



Special EU Programmes Body
Comhlacht na gClár Speisialta AE
Special EU Skemes Boadie

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 2019



Northern Ireland
Executive

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Ireland's European Structural and
Investment Funds Programmes
2014-2020

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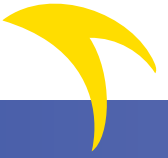
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EUROPE & SCOTLAND
European Regional Development Fund
Investing in a Smart, Sustainable and Inclusive Future



Special EU Programmes Body
Annual Report and Accounts
For the year ended 31 December 2019

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on 17 February 2021





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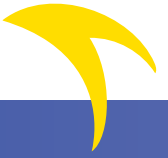
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Cover image:

Young participants from the EU PEACE IV-funded 'Sharing from the Start' project which is helping to bring about a positive change in attitudes and behaviours amongst children, their parents, teachers and the larger community.



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Chief Executive's Foreword

This Annual Report & Accounts reports on activity during 2019, prior to the outbreak of COVID-19, which has had such a profound impact across the world. I believe it is important to acknowledge the efforts that so many front-line healthcare, and other support workers, have made in helping to combat the virus.

I have also been impressed by the many PEACE IV and INTERREG VA funded projects who adapted and were able to continue to deliver their much-needed services. Some of these projects have redirected their activity to assist citizens directly affected by the pandemic.

Many of our projects will encounter challenges in completing their deliverables as envisaged, however, we will work closely with each of them to assist in every way possible. We have provided guidance on how to mitigate against the impact of COVID-19, addressing the concerns and issues raised by the projects. Our staff also continue to work with them on an individual basis, to provide as much support as they can.

The contents of this report focus on the key achievements of the PEACE IV and INTERREG VA Programme's during 2019. I continue to be astounded by the impact of the projects we fund and the dedication of those who deliver them. I was also very privileged, throughout the year, to meet many beneficiaries and hear directly from them how the projects are positively transforming their lives.

This is especially the case for the many thousands of children and young people that are being supported under the PEACE IV Programme. The programme funds large-scale, shared education initiatives, as well as a number of different youth development projects, such as 'HEROES', which is being delivered by Mencap NI and is supporting young people with learning difficulties, on both sides of the border.



At the start of the year I was delighted to announce PEACE IV funding, worth approximately €32.4 million, for five new iconic capital-build projects based across Northern Ireland and the Border Region of Ireland. Each of these projects is funded under the 'shared space' objective of the programme. This objective supports the creation of new physical environments that are not determined as belonging to one community over the other, but are welcoming to all.

The 5th of December 2019 was a monumental day in the history of the SEUPB, as we celebrated the 20 year anniversary of the organisation. This was a wonderful opportunity for us to reflect upon what the SEUPB has achieved to date, as a North/South Body, and to hear some moving personal testimonies from those who have benefited from the programmes, as well as from our North South Ministerial Council (NSMC) colleagues, past and present.

During 2019 I was also able to help raise awareness of the vital role that women continue to play in peace-building through the official launch of the

'PACT' (Peace and Conflict Transformation) project on 26 February. Led by the Training for Women Network in East Belfast, the project is encouraging hundreds of women to enrol in conflict transformation, diversity and leadership training that will directly benefit the communities in which they live.

One of the core objectives of the other EU funding programme we manage, INTERREG VA, is to support projects that safeguard our shared environment and protect endangered species and habitats. An example of this is 'SeaMonitor', a marine protection project operating across Northern Ireland, the Border Region of Ireland and Western Scotland, which I was pleased to help officially launch on 10 April. The project will create Europe's largest telemetric marine array to support the conservation of basking shark, cetaceans, salmon, seals and skate.

The SEUPB also undertakes a very active role in the promotion and signposting of potential project participants in the EU's Transnational INTERREG VB and Inter-regional INTERREG VC Programmes. By the end of 2019, a total of 64 projects, with at least one Northern Ireland partner had been approved with a total of 78 Northern Ireland partners involved overall.

Promoting the work of the programmes to a larger European and international audience is an essential part of our work. In March, we delivered a project focused exhibition in the Northern Ireland Executive Office in Brussels, as part of its annual St. Patrick's Day celebrations. The event was attended by a number of influential UK and Ireland Government officials, as well as European Commission staff working within Task Force 50.

I was also honoured to be invited to take part in a special delegation visit to Colombia, organised by the Department of Foreign Affairs and Trade in Ireland, on behalf of the Government of Colombia. During the visit I had the opportunity to discuss and share many

of the successes of the EU's PEACE Programme since its inception in 1995 and to reflect upon and highlight many of the challenges the programme has faced over the past three decades. It was an amazing opportunity to underline the important role that the PEACE Programme continues to play in supporting peace and reconciliation activity, between communities and on both sides of the border.


