. It will produce detailed research on issues which prevent migrant populations from accessing the labour market and help pave a way forward for their successful integration into society.

A further €1 million has been awarded to Youth Action NI to deliver the 'Youth Network for Peace' project. This exciting new initiative, designed for children aged between 15-25 years will bring twelve different youth organisations together for the first time, from both sides of the border. It aims to reach up to 10,000 young people who may never have had the opportunity to mix with and learn from someone of a different culture and background.




In November 2017 we announced €33.1 million in support of 'shared education', which is one of the key pillars of the PEACE IV Programme. The funding will be used to help break the cycle of sectarianism that exists within our society by encouraging tens of thousands of school children to take part in shared curriculum subjects, outside of their normal class environment.

In doing so they will be able to forge new and meaningful relationships with children their own age who they may never have mixed with before. The support will be provided on a cross-border basis and has real potential to make a lasting impact on the next generation of our young people.

Throughout 2017 we have also been involved in the promotion of the Transnational INTERREG VB and Inter-regional INTERREG VC Programmes. As a result of this the SEUPB has been able to support the development of new and innovative partnerships, most notably the GenComm project with Belfast Metropolitan College.





We are now working towards full implementation of both the PEACE IV and INTERREG VA Programmes to ensure that the total combined allocation of over €0.55 billion is spent by the end of the current programming period.

I would like to take this opportunity to acknowledge the members of the Monitoring and Steering Committees for PEACE IV and INTERREG VA. Each individual member has displayed exemplary commitment and dedication throughout a very challenging and busy time. I would also like to thank the SEUPB's Audit and Risk Committee's independent Chair and members for their counsel and support.

Throughout the year, I was invited to give evidence to a number of Government committees on several occasions about the programmes for which we are responsible. On 15 March 2017, the SEUPB was invited to address the Oireachtas Joint Committee on Arts, Heritage, Regional, Rural and Gaeltacht Affairs. On 25 May 2017 it was invited to give evidence in front of the new Seanad Special Select Committee on the Withdrawal of the United Kingdom from the European Union. On the 17 November 2017, the SEUPB was also asked to give a presentation to the Joint Committee on the Implementation of the Good Friday Agreement.

I am very proud to lead a team of highly motivated people who have a great belief in what the PEACE IV and INTERREG VA Programmes have been designed to achieve. As we go forward into an extremely busy period of implementation I have every confidence in their ability to successfully deliver these much needed programmes.

I would also welcome the continued support of our Sponsor Departments, the Department of Finance in Northern Ireland and the Department of Public Expenditure and Reform in Ireland; along with the

many other Government Departments we work with in Northern Ireland, Ireland and Scotland; the North South Ministerial Council and of course the European Commission.

I am confident that we will be able to continue the momentum of both the PEACE IV and INTERREG VA Programmes and am excited to see more projects begin to deliver on their core objectives. We have ambitious expenditure targets to meet but I have every faith that we will be able to do so, on time.

Notwithstanding the challenges, we are optimistic about the prospects for the PEACE and INTERREG Programmes. In last December's joint progress report on Brexit, the EU and the UK undertook to honour their commitments to the PEACE IV and INTERREG VA Programmes, under the current Multiannual Financial Framework (MFF), and to examine the possibilities for future support favourably. This reflected their commitment to the successful implementation of the current programmes and to successor programmes post-2020.

Additionally, in May 2018, the European Commission proposed a special new PEACE PLUS Programme aimed at building on the work of previous PEACE and INTERREG Programmes. Going forward we will continue to monitor all future developments, as they arise.



Gina McIntyre
CHIEF EXECUTIVE
SPECIAL EU PROGRAMMES BODY

RENEWABLE ENGINE

Interreg 

Northern Ireland - Ireland



Pictured (l-r) at the official launch of the INTERREG VA funded 'Renewable Engine', project is Michael McAlister, Chief Executive at South West College, Rachel Coulter, Post-Doctoral Researcher at South West College and Paul Boylan, Programme Manager at SEUPB. The project will deliver focused research and innovation support to companies specialising in renewable energy and advanced manufacturing.



The Role of the Special EU Programmes Body

Our Mission

“To improve people’s lives through partnership and cross-border cooperation”.

Our Vision

“The SEUPB will have a positive and lasting impact on the people in the region by successfully delivering cooperation programmes, on behalf of the two Governments and the European Commission. We will operate with the highest levels of integrity, and respect the diversity of all those within the region. We will continually improve, drive simplicity, inspiring staff to be the best that they can be through the ethos of teamwork internally and externally”.

Our Role Explained

The Special EU Programmes Body (SEUPB) is a North/South Body, established under the Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland (the Agreement) and came into effect on 2 December 1999.

The Agreement stipulates that the SEUPB will implement the policies directed by the North South Ministerial Council (NSMC) as specified by the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999, as amended.

The SEUPB holds the role of Managing Authority and Certifying Authority as well as providing the Joint Secretariat (JS) for the PEACE IV and INTERREG VA Programmes (2014-2020).

The SEUPB has a broad role to support North/South participation in INTERREG VB Transnational Programmes which are relevant to Northern Ireland. Alongside this the SEUPB has an advisory and signposting role for North/South participation in the INTERREG VC Inter-regional programme.



Local singer Róise McHugh entertains the attendees at the launch of the PEACE IV funded 'Youth Network for Peace' project.



Key Achievements for 2017

Corporate Objectives	Key Outputs
<p>1. To achieve the outputs and contribute to the results of the PEACE and INTERREG Programmes, by supporting projects to maximise their contribution to society.</p>	<ul style="list-style-type: none"> • 92% of INTERREG VA funding and 73% of PEACE IV funding was allocated with 106 letters of offer issued to projects. • INTERREG VA N+3 target was achieved. • A training programme was developed and rolled out for project Lead Partners throughout 2017. • The Final Implementation Reports (FIRs) for the PEACE III and INTERREG IVA Programmes were submitted to the European Commission.
<p>2. Ensure excellence in the business performance of the SEUPB through the implementation of effective and efficient administrative processes within a corporate governance framework designed to meet accountability requirements.</p>	<ul style="list-style-type: none"> • In accordance with Evaluation Plans for the PEACE IV and INTERREG VA Programmes the first Implementation Evaluation (Interim Report) was completed in October 2017. • The Annual Implementation Reports (AIR) for both Programmes were submitted to the European Commission by the regulatory deadline of 30 June 2017. • The PEACE IV Monitoring Committee met on 24 May 2017 and 29 November 2017. • The INTERREG VA Monitoring Committee met on 18 January 2017 and 6 September 2017. • eMS was delivered on time in March 2017 to meet the operational deadline needed for both PEACE and INTERREG. The Body identified five key areas of enhancement needed within the system in order for it to meet business specific requirements. To date, four out of five of these requirements have been delivered successfully and, the last remaining requirement is on track to be delivered by the final deadline of end of March 2018.



Corporate Objectives	Key Outputs
<p>3. To work in partnership with applicants and beneficiaries to ensure that projects are implemented in line with their letter of offer.</p>	<ul style="list-style-type: none"> • Co-ordination of funding call workshops for PEACE IV across the Programme's eligible area. • During 2017, the SEUPB proactively identified and engaged with key stakeholders in the region to advance projects with NI and cross-border partnerships. By the end of 2017, a total of 40 projects with at least one NI partner had been approved with a total of 48 NI partners involved overall. A total of €11.6m in ERDF has been committed to those partners. • SEUPB also continued to manage the First Level Control process for all NI partners approved under the Interreg VB/VC Programmes.
<p>4. Invest in the development of our human resources to ensure staff are well informed, highly motivated, adaptable and supportive members of staff; and foster the development of strong teams and networks.</p>	<ul style="list-style-type: none"> • The SEUPB created a new website to help promote the work of the Body as well as the new PEACE IV and INTERREG VA Programmes. The website went live in July 2017. • The SEUPB continued to work diligently throughout 2017 to ensure that workplace efficiencies were achieved and prompt payment targets were met. • In terms of absence rates, the Percentage Days Lost of Total Available Working Days was 4.62% against a target of less than 3%. The Average Number of Days Lost per Employee was 9.31 days against a target of less than 6.5 days.



PEACE Programme Overview

The PEACE Programme is a unique cross-border initiative designed to support peace and reconciliation in Northern Ireland and the Border Region of Ireland. The first PEACE Programme was agreed in 1995 and was the direct result of the European Union's desire to make a positive response to the opportunities presented in the Northern Ireland peace process, including the ceasefires of 1994.

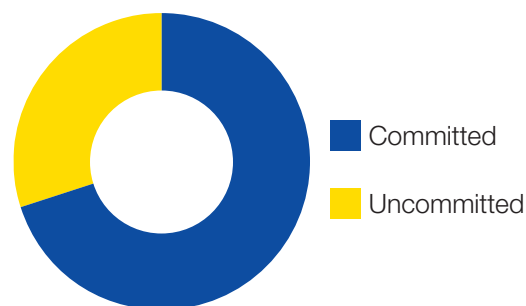
As the process has evolved and matured the PEACE Programmes have played an important role in reinforcing progress towards a more peaceful and stable society. However, divisions between communities are still very evident with low levels of trust and high levels of residential and social segregation. Issues around the expression of identity often result in community tensions and increased polarisation.

Within this context, there remains a real need for the region to address a number of key issues in order to support the overall peace process. These include, more efforts to develop and deepen reconciliation between divided communities; increase tolerance and respect to reduce the levels of sectarianism and racism; promote increased community cohesion, and address the legacy of the past.

The new PEACE IV Programme has a total value of approximately €270m, this includes an ERDF contribution of €229m (85%) and a match-funding contribution from the Irish Government and Northern Ireland Executive of €41m (15%). It has four key objectives where it wants to make significant and

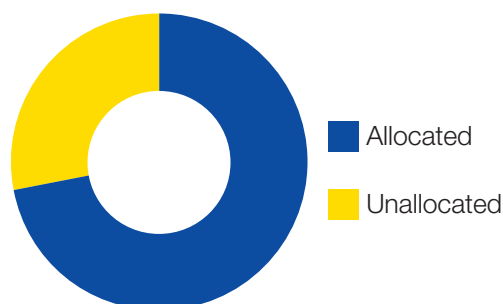
lasting change in terms of 'Shared Education'; 'Children & Young People'; 'Shared Spaces & Services'; and 'Building Positive Relations'.

Programme Commitment Level



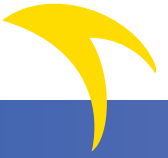
By the end of 2017, 70% of the total value of the programme had been committed to 80 different projects.

Funding Allocation Value



By the end of 2017, approximately €189m of the total programme value of €270m had been allocated.

The following case studies provide more detail on some of these new projects for the 2014-2020 programming period.



Local PEACE Action Plan funding

PEACE IV funding is being used to combat the high levels of sectarianism and racism which still exists in our society. This work, as under PEACE III, will be championed by local authorities across Northern Ireland and the Border Region of Ireland who have been allocated approximately one third of the total value of the EU's PEACE IV Programme.

The funding will be used for a number of locally-based projects and initiatives that will promote positive relations between people from many different backgrounds and cultures. It will help local communities to develop the capacity to deal positively with diversity and difference.

Under the current programme support has been allocated under three distinct strands to help build positive relations, support the development of vulnerable children and young people, as well as build new shared public spaces that can be used by all. Each Council will be responsible for the delivery of their own PEACE Action Plan, tailored to the unique needs of the local community.



Brenda Hegarty, Programme Manager with the SEUPB speaks at the official launch of the Leitrim County Council PEACE Action plan launch.



Representatives of the PEACE IV Partnership along with Lisburn and Castlereagh City Council Mayor, Tim Morrow and Gina McIntyre, CEO of the SEUPB attend the official launch of PEACE IV funding for the Council.





Gina McIntyre, Chief Executive Officer of the SEUPB is joined by two young participants in the Youth Network for Peace project, Paddy Boyd from North Belfast and Lisa Black from East Belfast.

‘Youth Network for Peace’

Approximately €1m has been awarded for a highly innovative cross-border youth led project that will bring together up to 10,000 young people aged between 15-25 years old.

The aim of the ‘Youth Network for Peace’ project is to encourage meaningful contact between young people who, in their daily lives, would not have the opportunity to interact with and learn about someone from a different background or community.

This contact will be facilitated through a number of different activities including dialogue events; a youth bank; democracy events as well as a radio station run by the young people themselves. Through these activities, the project will result in meaningful, purposeful and sustained contact between young people from different communities.

The project will be led by Youth Action NI and will operate on a cross-border basis, creating a unique

partnership of many different youth-based organisations who have not worked with each other before. This includes, the Northern Ireland Youth Forum; the Farmer’s Clubs of Ulster; Fóram na nÓg; Foróige; the Irish Youth Foundation; Youth Work Ireland; Youth Work Ireland Louth; Youth Work Ireland Monaghan; Donegal Youth Service, and Macra na Feirme.

“A core part of this dynamic project will be an online radio station and social media channel which will be run by young people. The project is overseen by a 25 member Youth Steering Body and 13 cross-border youth work partners. The potential of this project is far-reaching and will further nurture youth democracy and showcase young people as assets now and for the future.”
Martin McMullan, Youth Action NI.



PEACE IV funds 'Shared Education'

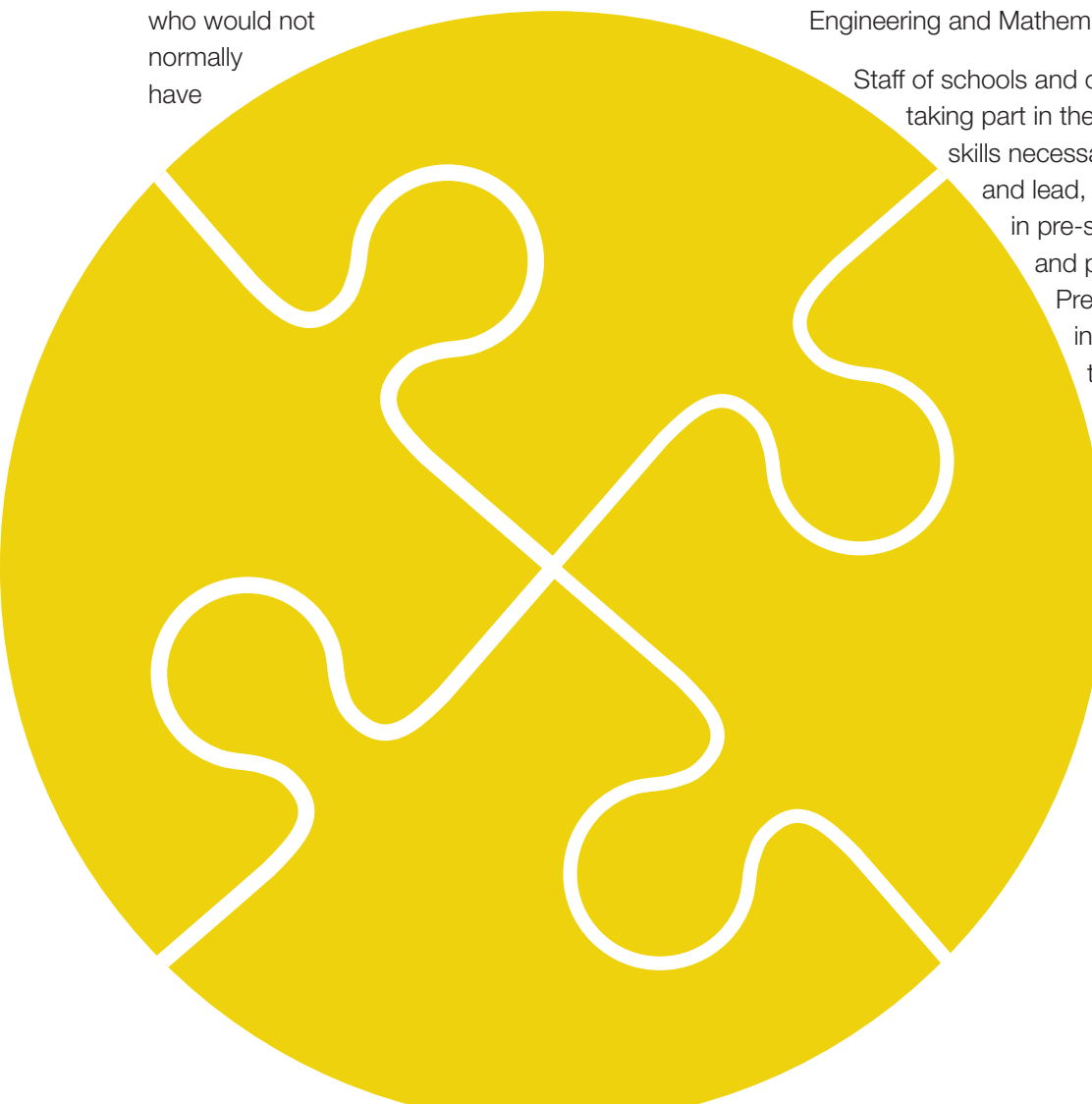
In November 2017, the SEUPB officially announced the allocation of €33.1 million worth of EU PEACE IV funding in support of 'shared education'.

Shared education initiatives help to break down barriers by giving young people an opportunity to learn from communities different from their own. It brings school children and teachers together from different religious and socio-economic backgrounds who would not normally have

the opportunity to mix with each other. In doing so the support aims to help break the cycle of intolerance and sectarianism which still exists across the region.

Delivered on a cross-border basis, the funding will be used to support shared education within Northern Ireland and the border region of Ireland, through curriculum based subjects including literacy, numeracy and STEM (Science, Technology, Engineering and Mathematics).

Staff of schools and other educational settings taking part in the programme will gain the skills necessary to positively engage in, and lead, shared education activities in pre-schools, primary schools and post-primary schools. Pre-school shared education initiatives will be delivered by the Early Years Organisation, alongside the Fermanagh Trust and the National Childhood Network. Primary and post-primary shared education will be delivered by the Education Authority alongside Léargas, a not-for-profit organisation based in Ireland.



PRISM (Promoting Reconciliation and Integration through Safe Mediation)

Approximately €0.7 million worth of EU PEACE IV funding has been awarded to an inspirational project that seeks to create and sustain a better understanding of different cultures and identities within a divided community.

Almost 1,000 people will take part in the project which acknowledges the challenges that go with a growing population of refugees, asylum seekers and vulnerable migrants within a society already deeply affected by segregation. It will be delivered by the British Red Cross, who will lead a team of experts in the fields of peace building and multi-cultural integration and support, to bring people from all communities together through a range of creative activities.

The aim of the project is to increase the participants familiarity with and understanding of cultures different from their own, by helping them find what they have in common. Project partners for the three year-long initiative include ArtsEkta, Corrymeela, The Irish Red Cross and The International Committee of the Red Cross.

“This is an exciting and important project which aims to provide a better understanding of how a divided society so deeply committed to reinforcing peace and stability can find common ground and work towards breaking down the barriers caused by racism and sectarianism.”

British Red Cross Director Sharon Sinclair.

British Red Cross Director Sharon Sinclair is pictured with project partners SEUPB Director of Corporate Services Paul Sheridan, Corrymeela Head of Programme and Innovation Shona Bell and Artsekta Executive Director Nisha Tandon OBE.



INTERREG VA Programme Overview

The INTERREG Programme has been specifically designed to address problems that arise from the existence of borders. Borders can reduce economic development, hamper the efficient management of the environment, obstruct travel and hinder the delivery of essential health and social care services.

From the first INTERREG Programme in 1991, to the conclusion of INTERREG VA in 2020, the Programme will have contributed approximately €1.13 billion to the region. Of this figure approximately €810 million was provided directly from the European Union.

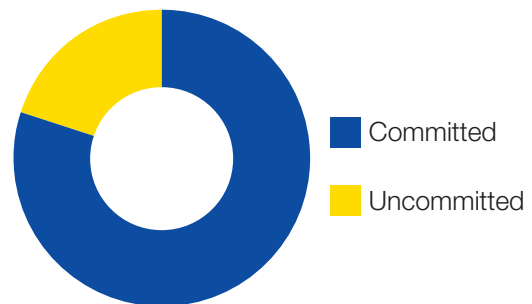
The INTERREG VA Programme is one of over 60 funding programmes across the European Union that have been specifically designed to address problems that arise from the existence of borders.

The INTERREG VA Programme has been designed to promote greater levels of economic, social and territorial cohesion across Northern Ireland, the Border Region of Ireland and Western Scotland. It will help to create a more prosperous and sustainable cross-border region and also reflects priority areas for European Territorial Cooperation, including contributing to the Atlantic Strategy.

The Programme has a total value of approximately €283 million, this includes an ERDF contribution of €240 million (85%) and a match-funding contribution from the Irish Government and Northern Ireland Executive of €43 million (15%).

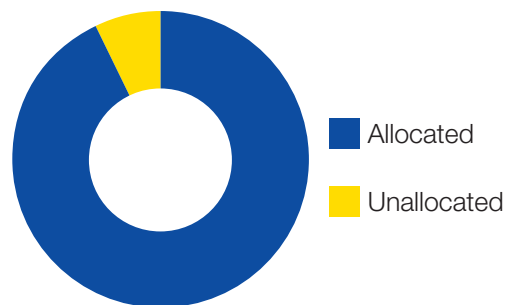
INTERREG VA has four key priority areas where it wants to make significant and lasting change in terms of Research & Innovation; the Environment; Sustainable Transport and Health & Social Care.

Programme Commitment Level



By the end of 2017, 87% of the total value of the programme had been committed to 28 different projects.

Funding Allocation Value



By the end of 2017, approximately €225m of the total programme value of €283m had been allocated.

The following case studies provide more detail on some of these new projects for the 2014-2020 programming period.

Source to Tap

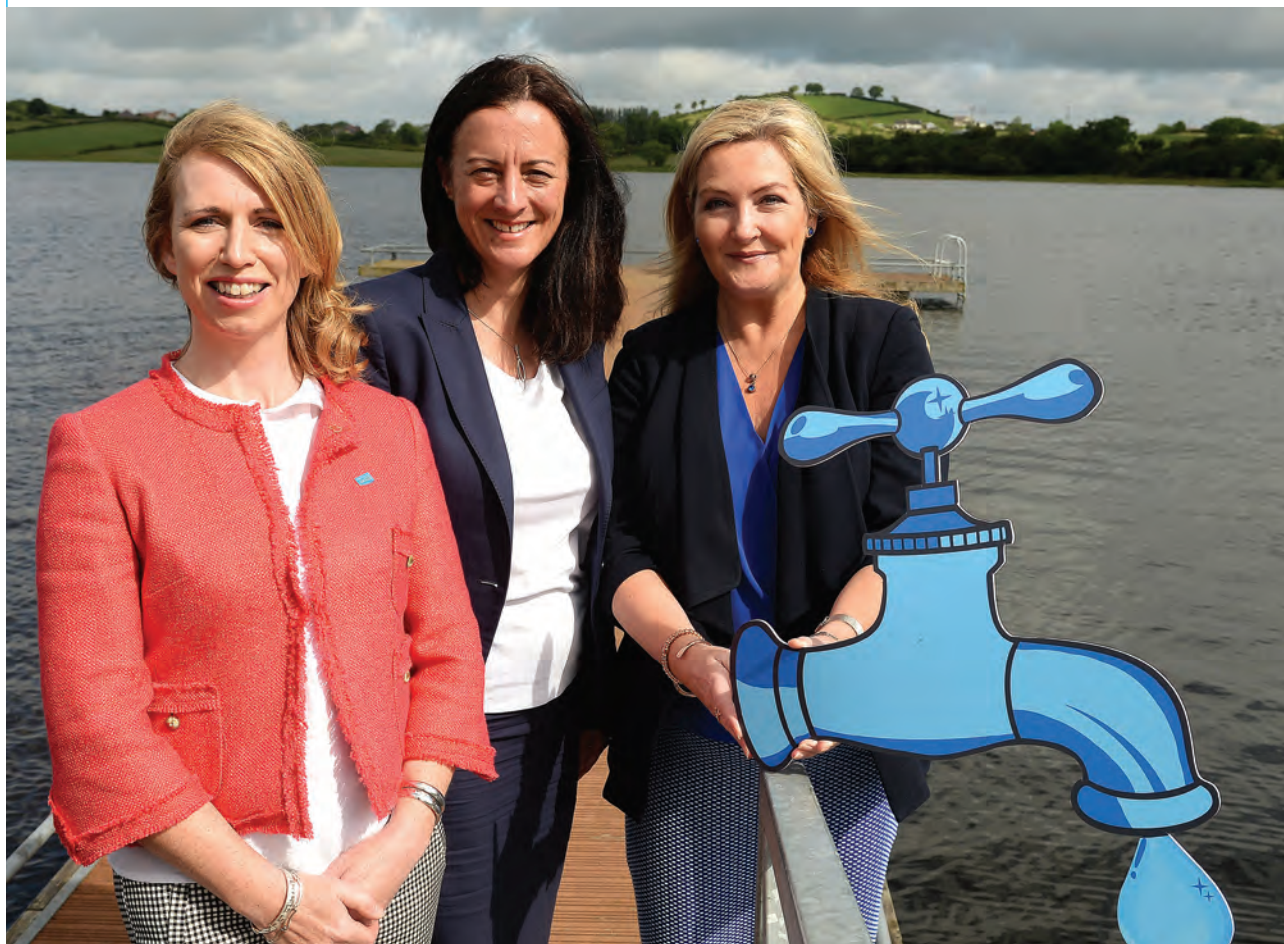
€4.9 million worth of EU INTERREG VA funding is being used to help improve drinking water quality on both sides of the border.