Currently we are at the half-way point in programme implementation, which marks a very busy time for the organisation. Not only are we overseeing the delivery and spend targets of all the funded projects, but we are also involved in designing the architecture of the new PEACE PLUS Programme. This is an exciting place to be, but one that presents its own unique set of challenges to overcome.

We held the first of a series of stakeholder information sessions at the end of the year, with many more to come in early 2020, which will be used to help shape the content of the new programme. These events form part of a larger engagement and consultation strategy that will allow us to complete a first draft of the new programme by the summer of next year.

All of this important work, would not have been possible without the continued support of the European Commission; the staff of the NSMC; our Sponsor Departments (the Department of Finance in Northern Ireland and the Department of Public Expenditure and Reform in Ireland); as well as the Government Departments that we work with in Northern Ireland, Ireland and Scotland.

We are assisted in the implementation of our programmes by the members of the PEACE IV and INTERREG VA Monitoring and Steering Committees, and their advice is invaluable, along with the scrutiny from the SEUPB Audit and Risk Assurance Committee, including an independent Chair and Members.





I am personally very proud of what the organisation represents and the impact that it continues to make, in support of the on-going peace process in this region and in encouraging greater levels of cross community and cross-border cooperation between citizens.

I must also pay tribute to the dedicated team of professional staff in the SEUPB who, on a daily basis, demonstrate exemplary commitment to the delivery of PEACE IV and INTERREG VA and all of the great projects that these programmes fund.



GINA MCINTYRE
Chief Executive
Special EU Programmes Body



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), which 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 also 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.

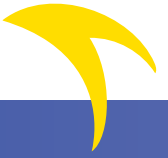


Alyn Jones (River Blackwater Catchment Trust) carrying out invertebrate studies with pupils from St. Mary's Primary School in Killesher.

Key Achievements 2019

Objectives	Key Outputs
<p>1. To achieve the outputs and contribute to the results of the PEACE IV and INTERREG VA Programmes, by supporting projects to maximise their contribution to society.</p>	<ul style="list-style-type: none"> • 98.9% of INTERREG VA funding and 102.7% of PEACE IV funding was allocated with 128 letters of offer issued to projects. • Both INTERREG VA and PEACE IV N+3 targets were achieved. • Comprehensive training continued to roll out for project Lead Partners throughout 2019, including a further round of specific training for local authorities on building peace and reconciliation at local level. Face-to-face training was augmented by online training material developed jointly by the Managing Authority, Financial Control Unit and Joint Secretariat.

Objectives	Key Outputs
<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"> • The Corporate Risk Register is updated across all teams on a monthly basis and reviewed on a quarterly basis at the Audit and Risk Assurance Committee. • The recommendations of the second Implementation Evaluation (Interim Report) were implemented, where possible, during 2019. Some recommendations will inform the development of the PEACE PLUS Programme. • The Annual Implementation Reports (AIR) for both Programmes have been submitted to the European Commission by the regulatory deadline of 30 June 2019. • The PEACE IV Monitoring Committee met on 14 June 2019 and 14 November 2019. • The INTERREG VA Monitoring Committee met on 30 May 2019 and 28 November 2019. • In August 2019 the EMS system was upgraded to version 4_3.t2 after extensive user testing in 2018 and early 2019. This new version provides some additional functionality such as: improved modification workflow, enabling projects to submit modifications whilst also permitting projects to draft and submit partner and project reports; improved information, displayed in the partner living tables; and read only access of partner and project reports, to authorised users. The system continues to provide a mechanism for projects to submit claims of expenditure in a controlled and secure environment.



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 and undertake the role for the INTEREG VB Transnational and the INTERREG VC Inter-regional programmes.</p>	<ul style="list-style-type: none"> • During 2019 the SEUPB proactively identified and engaged with key stakeholders in the region to advance projects with Northern Ireland and cross-border partnerships. By the end of 2019, a total of 64 projects with at least one partner had been approved, with a total of 78 partners involved overall. A total of €16.5m in ERDF has been committed to those partners. • The SEUPB also continued to manage the First Level Control process for all NI partners approved under the Interreg VB/VC Programmes.

Objectives	Key Outputs
<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 continued to work diligently throughout 2019 to ensure that workplace efficiencies were achieved and prompt payment targets met. • In terms of absence rates, the Percentage Days Lost of Total Available Working Days was 6.07% against a target of less than 4%. The Average Number of Days Lost per Employee was 10.17 days against a target of less than 6.5 days. It is acknowledged these figures are above agreed targets however, in 2019 we experienced a higher than normal absence rate due to a number of employees suffering from long-term illness.



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 peace process, including the ceasefires of 1994.

As the process has evolved, so has the PEACE Programme as it continues to play an important role in reinforcing progress towards a more cohesive and stable society.

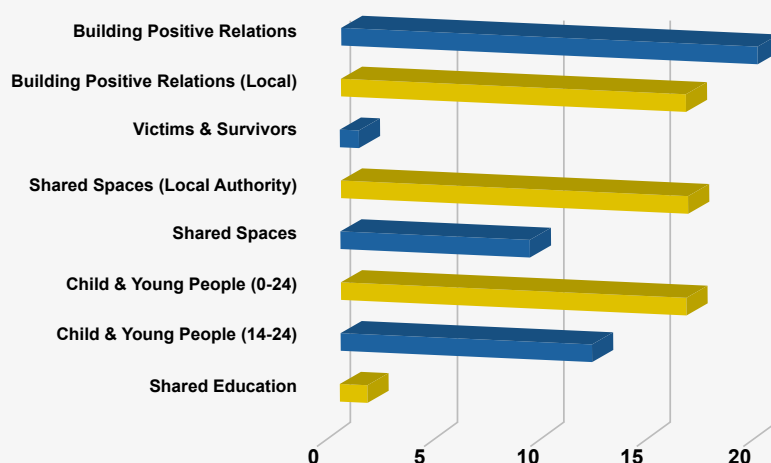
The current PEACE IV Programme (2014-2020) has been designed to support: children and young people; shared education initiatives; positive relations between divided communities; and the creation of new shared spaces and services.

It has a total value of approximately €270 million, this includes an ERDF contribution of €229 million (85%) and a match-funding contribution from the Irish Government and the Executive of €41million (15%).

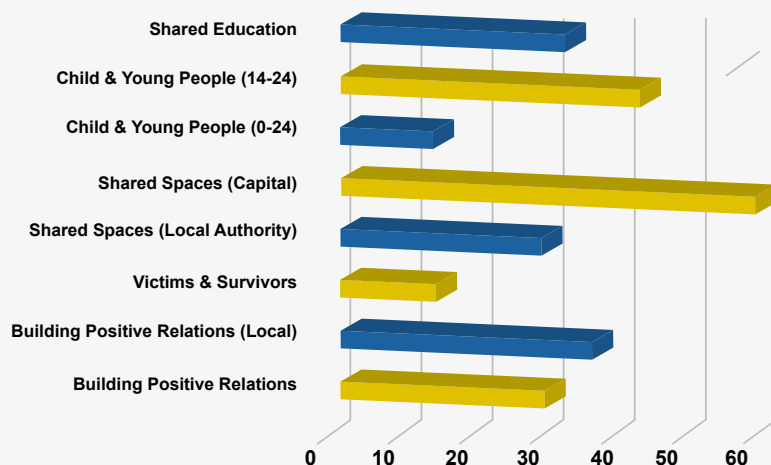
By the end of 2019, the programme had allocated funds of €276.8m in support of 96 different projects.

The following case studies, overleaf, help to illustrate the impact that the programme is having in bringing communities together and creating a more peaceful and forward-looking society.

Number of projects



Programme Commitement Level (€m)





CHILDREN & YOUNG PEOPLE

'Helping Equality, Respecting Others, Enabling Success' (HEROES) project

HEROES is an inclusive, cross-community project that supports young people with and without learning difficulties. Operating on a cross-border basis, it provides beneficiaries with the opportunity to engage in personal development and citizenship programmes in order to reduce stigma and support the development of meaningful relationships with others.

The project aims to break the downward spiral of exclusion and marginalisation experienced by some young people, and develop confident, self-aware individuals who can socialise with other young people of different communities, backgrounds and abilities.

The project is led by Mencap NI in partnership with Londonderry YMCA, Devenish Partnership Forum, and the Health Service Executive in Donegal and Sligo.

Funding Award: €1.78m



Young People from the HEROES project signing the peace walls in Belfast as part of their 'Hop-on-Hop Off' bus tour of the city.



'Futures' project

The Futures project is a partnership between Belfast Met, Start360 and the Northern Ireland Housing Executive. It is designed specifically for young people aged 16-24 to enhance their capacity to form positive and effective relationships with others of a different background and make a positive contribution to building a more cohesive and forward-looking society.

It offers children and young people qualifications (OCN Level 2 Award in Personal Success and Well-being), residential trips and a mentor for the duration of the project.

Funding Award: €3.78m



Young beneficiaries and staff at the official launch of the Futures project in the Belfast Met.



BUILDING POSITIVE RELATIONS (REGIONAL)

Reading Rooms: 'Listen, Share, Change' project

Approximately 1,560 beneficiaries will take part in the Listen, Share, Change project. The project is being delivered through the Verbal Arts' innovative 'Reading Rooms' model.

This model utilises literature based discussions as a means of addressing challenging subjects in reading groups.

Such an approach aims to encourage participants to explore and reflect on issues relevant to their own lives (e.g. diversity, heritage and conflict). The overall aim of the project is to help build positive relations through stories, conversation and shared experiences between people from all different backgrounds.

In addition, the project will see the training and development of 120 Future 'Neighbourhood Champions' that will further implement the model beyond the PEACE IV project, as well as the creation of 104 Future Youth Leaders to promote active citizenship and engagement at a local level.