The 'Source to Tap' project will work with local farmers to help reduce pesticide and soil run-off which can find its way into watercourse areas. It will also pilot new measures with forestry operators to reduce water pollution caused by tree-felling and replanting, which can lead to increased levels of silt and impurities in water.

The project will protect sources of freshwater found in the Derg and Erne catchment areas and in doing so will help ensure compliance with the EU's Drinking Water Directive. 'Source to Tap' also aims to restore 135 hectares of land adjacent to watercourses back to natural peat habitat status.

It is being delivered by a unique cross-border partnership involving Northern Ireland Water; Irish Water; Agri-Food and Biosciences Institute (AFBI); Ulster University; East Border Region (EBR), and The Rivers Trust.

Pictured (l-r) announcing the funding award for the 'Source to Tap' project are Head of Quality and Compliance Dymphna Gallagher at NI Water; Environmental Strategy Lead Trudy Higgins at Irish Water; and Chief Executive Officer Gina McIntyre at the SEUPB.





EU funding used to help ‘mPower’ the older generation



Pictured (l-r) at the official launch of the project in Scotland are Gina McIntyre, Chief Executive Officer, SEUPB; Shona Robison, Cabinet Secretary for Health and Sport, Scottish Government and Dr Margaret Whoriskey, Head of Technology Enabled Care and Digital Healthcare Innovation, Scottish Government.

€8.7 million worth of EU INTERREG VA funding has been awarded to help older people with long-term health conditions live safely and independently in their own homes.

The ‘mPower’ project will help its beneficiaries to take personal control of any underlying health conditions they may have by using advances in e-health technology. It aims to help alleviate pressure on an already stretched health and social care system, whilst also enabling people to better manage their own health conditions.

Under the project, a number of ‘Community Navigators’ will be employed to work with people across Western Scotland, Northern Ireland and Ireland. They will develop personalised wellbeing plans with the participants and give them access to advances in new e-health based initiatives.

Upon completion the ‘mPower’ project aims to have supported up to 2,500 people through the development of wellbeing plans and up to 4,500 through e-health interventions.

Project partners include NHS 24; NHS Ayrshire & Arran; NHS Dumfries & Galloway; NHS Western Isles; the Scottish Council for Voluntary Organisations; the University of the Highlands and Islands; the Health Service Executive (Ireland), and the Southern and Western Health and Social Care Trusts in Northern Ireland.





The *Corystes* research vessel will be used to help deliver the COMPASS project.

EU funding to help protect marine life

The COMPASS project, led by researchers from the Agri-Food and Biosciences Institute (AFBI), will connect the regions' leading marine research Institutes to form a cross-border network to protect vulnerable marine species and increase understanding of ocean life.

€6.3m of EU INTERREG VA funding has been provided for the project which will create a state-of-the-art network of buoys to effectively track, model and monitor aquatic life and the oceanographic processes which influence them.

COMPASS will bring together experts to deliver regional-scale scientific programmes of work. The network will produce new marine monitoring data to

investigate emerging areas of environmental concern including ocean acidification, and the effects of increasing levels of ambient noise on marine life.

The project will also develop hi-tech acoustic tag programmes to study migration patterns, behaviour, and mortality of salmon and sea trout. Passive acoustic studies will provide new insights into the populations of marine mammals around coastal areas, whilst advanced computer models will be used to help understand processes that require consideration over large geographical scales.

Project partners include Inland Fisheries Ireland; the Marine Institute; Scottish Association for Marine Species (SAMS), and Marine Scotland Science.



Interreg VB Transnational and Interreg VC Interregional Programmes



The SEUPB continued to support the development of projects within Northern Ireland working with colleagues in the Irish Regional Assemblies to ensure that projects are developed with cross-border partnerships where possible.

The programme of support offered by the SEUPB included one-on-one sessions throughout the year with potential applicants, workshops/programme information seminars with the SEUPB and the UK National Contact Points and newsletters communicating information in relation to the four VB and VC Programmes including the Northern Periphery and Arctic Programme, the North West Europe Programme, Atlantic Area Programme and Interreg Europe Programme.

By the 31st December 2017, a total of 40 projects had been approved with at least one Northern Ireland Partner involved. Many of these projects involve Northern Irish and Irish partners working collaboratively to address common problems with over €11.6m (ERDF) allocated to Northern Irish partners to complete activity under the Programmes.



Professor Joan Condell and Professor Gerry Leavey from Ulster University celebrate securing funding, under the Northern Periphery and Arctic (NPA) 2014-2020 Programme for two major international research projects that will improve the lives of older people in remote and rural areas through improved access to technology and social connectedness.



INTERREG VB TRANSNATIONAL VC INTERREGIONAL PROGRAMMES



Attending the launch of the Gencomm project are Dr Michel Junker; Gina McIntyre, Chief Executive Officer of the SEUPB; Marie-Thérèse McGivern, Principal and Chief Executive of Belfast Metropolitan College and Paul McCormack, Gencomm Programme Manager.

Gencomm – leading the way forward in renewable energy technology

Belfast Metropolitan College has secured €9.39 million in funding from the North West Europe Programme to deliver the highly innovative GenComm Project. The college, alongside nine other EU partners, will develop hybrid hydrogen technology pilots from various renewable sources including wind, bio-energy and solar.

The funding is one of the largest EU projects ever secured by a Northern Ireland led partnership. The project will demonstrate the commercial maturity of hydrogen technologies by linking the three main northwest European renewable sources: Solar Power, Wind Power and Bioenergy, with energy storage and the main forms of energy demand i.e. heat, power and fuel used in transportation.

The project is set to play a key role on the international stage and will help drive the EU's transformation to a more low carbon energy system.



Sharing the Programmes in 2017

EU Showcase exhibition in the EU Parliament, Brussels

In November the SEUPB delivered a major two-day showcase exhibition in the European Parliament, Brussels. The event was specifically designed to highlight the impact that EU funding, through the PEACE and INTERREG Programmes, has had across Northern Ireland, the Border Counties of Ireland and Western Scotland.

It was successfully co-sponsored by MEPs across Northern Ireland and the Border Region of Ireland including First Vice-President Mairead McGuinness MEP; Martina Anderson MEP; Matt Carthy MEP; Diane Dodds MEP; Luke Ming Flanagan MEP; Marian Harkin MEP, and Jim Nicholson MEP.

Past and present PEACE and INTERREG projects formed part of the exhibition, representing the type of work that has been supported by the European Union throughout the region for the past two decades.

As part of the event, an evening reception was hosted for over 50 influential political figures and included a panel of hand-picked project exhibitors. The reception itself featured speeches delivered by the EU Commissioner Corina Crețu alongside Ireland's Ambassador to the EU Declan Kelleher and the UK's Deputy Ambassador to the EU Katrina Williams.



EU Commissioner Corina Crețu addressing the audience during the reception.



Irish Ambassador Declan Kelleher, outlining the importance of the programmes to the region.



Past and present PEACE and INTERREG projects taking part in the exhibition.





PEACE IV Project launches with Special Christmas Carol Service

In December, the PEACE IV funded Waterside Shared Village project officially launched in true festive spirit by organising a cross-community lantern procession. 'PEACE on Earth' saw children from Top of the Hill and Irish Street communities take part in the procession which ended in the River City Apostolic Church with a special carol service.

The Waterside Shared Village project is just one of 22 projects currently in receipt of funding under the PEACE IV Local Action Plan being delivered by Derry City and Strabane District Council. It is managed by the Waterside Neighbourhood Partnership, in connection with the Irish Street Community Association and Hillcreat Trust and will deliver a wide-range of cross-community and reconciliation programmes for all ages within an interface area.



Children taking part in the lantern procession, called 'PEACE on Earth'.



An employee of NuPrint Technologies, based in Derry-Londonderry which receives R&I support from the INTERREG VA funded North West Centre for Advanced Manufacturing project.



Participants of the PEACE IV funded 'AMPLIFY' project for children and young people.



Accounts Year Ended 31 December 2017

Background Information

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. The SEUPB was established on 2 December 1999 under the Good Friday Agreement 1998 and the British-Irish Agreement 1998 establishing implementation bodies, which is underpinned by the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999.

Reporting to the North/South Ministerial Council, the SEUPB's principal functions are to administer certain EU Structural Funds such as PEACE and INTERREG, and thereby to support a range of development and regeneration programmes in Northern Ireland, the Border Region of Ireland, and Western Scotland.

These accounts have been prepared in accordance with:

- The financial arrangements of Part 7 of Annex 2 to the British-Irish Agreement establishing Implementation Bodies;
- A direction by the Department of Finance and the Department of Public Expenditure & Reform as provided for in the SEUPB's Financial Memorandum; and
- The Annual Report and Accounts Guidance provided by the Department of Finance and the Department of Public Expenditure & Reform which is in line with the Financial Reporting Standard (FRS) 102 applicable in the UK and Republic of Ireland.

Business Overview/Principal Activities

An overview of the SEUPB's activities and future developments is provided in the Annual Report. The North/South Ministerial Council (NSMC) is responsible for approving the business plans for the organisation. Due to the absence of the Northern Ireland Assembly the NSMC has not been able to meet and as a result the 2017 and 2018 business plans have not yet been approved. Contingency arrangements have been put in place by Department of Finance to ensure the continuation of service delivery by all the North South bodies, while avoiding illegal spend by the Departments.

The current Programme period is 2014-20, with the UK/Ireland, and European Union's, PEACE IV and INTERREG VA Programmes officially launched in early 2016.

Results for the year

The income and expenditure of the SEUPB is set out in detail on page 44. The surplus for the year was €nil (Stg £nil) - 2016: €nil (Stg £nil).

Programme expenditure increased significantly from 2016 to 2017, as a result of new PEACE IV and INTERREG VA payments.

Fixed Assets

Details of the movement of fixed assets are set out in Note 8 to the accounts.

During the year the main expenditure on fixed assets was in relation to IT hardware and software.

Research and Development

There was no significant expenditure in this area.



Important Events Occurring After the Year End

There have been no important events since the year end that have had an impact on these Accounts.

Charitable Donations

The SEUPB made no charitable donations during the financial year.

Board Members

The functions of the SEUPB are exercised by the Chief Executive. There are no board members.

The Chief Executive holds no other directorships or interests which would conflict with her management responsibilities.

Payment to Suppliers

The Special EU Programmes Body is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment Of Commercial Debts (Interest) Act 1998, as amended by the Late Payment of Commercial Debts Regulations 2013, and the Irish Late Payments in Commercial Transactions Regulations 2013.

Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later. The SEUPB operates a 30-day prompt payment rule across all of its offices regardless of the jurisdiction where the bill originated. Regular reviews conducted to measure how promptly the SEUPB paid its bills found that 99.9% (2016 - 99.8%) of bills were paid within this target.

In December 2008, Public Bodies in Northern Ireland were instructed to support businesses through every effort to make payments to suppliers within 10 days of receipt of a valid invoice. During 2017 SEUPB paid 86% of its invoices within 10 days (2016: 84%).

The SEUPB has entered into Terms and Conditions for Payment of Grant with Accountable Departments in order to make payments to projects via the Centralised Payment Unit. This requires the SEUPB to make payments to projects within 8 working days of Managing Authority approval of the corresponding project report. This has been achieved for 95.12% (2016 - 94.79%) of payments made during the year, analysed as follows:

	No.of Invoices	% on target	Late payments
PEACE IV	15	86.67%	2 (projects late in providing bank details)
INTERREG VA	26	100.00%	0
Total	41	95.12%	2

Health & Safety Policy

The SEUPB has developed a written Health and Safety Policy and circulated it to all staff. The policy reflects the legal requirements to be fulfilled on health and safety in both jurisdictions in order for the SEUPB to attain a high standard of health and safety within the organisation.



Disabled Employees

The SEUPB's Disability Action Plan is a statement of the organisation's commitment to fulfil its statutory obligations in compliance with Section 49A of the Disability Discrimination Act 1995.

The plan outlines measures that the SEUPB will take to ensure that equality of opportunity is achieved not only for its own employees but also applicants and future employees. The plan is reviewed and updated every three years in line with the SEUPB Corporate Planning timetable.

The SEUPB is committed to treating all staff or applicants for employment with disabilities with dignity and respect and will provide a working environment free from unlawful discrimination, victimisation or harassment on the grounds of disability.