Funding Award: €1.6m



Pictured (l-r) are Chief Executive of the SEUPB Gina McIntyre, along with Neighbourhood Champions Anthony McKay and Ali Fell to celebrate the launch of the 'Listen Share Change' project.



'The Next Chapter' project

The Next Chapter project aimed to contribute towards lasting peace-building and societal change through the empowerment and greater involvement of women in community, public and political life.

Delivered by Politics Plus, the Northern Ireland Council for Voluntary Action and Irish Rural Link, the project has facilitated ten Chapters, with over 300 women participating in them. These Chapters allowed women to meet, network and collaborate on various projects.

Many of the Chapter members have already stood for elections; taken on new roles in community groups; undertaken campaigning on local and national issues; and begun planning for the next generation of female activists in their areas.



Pictured (l-r) are Geoff Nuttall NICVA, Sinead Dooley, Irish Rural Link, Rt Hon Arlene Foster, First Minister, Gareth McGrath, Politics Plus, Michelle O'Neill, deputy First Minister, Gina McIntyre CEO SEUPB and Keynote Speaker Gina Martin.

Funding Award: €1.45m



SHARED SPACES

'Monaghan Peace Campus' project

Upon its completion the Peace Campus will create a new shared community space comprising of a four-storey community building and parking in the centre of Monaghan town.

The project will utilise this space for a range of activity programmes designed to bring people together on a cross-community and cross-border basis, seeking to dispel misconceptions and build relationships in both the local and wider community. In addition to the development of the much needed community space, the project also features a youth facility, a new town library and a cultural heritage area.

The project was developed through cross-community engagement and has secured the involvement, support and commitment of the Orange Order and Ulster Scots Agency.



Artists' impression of the completed building.

Funding Award: €9.54m

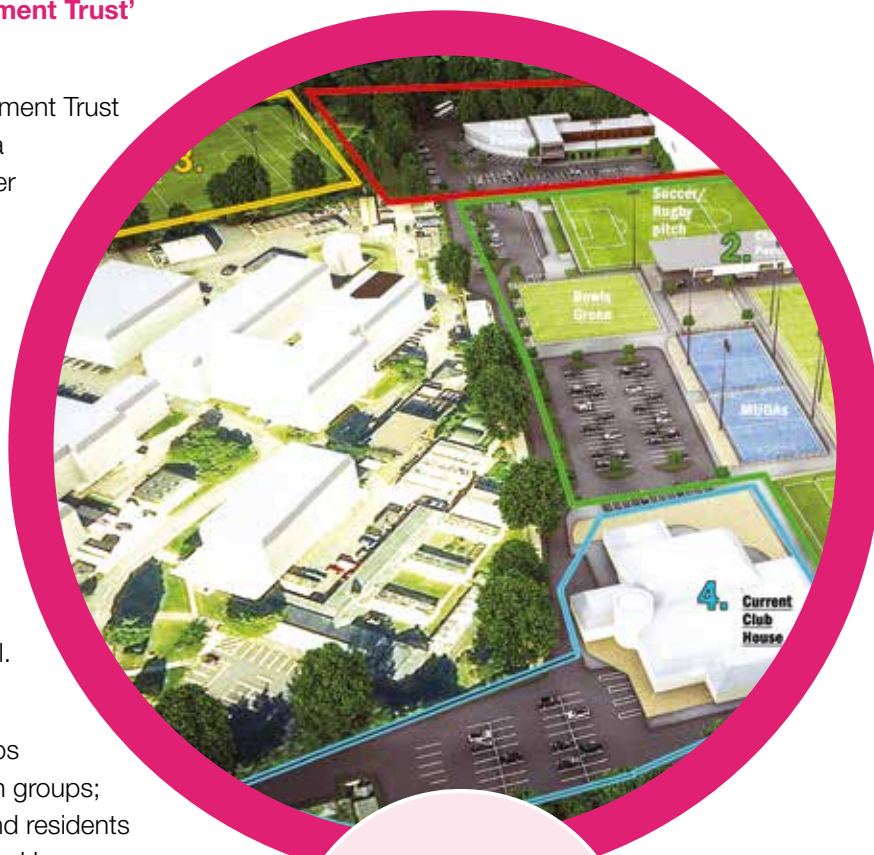


'Newforge Community Development Trust' project

The Newforge Community Development Trust project will develop and transform a 15-acre site located beside the River Lagan at Newforge Lane in South Belfast. The site has been used almost exclusively by the RUC Athletic Association and members of the PSNI for the past 60 years.

Previously, the site was heavily fortified and inaccessible to the wider community. This new EU PEACE IV-funded project aims to change this by providing a range of indoor and outdoor sporting facilities that will be accessible to all.