Specifically, the SEUPB will aim to:

- Promote a positive working environment within which people with disabilities are readily accepted;
- Examine the working environment and practices to ensure that barriers impacting on the ability of staff with disabilities to participate fully in the life of the SEUPB are removed where practicable;
- Provide a safe working environment;
- Ensure the development of skills and potential of staff with disabilities, through training and staff development; and
- Provide access to the full range of recruitment and career development opportunities to people with disabilities.

The current Disability Action Plan covers the period 2017- 2019. The plan is aligned with the strategic commitments to disability issues included in our 3 year Corporate Plan 2017-2019.

Employee Involvement

Employees have been kept informed of developments through formal and informal means, including staff meetings, ad hoc staff working groups, and structured annual corporate planning events. Communication of all staff policies is managed through an online portal, ensuring that information is available and up to date.

Gina McIntyre
Chief Executive Officer
28 June 2018



Statement of Accountable Person's Responsibilities

The Department of Finance and the Department of Public Expenditure and Reform have directed the SEUPB to prepare a statement of accounts for each year ended 31 December in the form and on the basis set out in the accounts direction in the appendix to these financial statements.

The accounts are prepared on an accruals basis and must give a true and fair view of the SEUPB's state of affairs at the year end and of its income and expenditure, changes in equity, and cash flows for the calendar year.

In preparing the accounts the SEUPB is required to:

- Observe the accounts direction issued by the Sponsor Departments, including the relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and

- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Body will continue in operation.

The Chief Executive's responsibilities as the Accounting Officer for the SEUPB, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Financial Memorandum.



Statement on the System of Internal Control / Governance Statement

Introduction

This Statement on the System of Internal Control / Governance Statement for the Special EU Programmes Body sets out the governance structures, risk management and internal control procedures that operated within the organisation during the 2017 financial year and up to the date of approval of the Annual Report and Accounts. This statement has been prepared in accordance with guidance issued by the Department of Finance (DoF) and the Department of Public Expenditure & Reform (DPER) in 2017.

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the SEUPB's policies, aims and objectives, whilst safeguarding the public funds and the SEUPB's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland and Public Financial Procedures (guide for Irish Government Departments & Offices).

The Financial Memorandum between the SEUPB and its Sponsor Departments sets out in detail the responsibilities of the Accounting Officer (the Chief Executive Officer), within a financial and business framework. The SEUPB must operate within the standards and guidance on accounting and financial procedures, as set out in the Managing Public Money (NI) manual and Irish Public Financial Procedures. An updated version of the Financial Memorandum is currently being reviewed by the Departments of Finance in Northern Ireland and Ireland.

SEUPB Governance & Management Structure

The SEUPB is one of six cross-border bodies set up under the "Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland establishing implementing bodies" signed on 8th March 1999 (the British-Irish Agreement of 8th March 1999).

As a North-South Implementation Body the SEUPB is sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. For the European Union's 2014-2020 programming period, it manages the EU Programme for Peace and Reconciliation (PEACE) and the INTERREG Programme (Northern Ireland, Ireland and Western Scotland).

Organisational Structure

In the period covered by this Annual Report, the SEUPB was structured on the basis of the three Directorates, as detailed below:

Managing Authority

Overall responsibility for the management and implementation of the Operational Programmes. It has a number of responsibilities which include:

- Ensuring projects are selected according to criteria approved by the Programme Monitoring Committee;
- Establishing and monitoring procedures to ensure that project expenditure has been properly and legally incurred, claimed and paid;
- Maintaining systems to store data on all aspects of programme implementation including financial management, audit, monitoring and evaluation;



- Ensuring proper evaluation of the programmes;
- Guiding the work of the Monitoring Committee and providing it with documents required to allow it to complete its functions;
- Verifying the legality and regularity of expenditure, and ensure adequate audit trails are maintained;
- Preparing annual and final reports on implementation; and
- Ensuring that information and publicity requirements established by European Regulations are met.

The Joint Secretariat

Oversees the day-to-day implementation of the PEACE IV and INTERREG VA Programmes, supporting and advising both the Managing Authority and the Programmes' Steering Committees. The Programme Support Unit within JS is responsible for project assessment; provision of secretarial services to the Steering Committees; issuing contracts to successful applicants; and project management.

Corporate Services

Incorporates a range of different roles which support the implementation of the programmes. The SEUPB's **Communications, ICT, Corporate Finance** and **HR** teams all lie within Corporate Services. A key part of the directorate is the Certifying Authority which has responsibility for the certification of all expenditure claims submitted to the EU Commission ensuring eligibility with EU National Rules. It also controls the cash flow of the programme, including making payments to lead partners, drawdown of funds from the European Commission and subsequent reimbursement to each Member State.

Governance Framework

During 2017, the SEUPB's Audit & Risk Committee met four times and considered a range of issues including the systems of internal control in operation within the SEUPB. The Committee discharged its oversight responsibilities in accordance with the Terms of Reference and it has the requisite skills (including governance, financial reporting, risk management, auditing, strategic planning and understanding the core functions of the organisation) to discharge its responsibilities effectively.

The membership of the Audit & Risk Committee during the year was as follows:

Name	February	March	June	October
Brendan Mullan (Independent Chair)	✓	✓	✓	✓
Joe Campbell (Independent Member)	✓	✓	✓	✓
Derek Staveley (Independent Member)	✓			
Frank Duffy (DOF representative)		✓	✓	✓
Dominic McCullough (DOF representative (for F Duffy))	✓			
Gearoid O'Keefe (DPER representative)	✓		✓	✓
Siobhan O'Higgins (DPER representative (for G O'Keefe))			✓	



In addition to the members of the ARC listed above, meetings were also attended by:

- Chief Executive Officer;
- Director of Corporate Services;
- Corporate Accountant;
- NIAO representative;
- Head of Internal Audit;
- Head of the Audit Authority.

The responsibilities of the Committee as a whole are laid out in its Terms of Reference, and include providing advice to the Accounting Officer on the following:

- The strategic processes for risk, control and governance;
- The accounts, accounting policies and Annual Report;
- Planned activity of internal and external audit; and
- Assurances relating to governance and management of the EU Programmes.

To aid in the discharge of these responsibilities, the Committee meets to review its own effectiveness and all members also receive minutes of key senior staff meetings.

The Committee also prepares an Annual Report to summarise its activity during the year, and has concluded that risk control and governance is at a satisfactory level within SEUPB.

Business Planning and Risk Management

Business Planning

Within SEUPB, business planning is an iterative process involving a number of stages including the following:

- Consideration of relevant priorities set out in the EU Regulations, Co-Operation Programmes for PEACE IV and INTERREG VA, each Sponsor Department's Corporate and Business Plans as well as the other statutory responsibilities placed on the organisation;
- Senior Management Team review of performance against the previous year's targets and Key Performance Indicators, identifying areas where further work might be undertaken;
- Review of feedback from consultations with stakeholders;
- Preparation of a first draft of the Business Plan for consideration by the Sponsor Departments;
- Consideration of comments from the Sponsor Departments and submission of the final draft Business Plan for Ministerial approval and;
- The setting of objectives and targets at individual staff member level through the staff appraisal process.

Risk Management

The Risk Management framework is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve the aims, objectives and policies; it can therefore only provide reasonable, not absolute, assurance of effectiveness.

Within the SEUPB, Risk Management is designed to:

- Identify and prioritise the risks to the achievement of aims, objectives and policies;
- Evaluate the likelihood of those risks being realised and the impact should they be realised;
- Manage them efficiently, effectively and economically.

The Risk Management framework is set out in the following documents which are subject to regular review:



- A Risk Management Strategy;
- A Risk Appetite Statement;
- A Corporate Risk Register.

Each risk is allocated a risk rating based on an evaluation of its impact and likelihood in two stages:

1. Assessment of inherent risk before any controls are identified;
2. Assessment of residual risk taking account of current risk response and controls and the required action plan.

The residual risk rating is then compared to the risk appetite which establishes an acceptable level of risk for a particular business activity. If the controls are judged to be inadequate to manage risk to within the risk appetite then further action is identified to strengthen these controls.

The Corporate Risk Register identifies the key risks directly related to the achievement of the SEUPB's corporate objectives and is linked to the annual Business Plan. The Senior Management Team, comprising the Chief Executive and Directors, meet monthly to review and revise the Corporate Risk Register to ensure that it remains relevant. It also considers new risks that have been identified through management channels and changes in the operating environment and the actions necessary to mitigate them as well as the success of actions taken to address existing risks. The Corporate Risk Register is reviewed in detail at each Audit and Risk Committee meeting. As at the year end, the Corporate Risk Register contained risks relating to Programme funding mechanisms, database development, Business Plan approval, Programme delivery timeframes, and the impact of the UK's exit from the European Union.

The Service Level Agreement (SLA) between the SEUPB and the Accountable Departments has been agreed and is in the process of being signed.

The 2016 Statement on Internal Control noted that there were delays in the implementation of a new database for programme expenditure. From 2 March 2017 the database has been operational for both the PEACE IV and INTERREG VA Programmes with the final reporting module installed in April 2018.

The North South Ministerial Council (NSMC) was established under the Belfast/Good Friday Agreement (1998), to develop consultation, co-operation and action within the island of Ireland. It is responsible for the Corporate Plan annual business plan and budget for all North South bodies. Due to the absence of the Northern Ireland Assembly the NSMC was not able to meet and as a result the corporate plan, business plan and budget have not been approved for 2017 and 2018. In the interim, a contingency arrangement has been put in place in Northern Ireland, whereby a grant can continue to be paid until the end of December 2018. This expenditure will be retrospectively regularised when the Plan is approved by NSMC. In Ireland, the grant has already been approved via the 'estimates' process, and no contingency arrangement is required. There is therefore no significant risk in respect of going concern.

The SEUPB will continue to monitor and resource the areas of need which are required to ensure the programme delivery timeframes are met.

The risk relating to the UK's exit from the EU is still identified on the risk register and until the specific details of the exit are agreed the SEUPB will continue to monitor the risk.

The SEUPB operates three specific information systems; eMS, which holds the operational data for the PEACE IV and INTERREG VA programmes; SUN, the financial system of SEUPB and TRiM, the Electronic Document and Record Management System (EDRMS). Each system has been tested and sufficient controls in place around information.



The SEUPB uses information from a number of data sources and systems operated by the body. In relation to performance metrics, the SEUPB draws assurance from the fact that the main system, eMS is a system used across the EU to manage programme information and a review was conducted into the robustness of the system as part of designation. Data relating to Finance and HR is derived from systems that are subject to regular scrutiny by the SEUPB's Internal Audit Service. Information received from these systems by the SEUPB Senior Management allows them to discharge its duties with regard to its decision making and accountability obligations.

Fraud Risk and Information Risk

Fraud Risk

The SEUPB has a number of policies in place, designed to minimise the risk of fraud. These include:

- Anti-Fraud Policy;
- Conflicts of Interest Policy;
- Guidance on Offers and Acceptance of Gifts and Hospitality;
- Guidance on the Provision of Gifts and Hospitality;
- Whistleblowing Policy and associated guidance (Raising a Concern);
- Code of Conduct for Staff.

Associated procedures have been established to assist with the prevention of fraud and the management of actual or potential frauds, including:

- Travel and Subsistence Reimbursement Claim procedures;
- Fraud Response Plan (under review).

The SEUPB is committed to the prevention of fraud and the promotion of an anti-fraud culture. The organisation operates a zero-tolerance attitude to fraud and requires staff, Lead Partners and final beneficiaries to act honestly and with integrity at all times and to report all reasonable suspicions of fraud. The SEUPB will investigate all instances of actual, attempted and suspected fraud and will seek to recover funds and assets lost through fraud. The SEUPB is placing a clear emphasis on the prevention of fraud and has embarked on a series of exercises to promote an anti-fraud culture within the Programmes. Fraud Awareness forms part of SEUPB's Training Programme which was delivered to Programme beneficiaries and SEUPB staff in 2017. The SEUPB anti-fraud and whistleblowing policies were re-issued to staff in 2016. The SEUPB will also use the ARACHNE data mining tool as part of its suite of anti-fraud measures.

Where appropriate, in response to serious issues, SEUPB will withdraw funding offers and issue recovery orders to Lead Partners, informing the relevant authorities as necessary. There were no actual or suspected frauds in 2017.