The newly developed site will be available to a wide number of groups including: community groups; youth groups; schools; churches; sports clubs; and residents from across the greater Belfast area. Upon completion, the project aims to promote cross-community reconciliation and community support for public security and safety services through active engagement and participation in sport.



Site map for the development of the Newforge Community Development Trust project.

Funding award: €5.79m



INTERREG VA Programme Overview

The INTERREG Programme encourages people from different regions and countries to come together and find solutions that will benefit each other. It funds many different projects that work on a cross-border basis, across Northern Ireland, the Border Counties of Ireland and Western Scotland. These projects are protecting our shared environment, improving people's health and well-being, reducing carbon emissions and making businesses better.

From the beginning of INTERREG IA 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.

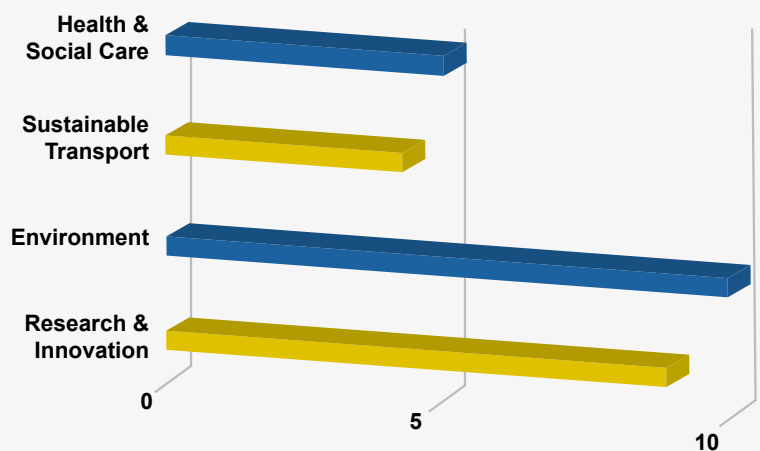
The current INTERREG VA Programme (2014-2020) has been designed to promote greater levels of economic, social and territorial cohesion across Northern Ireland, the Border Region of Ireland and Western Scotland.

It 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 the Executive of €43 million (15%).

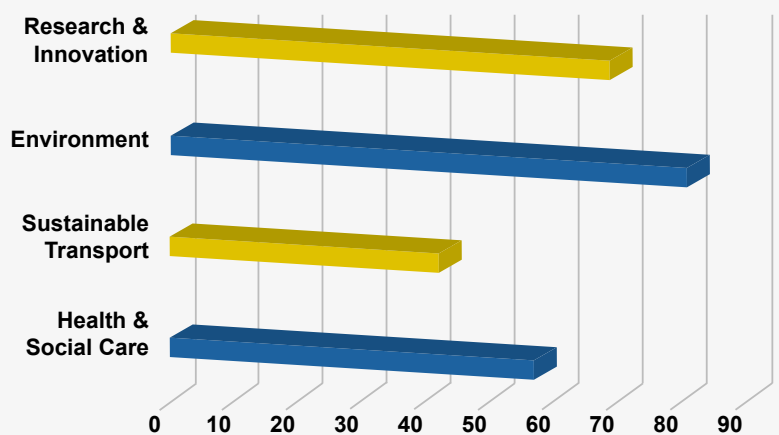
The following chart highlights the 2019 commitment to date levels by programme objective.

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

Number of projects



Programme Commitment Levels (€m)



RESEARCH & INNOVATION

The Centre for Personalised Medicine, Clinical Decision Making and Patient Safety (CPM) project

The aim of the CPM project, led by Ulster University, is to enhance regional research capability for innovative new products and care pathway tools in priority disease areas for patients, that will also led to commercial benefit and future investment.

The five Research Clusters involved will use the methods and technologies from personalised medicine and apply them to: heart disease; emergency surgery; acute kidney injury; unscheduled care in diabetes and diagnostic accuracy in dementia.

These are areas associated with significant clinical need and will benefit significantly from the interdisciplinary academic and commercial cross-border expertise created by the project.



The aim of the CPM project is to enhance cross-border research and potential treatment options into a number of priority disease areas.

Funding Value: €8.62m

'SPIRE 2 (Storage Platform for the Integration of Renewable Energy)' project

The SPIRE 2 project is addressing how consumer-owned energy storage can resolve the problem of the variability of renewable energy (RE) output. It will explore how homes and businesses can store renewable energy effectively, allowing very high levels of RE to be integrated into power grids globally, at the same time as maximising the benefits to consumers.

The project involves collaboration between lead co-ordinator Ulster University, three research institutes and 12 businesses and enterprises, via a cross-border Virtual Research Graduate School. It will develop computer simulation packages to allow advanced modelling of the new electricity markets in Great Britain and Ireland.

Upon completion, it will have produced 78 peer reviewed journal and conference publications with cross-border authorship and the potential to create strong, long-term economic impact.