Information Risk

I recognise my responsibility for accurate and secure handling of all information, and the accurate capture and processing of information, particularly where this may be used by third parties, or relied on by other parts of government. In order to discharge this responsibility effectively, the following actions have been taken:

- The Director of Corporate Services has been appointed as the SEUPB's Senior Information Risk Officer (SIRO). The SIRO has in turn taken assurance from managers, who have added information considerations to their risk registers, which are reported on a monthly basis. The SIRO



responsibilities revert to the CEO for any periods during which the Director of Corporate Services post is vacant;

- An Information Officer is in post to assist with the ongoing implementation of the SEUPB's Information Policies and an information audit has been carried out, with all staff assessing common areas of good practice, risks and improvements required.

There were no incidents of data loss which required to be notified to the Information Commissioner.

The SEUPB has now embarked on its process towards compliance with the General Data Protection Regulations (May 2018). A number of data audits have been carried out across the organisation and the Information Officer is developing the disposal schedule in line with the requirements of the regulations and those required by the Programmes.

Governance and Accountability

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The Accounting Officer and the ARC obtain assurances from independent providers as appropriate.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the successful achievement of the SEUPB's policies, aims and objectives. The SEUPB evaluates the likelihood of those risks being realised and the impact of that realisation and the actions required to manage them efficiently, effectively and economically. The system of internal control has been in place in the SEUPB for the year ended 31 December 2017 and up to the date of approval of the annual report and accounts, and accords with the Finance Departments' guidance.

The SEUPB operates within the terms of its Financial Memorandum (2006). Governance units within the administrations in both jurisdictions continue to work towards the provision of an updated Financial Memorandum for all North/South Bodies.

The Senior Management Team normally comprises the Chief Executive Officer, the Director of Corporate Services, the Director of Managing Authority and the Director of the Joint Secretariat.

Other elements of the corporate governance structure include:

- An agreed Organisational Structure with detailed job descriptions for staff at all levels and associated processes, including a staff appraisal scheme, to ensure that all members of staff are clear about their respective roles and responsibilities;
- A Corporate Plan for the period 2017-2019;
- An annual Business Plan, setting out, among other things, the vision, mission, aims and corporate objectives of the SEUPB as well as key activities and targets;
- A range of policies, strategies and procedures, which guide the work of the organisation and are regularly reviewed;
- A Risk Management Framework, incorporating a Risk Management Strategy, endorsed by the Accounting Officer and the Audit and Risk Committee. The Strategy specifies the risk management process within SEUPB;
- An Internal Audit Service, which provides assurance to the Accounting Officer and the ARC on the adequacy and effectiveness of governance arrangements; and



- Assurance Statements, completed quarterly by the Accounting Officer based on similar stewardship statements from the Directors, who in turn receive assurances from the managers who report to them. The Accounting Officer’s Statements are scrutinised by the Audit and Risk Committee.

Register of Interests

None of the ARC Members, members of the key management staff or other related parties has undertaken any material transactions with the SEUPB during the year. A Register of Members’ Interests and a Register of Interests of the Chief Executive and Directors is kept and can be inspected also on application to the Director of Corporate Services. Please refer to Note 18, Related Party Transactions within the Accounts.

Sources of Independent Assurance

Internal Audit

The SEUPB has a Service Level Agreement with the Department of Finance (DoF) Internal Auditor, who operates to standards defined in the Public Sector Internal Audit Standards. Regular reports are received which include the Head of Internal Audit’s independent opinion on the adequacy and effectiveness of the SEUPB’s system of internal control together with recommendations for improvement. All of the individual audits in 2017 resulted in an assurance level awarded of Satisfactory. The areas covered by internal audits included:

In addition to those audits Internal Audit also carried out a number of associated reviews. These were; eMS Designation, Delegated Limits and Payroll Review (for TA claim verification). No issues were found during these reviews.

For 2017, the Head of Internal Audit in his Annual Report stated ‘I, therefore, remain satisfied that SEUPB has established and matured a strong system of risk management, control and governance and I can confirm a satisfactory audit opinion is appropriate.’

Audit Authority

Under article 59 of Council Regulation (EC) No 1083/2006, an Audit Authority has been designated by the Member States to take responsibility for verification of the effective functioning of the management control systems for PEACE IV and INTERREG VA. A team within DoF in Northern Ireland has been designated to fulfil this role, which is accountable directly to the EU Commission. The Audit Authority has additional specific responsibility for:

- Audits of operations on the basis of an appropriate sample to verify expenditure declared;
- Presentation of an audit plan to the Commission; and
- Submission of Annual Control Reports and Audit Opinions to the EU Commission.

System	Rating
Anti-Fraud Measures	Satisfactory
Quality of Project Selection and Administration; On the Spot Verifications	Satisfactory
Certifying Authority – Procedures for drawing up programme accounts	Satisfactory
Article 125(3) – Adequate and Effective information and communication with Beneficiaries	Satisfactory
Corporate Services	Satisfactory



The Audit Authority conducted two audits in the year, one on PEACE IV Technical Assistance and one on INTERREG VA Technical Assistance. Both reports gave a satisfactory assurance rating. These reports are made available to the SEUPB, Sponsor Departments, and to the Audit & Risk Committee.

Northern Ireland Audit Office and Office of the Auditor and Comptroller General Ireland

The Comptroller and Auditor General (C&AG) to the Northern Ireland Assembly and the Auditor General to the Houses of the Oireachtas certifies the SEUPB's Accounts. The report on the audit is included in this Annual Report and Accounts. No significant regularity issues or internal weaknesses were identified in the prior year accounts and in the Report to those Charged with Governance.

EU Referendum on EU Membership

The result of the Referendum to leave the EU means that there is still uncertainty regarding how the PEACE and INTERREG programmes will operate in the future. The SEUPB continues to work with DoF and DPER to ensure the delivery of the two programmes in full by 2023.

Review of effectiveness

As Accounting Officer, I have responsibility for the propriety and regularity of the public finances allocated to SEUPB in accordance with the responsibilities assigned to me. I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors in addition to the managers within the SEUPB, who have responsibility for the development and maintenance of the internal control framework. The comments made by the external auditors in their report to those charged with governance and other reports is also a significant part of this review. I have been advised of the implications of the results of my review by the Audit and Risk Committee and ensure continuous improvement of the system is in place.

Financial Management

Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with the Accounting Officer. The systems of internal financial control provide reasonable but not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or will be detected within a timely period.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability.

The SEUPB has established Financial Policies and Procedures that address areas of risk as well as operational efficiency and effectiveness.

All staff are briefed on these policies during their induction and at regular staff meetings. Any needs identified are addressed through the SEUPB annual training and development plan.

Internal Governance Divergences

Prior Year Issues

There were no governance divergences reported in the 2016 financial year.

Current Year issues

There were no governance divergences reported in the 2017 financial year.

Conclusion

As Accounting Officer, I am satisfied that an appropriate system of internal governance is in place within the SEUPB.



Gina McIntyre
Accounting Officer
28 June 2018



Remuneration Report

Remuneration Policy

Appointment

The CEO is appointed by the North South Ministerial Council (NSMC). For operational purposes the CEO reports to the Department of Finance (DoF) in Northern Ireland and the Department for Public Expenditure and Reform (DPER) in Ireland in their capacity as Sponsor Departments on behalf of the NSMC.

The Directors appointments are made in accordance with the Special EU Programmes Body's recruitment policy. The policy requires appointments to be made on merit through a fair and open recruitment competition.

Remuneration

On initial appointment the CEO / Directors are normally placed on the minimum point of their salary scale. Thereafter, there is annual incremental progression up the scale until the maximum of the scale is reached.

An incremental date of August is used for all CEO / Director posts in line with the annual pay award date.

Total Reward Package

CEO / Director posts are based on a minimum 37 working hours per week. They are also entitled to 25 days holiday per year rising to 30 days after 5 years' service, and a further twelve statutory and public holidays.

The CEO / Directors have access to the North / South Pension Scheme (alpha). The alpha scheme provides a defined benefit worked out on a Career Average basis.

Salary and Pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Body.



Remuneration Report (continued)

Remuneration (including salary) and pension entitlements of Senior Management Staff

Officials	2017					2016					Total
	Salary	Bonus Payments	Benefits in kind	Pension Benefits*	Total	Salary	Bonus Payments	Benefits in kind	Pension Benefits*	Total	
	£	£	£	£	£	£	£	£	£	£	£
Ms Gina McIntyre Chief Executive	69,841	-	-	35,000	104,841	67,844	-	-	28,000	95,844	
Mr Shaun Henry Managing Authority Director (until 26/07/17)	33,021 (56,252 full year equivalent)	-	-	20,000	53,021	54,457	-	-	13,000	67,457	
Ms Lorraine McCourt Joint Secretariat Director (until 08/01/16)	-	-	-	-	-	1,754 (48,411 full year equivalent)	-	-	-	1,754	
Mr John Greer Joint Secretariat Director (from 11/04/16)	47,318	-	-	21,000	68,318	31,380 (46,161 full year equivalent)	-	-	14,000	45,380	
Mr Paul Sheridan Corporate Services Director (from 10/11/16)	50,111	-	-	23,000	73,111	7,019 (49,546 full year equivalent)	-	-	2,000	9,019	
Mr Mark Feeney Managing Authority Director (from 06/12/17)	3,498 (50,041 full year equivalent)	-	-	1,600	5,098	-	-	-	-	-	
Highest Paid Staff Salary	69,841					67,844					
Median Total Remuneration	31,446					30,608					
Ratio	2.22					2.22					

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

Salary

Salary' includes gross salary; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK/Irish taxation and any ex gratia payments.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs / Ireland's Department of Revenue as a taxable emolument.

Bonuses

The SEUPB does not operate a bonus policy. No bonuses have been paid in 2016 or 2017.



Remuneration Report (continued)

Pension Entitlements

	Accrued pension at Pension Age (as at 31/12/17)	Accrued lump sum at Pension Age (as at 31/12/17)	Real increase in pension at pension age	Real increase in lump sum at pension age	CETV at 31/12/2017	CETV at 31/12/2016	Real Increase in CETV
	£	£	£	£	£	£	£
Ms Gina McIntyre Chief Executive	17,000	42,000	1,700	400	309,000	281,000	28,000
Mr Shaun Henry Managing Authority Director (until 26/07/17)	14,000	43,000	900	2,000	282,000	257,000	10,000
Mr John Greer Joint Secretariat Director (from 11/04/16)	2,000	-	1,100	-	18,000	7,000	11,000
Mr Paul Sheridan Corporate Services Director (from 10/11/16)	1,300	-	1,200	-	13,000	2,000	11,000
Mr Mark Feeney Managing Authority Director (from 06/12/17)	-	-	100	-	600	-	600

* the revised pension scheme (career average) no longer includes an automatic pension lump sum. A lump sum remains in place for service within the previous scheme.

Pension Arrangements

The SEUPB operates a defined benefit pension scheme which is funded annually on a 'pay as you go' basis from monies available to it, including monies provided by the Department of Finance (DoF) in Northern Ireland and the Department of Public Expenditure & Reform (DPER) in Ireland. Further information on the Pension Scheme can be found in Note 12.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.



Remuneration Report (continued)

The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the North / South pension arrangements.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

There were no amounts paid in the year in respect of compensation for loss of office.

Audit and Risk Committee Remuneration

	2017 £	2016 £
Brendan Mullan (Chairperson)	3,679	1,586
Joe Campbell (Independent Member)	1,906	2,561
Derek Staveley (Independent Member)	0	0

Salary Bands for all Employees

Number of employees whose emoluments for the twelve months ending 31 December 2017 fell within the following bands:

Salary Bands (£)	2017 (number of Staff in Post - SIP)	2016) (number of Staff in Post - SIP)
Less than 40,000	50	56
40,000 - 49,999	8	3
50,000 - 59,999	3	2
60,000 - 69,999	1	1
Total	62	62



The Certificate of the Comptrollers and Auditors General to the Northern Ireland Assembly and Houses of the Oireachtas

Opinion on the accounts

We certify that we have audited the accounts of the Special EU Programmes Body (the Body) for the year ended 31 December 2017 as required pursuant to the provisions of the North/South Co-operation (implementation Bodies) (Northern Ireland) Order 1999 and the British/Irish Agreement Act 1999 which require us to audit and certify, in co-operation, the accounts presented to us by the Body. The accounts comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and,
- the statement of cash flows and the related notes.

These accounts have been prepared under the accounting policies set out within them.

In our opinion, the accounts give a true and fair view of the state of the Body's affairs as at 31 December 2017 and of its income and expenditure for the year then ended and have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the accounts direction in the appendix to the accounts.

Opinion on regularity

In our opinion, the expenditure and income recorded in the accounts have in all material respects been applied to the purposes intended by the Northern Ireland Assembly and the Houses of the Oireachtas and the financial transactions reported in the accounts conform to the authorities which govern them.

Basis of opinions

We conducted our audit in accordance with International Standards on Auditing (ISAs).