Funding Award: €6.46m



The project is researching how renewable energy can be stored more effectively.



HEALTH & SOCIAL CARE



'Multiple Adverse Childhood Experiences' (MACE) project

The project aims to transform the lives of vulnerable children and their families, who are most at risk from a range of challenges and difficulties in their lives, by providing nurturing and support within their own homes and communities. The project is being managed jointly by the CAWT Partnership and TUSLA (the Child and Family Agency).

It represents an exciting opportunity to develop a new approach to engaging families with children aged 0-3 and 11-13 who are at risk of not achieving their full potential. By its completion, MACE aims to engage with 3,125 families and provide early intervention and nurturing support within their own homes and communities, on a cross-border basis.

Funding Award: €5m



'Need to Talk' project

People across the INTERREG VA Programme area who are living with sight loss are being supported by the Need to Talk project. The cross-border project has been designed to support citizens affected by a range of conditions associated with sight loss.

Led by the Royal National Institute of Blind People (RNIB), it is available to people who are struggling with social isolation and emotional distress, brought on by their condition. A team of counsellors provide vital empathy and emotional support to those in need.

RNIB figures reveal that within Argyll and Bute alone, 3,500 people are living with sight loss. The service has the potential to make a real difference to the lives of thousands of people and their families.



The Need to Talk project supports people affected by a range of conditions associated with sight loss.

Funding Award: €1.8m



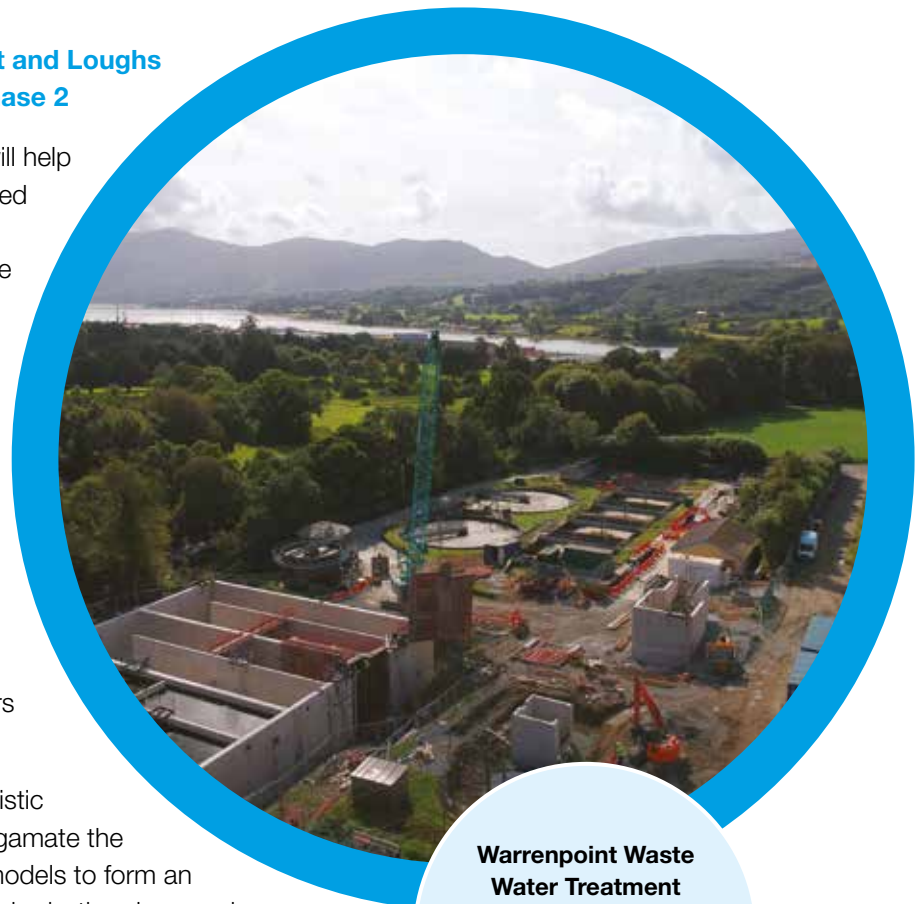
ENVIRONMENT

'Shared Waters Enhancement and Loughs Legacy' (SWELL) project – Phase 2

Phase 2 of the SWELL project will help improve water quality in the shared transitional waters of Carlingford Lough & Lough Foyle through the upgrade of wastewater assets, on both sides of the border.

Since environmental pressures do not recognise international boundaries and borders, SWELL adopts a strategic approach to delivering improved water quality in the shared waters, considering each lough catchment as a single ecosystem, impacted by pollutants on both sides of the border.

SWELL will also implement a holistic modelling strategy that will amalgamate the various catchment and marine models to form an ecosystem model that intends to be both unique and innovative in its detail and scale.



Warrenpoint Waste Water Treatment Works, part of the projects re-development activity.

Funding Award: €35m



'Cooperation across Borders for Biodiversity' (CABB) project

CABB is a cross-border, six-partner conservation project, led by the Royal Society for the Protection of Birds (RSPB) in Northern Ireland. It is improving habitats for birds, butterflies and plants across Northern Ireland, Ireland and the west coast of Scotland.

Peatlands, wet grasslands and machair provide vital homes for a range of wildlife, including: curlews, lapwings, hen harriers and marsh fritillary butterflies. Many of these habitats are under threat from drainage, inappropriate grazing, lack of management and climate change.

The five year project is working in partnership with farmers, landowners, statutory agencies and other key organisations to improve habitats at some of the most precious environmental sites designated as Special Areas of Conservation (SACs) and Special Protection Areas (SPAs).



Volunteers surveying for the endangered Marsh Fritillary butterfly (Photo credit: Peter Lytle).

Funding Award: €4.77m



As part of the Sea Monitor marine protection project female seals were tagged and released to help to record and understand their behaviour.

Transnational and Interregional Programmes

During 2019, the SEUPB proactively identified and engaged with key stakeholders in the region to advance projects with Northern Ireland and cross-border partnerships.

The support offered by the SEUPB included one-on-one sessions with potential applicants, information seminars, and newsletters communicating information in relation to the four VB and VC

Programmes which include: the Northern Periphery and Arctic Programme, the North West Europe Programme, Atlantic Area Programme and Interreg Europe Programme.

By the end of 2019, a total of 64 projects with at least one partner had been approved, with a total of 78 partners involved overall.

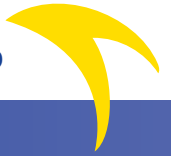
'Maritime Ocean Sector and Ecosystem Sustainability,' (MOSES) project

Funded by the EU Atlantic Area Programme, the aim of MOSES is to understand and quantify the sustainability of 'Blue Growth', which is defined as growth within the marine sector that does not have a negative impact upon the marine environment.

The project has eight different partners, representing the five member states of the Atlantic Area and is led by the Socio-Economic Marine Research Unit (SEMRU) at the National University of Ireland Galway (NUIG), Ireland.

As part of the Queen's University, Belfast (QUB) led work package, a number of key marine sectors are being used as case studies to identify sustainable Blue Growth Pathways. Belfast Harbour has been selected as a case study and will be used to critically evaluate the potential opportunities and challenges facing the local ports and shipping sector in transitioning towards greater levels of sustainability.





Communicating the Message in 2019

Throughout 2019, the SEUPB was involved in a number of different events, conferences and exhibitions to help showcase the impact that EU PEACE IV and INTERREG VA funding is having in the lives of citizens, on both sides of the border.

To help celebrate and promote the work of the programmes to a larger European audience, the SEUPB co-ordinated an interactive project exhibition in the Office of the Northern Ireland Executive in Brussels, as part of its St. Patrick's Day celebrations on 15 March.



Project representatives from both PEACE IV and INTERREG VA were brought across to the exhibition to help articulate the impact of the funding and answer questions on their activities to date. The exhibition was extremely well received with positive feedback from a number of EU officials in attendance.

On 11 September the Body co-ordinated a high-profile exhibition in the Dynamic Earth Conference Centre, Edinburgh showcasing the positive impact that INTERREG VA funding is having in Scotland. The exhibition was sponsored by the Scottish Government, Scotland Europa and Scottish Enterprise.

A total of 16 different EU INTERREG VA funded projects exhibited at the event and showcased the excellent work that is being funded in research & development, health & social care and environmental protection.

These projects included the ground-breaking BREATH initiative which is helping to combat Chronic Obstructive Pulmonary Disease (COPD), led in Scotland by the University of the West of

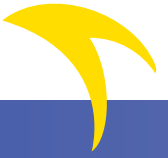
Scotland. At the event the Minister for Trade, Investment and Innovation Ivan McKee, MSP gave a key-note address in which he talked about how the INTERREG VA Programme was a unique opportunity for *'organisations in Scotland to strengthen international ties'* and *'work across borders to address shared challenges'*.



Minister for Trade, Investment and Innovation Ivan McKee, (MSP) gives a key-note address at the exhibition in the Dynamic Earth Conference centre in Edinburgh.



The exhibition was attended by INTERREG VA funded projects from across Western Scotland.



From 17-19 September, the SEUPB exhibited at the National Ploughing Championships in County Carlow (which attracted approximately 300,000 visitors from across Ireland). Two PEACE IV funded projects the Youth Network for Peace (a youth-led online radio station) and Louth County Council (PEACE Action Plan) were selected to exhibit alongside the SEUPB.



The SEUPB branded cow helps out at the National Ploughing Championships in County Carlow, Ireland.

On 9 October the INTERREG VA-funded 'Cross-border paramedics' project attended the annual REGIOSTARS awards ceremony in Brussels, following its short-listing in the 'modernising health service' category.