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of this certificate. We are independent of the Body in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016 and of the Code of Ethics issued by the International Organisation of Supreme Audit Institutions and have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Information other than the accounts

The Body has presented certain other information together with the accounts. This comprises the annual report, including the Foreword to the accounts, the Governance Statement /Statement on Internal Control and the Remuneration Report. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Matters on which we report by exception

We have nothing to report in respect of the following matters which we report if, in our opinion:

- We have not received all the information and explanations we required for our audit, or
- the accounting records were not sufficient to permit the accounts to be readily and properly audited, or
- the accounts are not in agreement with the accounting records, or
- the Statement on Internal Control/Governance Statement does not reflect compliance with applicable guidance on corporate governance.

Responsibilities of the Body and the Accounting Officer for the accounts

As explained more fully in the Statement of Responsibilities, the Body is responsible for the preparation of the accounts on the basis of the accounts direction included in the appendix to the accounts and for being satisfied that they give a true and fair view. The Chief Executive, as Accounting Officer, is responsible for the propriety and regularity in relation to the use of public funds.

Responsibilities of the Auditors

Our responsibility is to audit the accounts in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 and to report thereon to the Northern Ireland Assembly and the Houses of the Oireachtas.

Our objective in carrying out the audit is to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. In doing so

- We identify and assess the risks of material misstatement of the accounts whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- We conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Body's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the accounts or, if such



disclosures are inadequate, to modify my opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Body to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the accounts, including the disclosures, and whether the accounts represent the underlying transactions and events in a manner that achieves fair presentation.

Seamus McCarthy

*Irish Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
Ireland*

7 July 2018

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that expenditure and income recorded in the financial accounts have been applied to the purposes intended by Assembly and Oireachtas and that the financial transactions recorded in the accounts conform to the authorities which govern them.

Kieran Donnelly

*Comptroller and Auditor General for Northern Ireland
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU*

2 July 2018



INCOME STATEMENT for the year ended 31 December 2017

INCOME	Notes	2017	2016	2017	2016
		€'000	€'000	£'000	£'000
Grant from Sponsor Departments (Administration)	2	2,044	2,185	1,791	1,787
Other Operating Income	4	1	1	1	1
Capital Grant Release	3	135	140	118	114
Net Deferred Funding for Pensions	12(c)	1,467	1,018	1,286	832
<i>CENTRAL PAYMENTS UNIT</i>					
Grant from Accountable Departments (Programmes)	3	2,240	536	1,963	438
<i>EU COMMISSION</i>					
Claims Receivable from the EU	3	12,703	2,428	11,133	1,986
TOTAL INCOME		18,590	6,308	16,292	5,158
EXPENDITURE					
Depreciation	8	(135)	(140)	(118)	(114)
Staff Costs	5	(2,900)	(2,476)	(2,541)	(2,024)
Other Operating Costs	7	(611)	(727)	(536)	(595)
Interest repayable to Department of Finance	3	(1)	(1)	(1)	(1)
<i>CENTRAL PAYMENTS UNIT</i>					
Payments Made to Projects	3	(14,943)	(2,964)	(13,096)	(2,424)
TOTAL EXPENDITURE		(18,590)	(6,308)	(16,292)	(5,158)
Surplus for the year transferred to Income Account Reserve		-	-	-	-

All amounts above relate to continuing activities.

The notes on pages 49 to 71 and the appendix on page 72 form part of these accounts.



STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2017

	Notes	2017	2016	2017	2016
		€'000	€'000	£'000	£'000
Surplus for the year	-	-	-	-	-
Experience gains on pension scheme liabilities including exchange rate effect	12(b)	1,088	(1,358)	954	(1,110)
Changes in assumptions underlying the present value of pension scheme liabilities	12(b)	380	(4,209)	333	(3,442)
Actuarial gains / (losses)	12(b)	1,468	(5,567)	1,287	(4,552)
Adjustment to deferred pension funding		(1,468)	5,567	(1,287)	4,552
		-	-	-	-
Currency exchange gains/(losses)		-	-	-	-
Total recognised gain/(loss) for the year		-	-	-	-



STATEMENT OF FINANCIAL POSITION as at 31 December 2017

	Notes	2017	2016	2017	2016
		€'000	€'000	£'000	£'000
Fixed Assets					
Tangible Assets	8(a)	218	264	194	227
Intangible Assets	8(b)	110	57	97	49
Total Fixed Assets		328	321	291	276
Current Assets					
Debtors amounts falling due within one year	9(a)	34,794	50,260	30,873	43,142
Cash & Cash Equivalents	10	44,896	25,016	39,837	21,473
Total Current Assets		79,690	75,276	70,710	64,615
Current Liabilities					
Creditors amounts falling due within one year	11(a)	(79,718)	(75,276)	(70,735)	(64,615)
Net Current (Liabilities)/Assets		(28)	-	(25)	-
Debtors - amounts falling due after more than one year	9(b)	156	-	139	-
Total Assets less Current Liabilities, before Non-Current Liabilities					
		456	321	405	276
Creditors - amounts falling due after more than one year	11(b)	(127)	-	(113)	-
Retirement Benefits					
Deferred pension funding	12(c)	13,760	14,225	12,209	12,210
Pension liabilities	12(b)	(13,760)	(14,225)	(12,209)	(12,210)
Total Net Assets		329	321	292	276
Represented by:					
Capital and Reserves					
Income Account Reserve		-	-	-	-
Capital Grant Reserve		329	321	292	276
The accounts were approved by the Chief Executive Officer on 28 June 2018.		329	321	292	276



Gina McIntyre, Chief Executive Officer

The notes on pages 49 to 71 and the appendix on page 72 form part of these accounts.



STATEMENT OF CHANGES IN EQUITY as at 31 December 2017

Income Account Reserve

	2017	2016	2017	2016
	€'000	€'000	£'000	£'000
Balance at 1 January	-	-	-	-
(Deficit)/Surplus for the year	-	-	-	-
Actuarial Gain/(Loss)	1,468	(5,567)	1,287	(4,552)
Deferred Pension Funding	(1,468)	5,567	(1,287)	4,552
Exchange gain/(loss)	-	-	-	-
Balance at 31 December	-	-	-	-

Capital Grant Reserve

	2017	2016	2017	2016
	€'000	€'000	£'000	£'000
At 1 January	321	427	276	313
Capital funding receivable during the period	44	32	38	27
Funding received via technical assistance	99	2	87	2
Profit/loss on disposal of fixed assets	-	-	-	-
Less amount released to income and expenditure account	(135)	(140)	(118)	(114)
Difference on foreign exchange translation	-	-	9	48
At 31 December	329	321	292	276
Total Equity at Year End	329	321	292	276



The notes on pages 49 to 71 and the appendix on page 72 form part of these accounts.

Statement of Cash Flows for the year ended 31 December 2017

	Notes	2017 €'000	2016 €'000	2017 £'000	2016 £'000
Net cash generated from Operating Activities	13.1	20,696	(5,828)	19,088	(1,472)
Cash Flows from investing activities					
Payments to acquire fixed assets		(143)	(34)	(125)	(29)
Cash Flows from financing activities					
Capital funding received		143	34	125	29
Net increase / (decrease) in cash and cash equivalents		20,696	(5,828)	19,088	(1,472)
Cash and cash equivalents at the beginning of the year	13.2	24,200	30,844	20,749	22,945
Cash and cash equivalents at the end of the year		44,896	25,016	39,837	21,473



Notes to the Accounts for the year ended 31 December 2017

1. ACCOUNTING POLICIES

1.1. Accounting Convention

In accordance with the North South Implementation Bodies Annual Reports and Accounts guidance issued by the Department of Finance (DoF) and by the Department of Public Expenditure and Reform (DPER), in June 2017, the financial statements have been prepared in accordance with the historical cost convention.

1.2. Transition to the FRS102 - North/South Guidance 2017

The year ended 31 December 2017 was the first year that the accounts were prepared under the 2017 North / South Bodies Accounts Guidance and Financial Reporting Statement (FRS) 102. Some of the FRS 102 recognition, management, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP and updates have been made accordingly.

1.3. Fixed Assets

Fixed Assets are valued at their cost to the SEUPB, and capitalised where individual asset values are £500 or greater. Intangible assets include purchased software.

Fixed assets are depreciated from the month following their dates of acquisition, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter. The estimated useful lives of the main categories of fixed assets are:

Fixtures and Fittings	7 years
Computer Equipment	5 years
Office Equipment	7 years
Leased assets	The shorter of the term of the lease and the useful economic life of the asset
Intangible assets	5 years

The value of the operational assets in use within the SEUPB is not considered sufficient to require annual revaluation.

1.4. Pension Costs

The SEUPB operates a defined benefit pension scheme which is funded annually on a 'pay as you go' basis from monies available to it, including monies provided by the Department of Finance (DoF) in Northern Ireland and the Department of Public Expenditure & Reform (DPER) in Ireland.

Funding is also provided by way of deductions from staff salaries, which are repaid by the SEUPB to DoF and DPER. Deductions are included within salaries and wages costs (note 5).

Pension Scheme liabilities are measured on an actuarial basis using the projected unit method.

Pension costs reflect pension benefits earned by employees in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising from changes in Actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Changes in Equity for the year in



which they occur and a corresponding adjustment is recognised in the amount recoverable from DoF/DPER.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from DoF/DPER.

1.5 Value Added Tax

The SEUPB is not in a position to reclaim VAT. Therefore VAT is included as expenditure and where appropriate capitalised in the value of fixed assets.

1.6 Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease and are charged to the income statement.

Rentals are charged to the income statement over the term of the lease.

1.7 Currencies

The SEUPB's transactions are effected in the currencies of each jurisdiction. The Financial Statements are presented in both currencies, each representing an aggregation of all transactions for the year in each jurisdiction translated at the average respective exchange rates during the year. At the year end assets and liabilities are translated at the rate existing at that time.

The rates of exchange used for 2016 and 2017 are as follows:

	2017	2016
Average rate	£1 = €1.141	£1 = €1.223
Year-end rate	£1 = €1.127	£1 = €1.165

Variances between current year figures and comparitors in the secondary currency may appear to be exaggerated or understated due to the impact of movements in exchange rates.

1.8 Central Payments Unit

The SEUPB operates a Central Payments Unit which has been established to make payments to projects funded under relevant EU Programmes on behalf of Accountable Government Departments in Northern Ireland and Ireland. Service Level Agreements operate between the SEUPB and each Accountable Department, outlining responsibilities of both parties, and clearly state that the funds may not be used at the discretion of the SEUPB, but only for the purposes of making payments to projects under the relevant Accountable Department, Programme and Theme.

Funds are drawn from the Departments and held in dedicated bank accounts. Payments are made to projects on the basis of suitably authorised electronic vouchers.

For the INTERREG and PEACE programmes, payments made to projects (as adjusted for accruals and unearned advances) are shown within expenditure on the Income Statement. Income to cover these payments is split between the EU Commission 'Claims Receivable', and match-funding from Accountable Departments. Any surplus/



shortfall in funding received from Departments is shown as accrued/deferred income within debtors/creditors.

The SEUPB carries out this function in its role as Certifying Authority for the PEACE and INTERREG Programmes.

Payments made to beneficiaries which are subsequently deemed to be ineligible are recovered by the SEUPB either via offset against subsequent Lead Partner claims, or via a direct reimbursement from the project. Should recovery by these means prove unsuccessful, the SEUPB seeks guidance from the relevant Accountable Departments as to the recovery process. In cases where recovery is not possible, responsibility reverts to the Member States.

1.9 Capital Grant Reserve

Grants for capital purposes are credited to a Capital Grant Reserve and released to the Income Statement over the expected useful lives of the assets.

1.10 Commitments

Commitments represent contracted obligations in future years in respect of contracts existing at the year end. Any liabilities which relate to project activity in the current year are provided for by accruals or provisions, as deemed appropriate.

1.11 Income

Grant income is credited to the Income Statement, to the extent required to cover associated expenditure (which is recognised on an accruals basis). Surplus grant is recognised as deferred income on the Statement of Financial Position.



2. Grant From The Departments

	DOF	DPER	TOTAL	TOTAL
	€'000	€'000	2017	2016
	€'000	€'000	€'000	€'000
Grant receivable:				
Administration and Expenses	1,083	961	2,044	2,185
Capital funding	23	21	44	32
Total	1,106	982	2,088	2,217

Split as follows:

Grants credited to Income Statement	1,083	961	2,044	2,185
Grants credited to Capital Grant Reserve	23	21	44	32
Total	1,106	982	2,088	2,217

	DOF	DPER	TOTAL	TOTAL
	£'000	£'000	2017	2016
	£'000	£'000	£'000	£'000
Grant receivable:				
Administration and Expenses	949	842	1,791	1,787
Capital funding	20	18	38	27
Total	969	860	1,829	1,814

Split as follows:

Grants credited to Income Statement	949	842	1,791	1,787
Grants credited to Capital Grant Reserve	20	18	38	27
Total	969	860	1,829	1,814

Grants from Sponsor Departments are issued on an agreed North/South funding ratio (53/47), as adjusted for specific individual pension funding ratios.



3. Operational Analysis

	Central Payments Unit	Administration	TOTAL 2017	TOTAL 2016
	€'000	€'000	€'000	€'000
Income				
Grant from Sponsor Departments (Administration)	(i) -	2,044	2,044	2,185
Grants from Accountable Departments (Programmes)	(ii) 2,240	-	2,240	536
Other Operating Income	-	1	1	1
Capital Grant Release	-	135	135	140
Claims receivable from the EU	12,703	-	12,703	2,428
N/S Pension Scheme Funding	-	1,467	1,467	1,018
	14,943	3,647	18,590	6,308
Expenditure				
Depreciation	-	(135)	(135)	(140)
Staff Costs	-	(2,900)	(2,900)	(2,476)
Other Operating Costs	-	(611)	(611)	(727)
Interest repayable to Department of Finance	-	(1)	(1)	(1)
Project Payments	(iii) (14,943)	-	(14,943)	(2,964)
	(14,943)	(3,647)	(18,590)	(6,308)
Surplus/(Deficit)	-	-	-	-

	Central Payments Unit	Administration	TOTAL 2017	TOTAL 2016
	£'000	£'000	£'000	£'000
Income				
Grant from Sponsor Departments (Administration)	(i) -	1,791	1,791	1,787
Grants from Accountable Departments (Programmes)	(ii) 1,963	-	1,963	438
Other Operating Income	-	1	1	1
Capital Grant Release	-	118	118	114
Claims receivable from the EU	11,133	-	11,133	1,986
N/S Pension Scheme Funding	-	1,286	1,286	832
	13,096	3,196	16,292	5,158
Expenditure				
Depreciation	-	(118)	(118)	(114)
Staff Costs	-	(2,542)	(2,542)	(2,024)
Other Operating Costs	-	(535)	(535)	(595)
Interest repayable to Department of Finance	-	(1)	(1)	(1)
Project Payments	(iii) (13,096)	-	(13,096)	(2,424)
	(13,096)	(3,196)	(16,292)	(5,158)
Surplus/(Deficit)	-	-	-	-



3. Operational Analysis (Cont'd)

(i) 'Grant from Sponsor Departments' includes funding for running costs receivable from the SEUPB's Sponsor Departments (DoF & DPER).

(ii) 'Grants from Accountable Departments' includes 'match-funding' from Accountable Departments, to cover expenditure under the PEACE and INTERREG Programmes.

(iii) Project Payments (and income recognised to fund such expenditure) of £13,096k (€14,943k) can be analysed by Programme as follows:

	€'000	£'000
PEACE IV	5,712	5,006
Programme grants used for the promotion of Peace and Reconciliation in Northern Ireland and the Border Counties. Grant activities included shared education, shared space and services, children and young people and building positive relations. E.g - In 2017 just under a half of payments (€2.5m) was on Technical Assistance with the balance on projects on shared education and building positive relations via local authority action plans.		
INTERREG VA	9,231	8,090
Programme grants were used to help overcome issues that arise from the existence of a border. Grant activities included research & Innovation for cross-border enterprise development, environmental initiatives, sustainable transport projects and cross-border health and social care activities. E.g. In 2017 €2.3m was spent on Technical Assistance with €1.8m on Priority Axis 1 'Research & Innovation', €1.8m on Priority Axis 2 'Environment', €2.9m Priority Axis 3 'Sustainable Transport' and €0.4m on Priority Axis 4, 'Health'.		
	14,943	13,096

The expenditure reflected in the SEUPB accounts excludes Scottish 'match-funding' which does not flow through the SEUPB, but rather is funded by the projects themselves via various sources. In 2017 the value of Scottish 'match-funding' amounted to approximately €0.027m (2016: €0.04m).



3. Operational Analysis (Cont'd)

Included within 'Project Payments' are Technical Assistance costs (TA) incurred by the SEUPB amounting to €2.4m (£2.1m) in 2017, €2.5m (£2.1m) in 2016. TA activities included the proper implementation, monitoring and inspection of the programme. Further TA activities also included effective evaluations completed and that potential beneficiaries and general public were made aware of the opportunities and outputs and results of the programme. Analysis is as follows:

2017	€'000	£'000
SEUPB	2,394	2,098
	2,394	2,098
2016	€'000	£'000
SEUPB	2,527	2,066
	2,527	2,066

4. Other Operating Income

	2017 €'000	2016 €'000	2017 £'000	2016 £'000
Interest Receivable	1	1	1	1



5. Staff Costs

(a) The average number of employees throughout 2017 (full time equivalent, including temporary staff) was:

	2017	2016
Senior Management	3	3
Programme Management	5	5
Project Assessment & Support (including verification)	33	32
Corporate Services (including project payments & certification)	18	17
Total	59	57

(b) The costs incurred in respect of these employees were:

	2017	2016	2017	2016
	€'000	€'000	£'000	£'000
Wages and Salaries	2,205	2,165	1,933	1,770
Temporary agency staff	289	247	254	202
Social Security Costs:	219	201	192	164
Other Pension Costs:				
- Current service & interest costs (Note 12a)	1,555	1,147	1,363	938
	4,268	3,760	3,742	3,074
Funded via PEACE IV Technical Assistance	(684)	(642)	(601)	(525)
Funded via INTERREG VA Technical Assistance	(684)	(642)	(600)	(525)
Total	2,900	2,476	2,541	2,024

The Chief Executive's pay, together with that of Senior management is disclosed in the Remuneration Report.

The payments amount of pay to Senior Management in 2017 amounted to £203,789.



6. Performance Against Key Financial Targets

The SEUPB successfully operated within its budget allocation for the year. There were no regulatory financial targets for PEACE IV and INTERREG VA in 2017.

7. Other Operating Costs

	2017 €'000	2016 €'000	2017 £'000	2016 £'000
Office Premises Costs	556	585	487	478
ICT	213	226	187	185
Other Administration	35	59	31	48
Travel & Subsistence	105	83	92	68
Training & Subscriptions	63	33	55	27
Other Professional Services	138	96	121	79
Audit fees				
External Audit	23	27	20	22
Audit Authority	254	350	223	286
Other Audit	44	50	39	41
Communications	187	126	164	103
Programme Management & Evaluation	260	248	228	203
Project Assessment, Implementation & Monitoring	229	265	201	217
TOTAL GROSS OPERATING COSTS	2,107	2,148	1,848	1,757
Funded by Technical Assistance	(1,496)	(1,421)	(1,312)	(1,162)
TOTAL NET OPERATING COSTS	611	727	536	595

Since 2016, the presentation of this note has been amended to show total gross costs for each category, with Technical Assistance funding contribution then deducted to leave net costs (funded by Sponsor Department administration grants).

Included above in Other Operating Costs is hospitality expenditure of £7,400 in 2017 (£8,600 in 2016).

The External Audit Fee for the Northern Ireland Audit Office (NIAO) is £22k in 2017 and the £20k in the above note relates to an accrual adjustment of £2k from 2016.



8. Fixed Assets

(a) Tangible Assets

	Leasehold Improvements €'000	Office Equipment €'000	Computer Equipment €'000	Fixtures & Fittings €'000	Total €'000
Cost or Valuation					
At 1 January 2017	1,236	61	669	121	2,087
Additions	11	3	44	0	58
Disposals	-	-	(34)	(1)	(35)
At 31 December 2017	<u>1,247</u>	<u>64</u>	<u>679</u>	<u>120</u>	<u>2,110</u>
Depreciation					
At 1 January 2017	1,074	57	581	111	1,823
Provision for year	58	1	38	7	104
Depreciation on disposals	-	-	(34)	(1)	(35)
At 31 December 2017	<u>1,132</u>	<u>58</u>	<u>585</u>	<u>117</u>	<u>1,892</u>
Net Book Value (€)					
At 31 December 2017	<u>115</u>	<u>6</u>	<u>94</u>	<u>3</u>	<u>218</u>
At 31 December 2016	<u>162</u>	<u>4</u>	<u>88</u>	<u>10</u>	<u>264</u>
Net Book Value (£)					
	£'000	£'000	£'000	£'000	£'000
At 31 December 2017	97	4	83	2	186
Currency Translation Adjustment	5	1	2	-	8
At 31 December 2017 (as adjusted)	<u>102</u>	<u>5</u>	<u>85</u>	<u>2</u>	<u>194</u>
At 31 December 2016	<u>139</u>	<u>4</u>	<u>75</u>	<u>9</u>	<u>227</u>

Currency translation adjustment is the difference between the net book value of fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

No assets are held under finance leases or hire purchase contracts.



8. Fixed Assets (Cont'd)

(b) Intangible Assets

	Software Licences
	€'000
Cost or Valuation	
At 1 January 2017	387
Additions	84
Disposals	-
At 31 December 2017	<u>471</u>
Depreciation	
At 1 January 2017	330
Provision for year	31
Disposals	
At 31 December 2017	<u>361</u>
Net Book Value (€)	
31 December 2017	<u><u>110</u></u>
31 December 2016	<u><u>57</u></u>
Net Book Value (£)	
31 December 2017	96
Currency Translation Adjustment	1
31 December 2017 (adjusted)	<u><u>97</u></u>
31 December 2016	<u><u>49</u></u>

Currency translation adjustment is the difference between the net book value of fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.



9(a) Debtors amounts falling due within one year

	Note	2017 €'000	2016 €'000	2017 £'000	2016 £'000
Prepayments and accrued income	(i)	7,005	154	6,216	133
Amounts due from EU Commission	(ii)	27,705	50,043	24,583	42,955
Other debtors		84	63	74	54
		<u>34,794</u>	<u>50,260</u>	<u>30,873</u>	<u>43,142</u>

9(b) Debtors amounts falling due after more than one year

	Note	2017 €'000	2016 €'000	2017 £'000	2016 £'000
Amounts due from EU Commission	(ii)	156	-	139	-
		<u>156</u>	<u>-</u>	<u>139</u>	<u>-</u>

- (i) On demonstration of need, advance payments are made to projects, to be converted to actuals at a later date. This is in line with EU Regulations and Managing Public Money NI.
- (ii) The SEUPB acts as Certifying Authority for the INTERREG VA and PEACE IV Programmes and is responsible for claiming funds from the EU Commission.

As at 31 December 2017 a total of €27,861,591 (£24,721,908) related to submitted and unsubmitted claims receivable from the EU Commission. €27,705,322 (£24,583,249) was due within one year and €156,269 (£138,659) due after one year.



10. Cash & Cash Equivalents

	Note	2017 €'000	2016 €'000	2017 £'000	2016 £'000
Cash at bank:					
-Held for administration payments		286	705	254	605
-Held for Programme payments	(i)	44,610	24,311	39,583	20,868
Total		44,896	25,016	39,837	21,473

(i) Cash held for Programme payments reflects amounts drawn from Government Departments to enable the SEUPB to meet its obligations to make payments to projects on a timely basis, plus any EU receipts not yet reimbursed to Government Departments. These balances are used and re-drawn on a quarterly basis in line with forecasted requirements. At 31 December 2017, the balance included approx £23.43m (€26.41m) relating to EU advance payments for PEACE IV and INTERREG VA, which is expected to be paid to DoF/DPER during 2018.

11(a) Creditors amounts falling due within one year

	Note	2017 €'000	2016 €'000	2017 £'000	2016 £'000
Trade and Project Creditors		10	-	9	-
Accruals and Deferred Income	(i)	13,736	1,513	12,188	1,299
ERDF due to Accountable Departments	(ii)	65,784	73,518	58,371	63,106
Other amounts due to Departments	(iii)	188	245	167	210
		79,718	75,276	70,735	64,615



11(b) Creditors amounts falling due after more than one year

	Note	2017 €'000	2016 €'000	2017 £'000	2016 £'000
ERDF due to Accountable Departments	(ii)	127	-	113	-
		127	-	113	-

(i) For the PEACE and INTERREG Programmes, funding received in excess of recognised expenditure is treated as deferred income and recorded within 'Accruals and Deferred Income'.

(ii) Funds are drawn from the Departments and used to facilitate payments to projects during the course of the year. Claims are then submitted for reimbursement of the ERDF element of eligible expenditure incurred. Upon receipt of these reimbursements from the EU Commission, the SEUPB is required to reimburse Accountable Departments (via DoF and DPER). At 31 December 2017 the amount due to Departments in respect of PEACE IV and INTERREG VA was €39,374,343, (£34,937,305), due for reimbursement within one year and €127,351 (£113,000) due for reimbursement after one year.

Advances of €26,410,332 (£23,434,190) relating to the PEACE IV and INTERREG VA Programmes are also included in this balance, and are all payable to DoF/DPER within one year.

(iii) Other amounts due to Departments primarily comprise running balances of core funding from the SEUPB's Sponsor Departments.



12. Pensions

a) Analysis of total pension costs charged to Expenditure:

	2017	2016	2017	2016
	€'000	€'000	£'000	£'000
Current service cost	1,223	841	1,072	688
Interest on Pension Scheme Liabilities	332	306	291	250
	1,555	1,147	1,363	938

b) Movement in Net Pension Liability during the financial year

	2017	2016	2017	2016
	€'000	€'000	£'000	£'000
Net Pension Liability at 1 January	14,225	9,291	12,210	6,826
Current Service Cost	1,223	841	1,072	688
Interest on scheme liabilities	332	306	291	250
Actuarial (gain)/loss - inc currency movements	(1,468)	5,567	(1,287)	4,552
Net transfers in/(out)	-	-	-	-
Benefits paid	(88)	(130)	(77)	(106)
Currency Translation	(464)	(1,650)	-	-
Net Pension Liability at 31 December	13,760	14,225	12,209	12,210

Member contributions are included within the Current Service Cost, and amounted to £107k (€122k) in 2017, and £109k (€133k) in 2016. These amounts were paid over to Sponsor Departments in line with the agreed funding mechanisms.

The currency translation adjustment reflects the amount of the movement in the value of the pension scheme liability which is attributable to the change in exchange rates over the year.



12. Pensions (Cont'd)

Analysis of the movement in deficit in the plan during the period is as follows:

Experience gain / (loss)	1,088	(1,358)	954	(1,110)
Gain/(Loss) on change of financial assumptions (inc currency movements)	380	(4,209)	333	(3,442)
Actuarial (loss)/gain	1,468	(5,567)	1,287	(4,552)

The primary driver for the gain on change in assumptions, and the fact that a full actuarial valuation has been carried out, is the change in discount rates (see note 12e)

c) Deferred Funding for Pensions

In accordance with accounting practice previously adopted for the North/South bodies, the SEUPB recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, the SEUPB has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice.

The Net Deferred Funding for Pensions recognised in the Income

Statement was as follows:	2017	2016	2017	2016
	€'000	€'000	£'000	£'000
Funding Recoverable in respect of current year pension costs	1,555	1,148	1,363	938
Benefits paid during the year	(88)	(130)	(77)	(106)
	1,467	1,018	1,286	832

The deferred funding asset for pensions as at 31 December 2017 amounted to €13.760m (£12.209m); 2016: €14.225m (£12,210m).



12. Pensions (Cont'd)

d) History of defined benefit obligations

	2017	2017	2016	2016	2015	2015	2014	2014	2013	2013
	£'000	€'000	£'000	€'000	£'000	€'000	£'000	€'000	£'000	€'000
Defined benefit obligations	(12,209)	(13,760)	(12,210)	(14,225)	(6,826)	(9,291)	(7,511)	(9,644)	(6,231)	(7,477)
Experience adjustment on liabilities including exchange rate effect gain/(loss)	954	1,088	(1,110)	(1,358)	104	143	205	254	18	21
Percentage of Scheme Liabilities	7.90%	7.90%	-9.10%	-9.10%	1.50%	1.50%	2.70%	2.70%	0.30%	0.30%

e) General description of the Scheme

The North/South Pension Scheme is a multi-employer defined benefit scheme, operated within the approval of the North South Ministerial Council (NSMC) and the Finance Ministers. The pension scheme consists of a number of sections with different benefit structures. The main sections are:

The Core Final Salary section – this is a final salary pension arrangement with benefits modelled on the Classic section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60th birthday. Pensions in payment (and deferment) increase in line with general price inflation.

The Core alpha section – this is a career averaged revalued earnings pension arrangement or CARE scheme with benefits modelled on the alpha section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension based on a percentage (2.32%) of pensionable pay for each year of active membership (the pension is increased at the start of each scheme year in line with general price inflation) and spouse's and children's pensions. Normal Retirement Age is a member's State Pension Age in the relevant jurisdiction, which is currently 67, 68 or between 67 and 68 in the UK and 68 in Ireland. Pensions in payment (and deferment) increase in line with general price inflation.

Most Core section members have benefits in both the Final Salary and alpha sections and new entrants who join the Scheme after 1 April 2015 will, in most cases, become members of the Core alpha section.

The valuation used for FRS 102 disclosures at 31 December 2017 has been carried out by a qualified independent actuary (Deloitte Total Rewards & Benefits Ltd). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities incorporating market conditions and scheme data at 31 December 2017.



12. Pensions (Cont'd)

The principal assumptions were as follows:

	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13
Discount rate:					
NI	2.5%	2.7%	3.7%	3.6%	4.5%
ROI	2.1%	1.9%	2.65%	2.1%	3.5%
Inflation rate:					
NI	2.1%	2.3%	1.9%	2.0%	2.5%
ROI	1.65%	1.5%	2.0%	2.0%	2.0%
Rate of increase in salaries					
NI	2.1%	2.3%	2.9%	3.0%	4.0%
ROI	3.0%	3.0%	3.0%	3.0%	4.0%
Ave. rate of increase in pensions:					
NI	2.1%	2.3%	1.9%	2.0%	2.5%
ROI (salary increases)	3.0%	3.0%	3.0%	3.0%	4.0%
ROI (CPI)	1.65%	1.5%	2.0%	2.0%	2.0%
Ave. expected future life at age 65 for:					
Male currently aged 65	22.1	22.2	21.9	22.1	21.6
Female currently aged 65	23.9	24.2	23.8	24.3	24.2
Male currently aged 45	23.5	23.9	23.1	23.5	23.5
Female currently aged 45	25.4	26.1	25.3	25.8	26.0



13. Notes to Statement of Cashflows

13.1 Reconciliation of result for the period to net cash (outflow)/inflow from operating activities

	2017	2016	2017	2016
	€'000	€'000	£'000	£'000
Surplus/(deficit) for the period	-	-	-	-
Adjustment for non cash transactions				
Exchange differences on translation of opening cash balances at 1 January	816	(2,280)	724	(1,957)
Depreciation	135	140	118	114
Capital Grant Release	(135)	(140)	(118)	(114)
Difference on Foreign Exchange Translation	-	-	-	-
Reserves offset against Departmental funding	-	-	-	-
Adjustments for movements in working capital				
(Increase)/decrease in debtors	14,531	(6,784)	11,438	(11,198)
Increase/(decrease) in creditors	5,349	3,236	6,926	11,683
Net cash (outflow)/inflow from operating activities	20,696	(5,828)	19,088	(1,472)

13.2 Reconciliation of net cash outflow to movement in net debt

	2017	2016	2017	2016
	€'000	€'000	£'000	£'000
Cash in bank at 1 January	25,016	28,564	21,473	20,988
Retranslation to current year exchange rates	(816)	2,280	(724)	1,957
	24,200	30,844	20,749	22,945
Net cash (outflow)/inflow	20,696	(5,828)	19,088	(1,472)
Cash in bank at 31 December	44,896	25,016	39,837	21,473



14. Provisions & Contingent Liabilities

14. Provisions & Contingent liabilities

There were no provisions or contingent liabilities at either 31 December 2017 or 31 December 2016.

15. Operating Lease Commitments

At 31 December the SEUPB was committed to making the following payments in respect of operating leases:

	Land and Buildings 2017	Other 2017	Restated Land and Buildings 2016	Restated Other 2016
	€'000	€'000	€'000	€'000
The total of future minimum payments under non-cancellable leases for each of the following periods:-				
(i) not later than one year;	271	4	316	9
(ii) later than one year and not later than five years; and	932	-	1,024	-
(iii) later than five years.	422	-	655	-
	1,625	4	1,995	9

The total of future minimum payments under non-cancellable leases for each of the following periods:-

	£'000	£'000	£'000	£'000
(i) not later than one year;	240	3	271	8
(ii) later than one year and not later than five years; and	827	-	879	-
(iii) later than five years.	375	-	562	-
	1,442	3	1,712	8



16. Capital Commitments

The SEUPB had no capital commitments at either 31 December 2017 or 31 December 2016.

17. Grant Commitments

At 31 December 2017, the SEUPB had grant commitments to a number of Lead Partners, following the issue and acceptance of a number of Letters of Offer.

	Grant awarded	Paid to date	Outstanding Commitment 31/12/2017	Outstanding Commitment 31/12/2016
	€'000	€'000	€'000	€'000
PEACE IV	195,082	4,582	190,500	-
INTERREG VA	225,067	6,600	218,467	6,763
	420,149	11,182	408,967	6,763

The above commitments relate entirely to 2014-20 Programmes.

All LOOs issued in 2017 were denominated in Euros.



18. Related Party Transactions

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland.

The above named departments are regarded as related parties. During the year the SEUPB has had various transactions with these departments:

- (1) The Head of Internal Audit for the Department of Finance provides Internal Audit Services to the SEUPB under an arm's length Service Level Agreement. Costs incurred are shown in Note 7 to the accounts.
- (2) The functions of the Audit Authority are provided by a dedicated unit within the Department of Finance, on a joint member-state basis. This relationship is governed by a Service Level Agreement.
- (3) The SEUPB has a Service Level Agreement with the Northern Ireland Statistics and Research Agency (NISRA), an executive agency within DoF, which provides a monitoring and evaluation service in relation to the Programmes.
- (4) The SEUPB has a Service Level Agreement with the Central Procurement Directorate (CPD) which is the Centre of Procurement Expertise (CoPE) located within DoF. The SEUPB engages with CPD on an ad hoc basis to manage procurement competitions, and to provide procurement advice in relation to construction projects.

19. Losses and Special Payments

There were no losses or Special Payments in the year.

20. Financial Instruments, Liquidity, Interest Rate and Foreign Currency Risk

20.1 Financial Instruments

Due to the non-trading nature of its activities and the way the SEUPB is financed, the SEUPB is not exposed to the degree of financial risk faced by business entities. The SEUPB has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the SEUPB in undertaking its activities.

20.2 Liquidity, Interest Rate and Foreign Currency Risk

The SEUPB's net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly and the Houses of the Oireachtas, as is its capital expenditure. It is not therefore exposed to significant liquidity risks. The SEUPB does not access funds from commercial sources and so is not exposed to significant interest rate risk. The SEUPB's exposure to foreign currency risk is not significant as it receives agreed levels of funding from its sponsoring Departments, the Department of Finance, and the Department of Public Expenditure & Reform, in sterling and euro respectively, and does not engage in trading activities. However, as the majority of project payments are now made in Euro and



the other operating costs in Sterling, and most funding is received equally from the two Departments, the SEUPB is exposed to foreign currency risk to a limited degree.

In relation to funds drawn from Accountable Departments for the Central Payments Unit, foreign currency risk remains with the sponsor Departments.

21. Third Party Assets

There were no 3rd party assets held by SEUPB at 31 December 2017.

22. Events after the reporting period date

At the date of approval of these accounts, the SEUPB's 2017 and 2018 Business Plans have not been formally approved by the North South Ministerial Council (NSMC), due to the absence of a Northern Ireland Executive. A contingency arrangement had been put in place in Northern Ireland, whereby grants can continue to be paid until 31 December 2018, and this arrangement is expected to be continued for the remainder of 2018. This expenditure will be retrospectively regularised when the plan is approved by NSMC.

23. Date of Authorisation for Issue

The Accounting Officer authorised the issue of these financial statements on 28 June 2018.



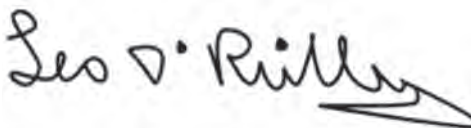
Appendix

Accounts direction given by the Northern Ireland Department of Finance & Personnel and the Irish Department of Finance. In accordance with the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999.

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement, the Body shall prepare accounts for the financial period ended 31 December 2000 and subsequent years in accordance with:

- a. the North/South Implementation Bodies Annual Reports and Accounts Guidance;
- b. Other guidance with Finance Department may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other disclosures required by sponsoring Departments;

except where agreed otherwise with Finance Departments, in which case the exception shall be described in the Notes to the Accounts.



Signed by authority of the Department of Finance and Personnel

L O'Reilly

29 June 2001



Department of Finance

A Dunning

29 June 2001



A significant amount of funding is being provided for a number of cross-border health and social care initiatives which will improve the lives of tens of thousands of people.



Special EU Programmes Body
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