REGIOSTARS is a highly prestigious Europe-wide awards ceremony, held on an annual basis. Although the project did not win on the night, to be short-listed in such a highly competitive category (amongst all of the other member states) was a tremendous achievement.

The project provides specialist training to ambulance staff, on a cross-border basis so that more patients can be assessed and treated at home or in their local community. It has proved to be extremely beneficial for vulnerable older people living in isolated rural areas and has also helped free up time, resources and much-needed treatment space in A&E and Emergency departments.



Pictured at the awards ceremony are (l-r) Sean Murphy, General Manager of Letterkenny Hospital; Gina McIntyre, CEO of the SEUPB; Bernie McCrory, CAWT Chief Officer; Edel O'Doherty, CAWT Deputy Chief Officer; and Damian McCallion, HSE National Director.







Accounts Year Ended 31 December 2019

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 SEUPB's Financial Memorandum; and
- The Annual Report and Accounts Guidance issued 12 June 2020 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. In the absence of a Finance Minister until 11 January 2020, it was not possible to secure North South Ministerial Council (NSMC) approval of 2017, 2018 and 2019 Business Plans for the Special EU Programmes Body. As at the date of approval of these accounts, these Plans, and all corporate documents have been approved by the North South Ministerial Council following a meeting held on 30 October 2020.

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

Results for the year

The income and expenditure of the Special EU Programmes Body is set out in detail on page 19. The surplus for the 2019 year was €nil (Stg £nil) - (2018: €nil (Stg £nil)).

Programme expenditure increased significantly from 2018 to 2019, as a result of the 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 Special EU Programmes Body 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 Special EU Programmes Body paid its bills found that 99.17% (2018 - 96.81%) 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 2019 SEUPB paid 96.11% of its invoices within 10 days (2018: 80.91%).

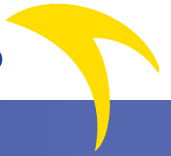
The SEUPB has entered into Terms and Conditions for Payment of Grant with Accountable Departments in order to make payments to projects via the Centralised Payment Unit. This requires the SEUPB to make payments to projects within 8 working days of Managing Authority approval of the corresponding project report.

This has been achieved for 100% (2018 - 99.81%) of payments made during the year, analysed as follows:

	No. of Invoices	% on target	Late payments
PEACE IV	485	100.00%	0
INTERREG VA	629	100.00%	0
Total	1,114	100.00%	0

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
Accounting Officer
26 January 2021



Statement of Accountable Person's Responsibilities

The Department of Finance and the Department of Public Expenditure and Reform have directed the Special EU Programmes Body 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 Accountable Person 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 of the body.



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 2019 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 (2006) 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 was agreed by the Departments of Finance in Northern Ireland and Ireland on 21 November 2019.

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 Co-operation 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 and 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 2019, the SEUPB's Audit & Risk Assurance 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	March	June	October	December
Derek Staveley (Independent Member) (Deceased).				
Gerry Finn (Independent Chair).	✓	✓	✓	✓
Brona Slevin (Independent Member).	✓	✓	✓	✓
Frank Duffy (DOF Member)	✓	✓	✓	✓
Anne Marie Caulfield (DPER Member)	✓	✓	✓	✓

In addition to the members of the Committee 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;
- Anti-fraud policies, whistle blowing policies, and arrangements for special investigations; 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;
- 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:

- Assessment of inherent risk before any controls are identified

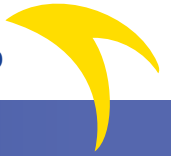
- Assessment of residual risk taking account of current risk response and controls and the required action plan.

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 Assurance Committee meeting.

As at the year end, the Corporate Risk Register contained risks relating to; database operational status, Business Plan approval, Resource management, the impact of the UK's exit from the European Union, GDPR and the reputation of the organisation.

During 2019, the eMS database had a number of version upgrades to deal with operational issues. The risk at the end of the year related to the operation of the system and how any inefficiency would have a negative effect on the programmes and consequently on the reputation of the SEUPB. We will continue to work with both the system programmers and the various users of the system to identify areas of poor performance in an effort to solve any potential future issues.



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 approving 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, 2018 and 2019. 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 2019. 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 services of the organisation are delivered effectively and efficiently.

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 risk related to the organisation's adherence to GDPR requirements is still viewed as being of importance due to the penalties which could result in failure to comply with the regulations. The Body is content that all processes and procedures are in place but due to the complex nature of the regulations it was proposed to keep the risk under review corporately over the next period.

SEUPB are an organisation which deals in activities which are high profile. As a result the risk of potential reputational damage to the organisation was elevated to the Corporate Risk Register to ensure its high priority status in the organisation as a whole.

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 are in place around information.

SEUPB uses information from a number of data sources and systems operated by the body. In relation to performance metrics, 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 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

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 staff in 2019. SEUPB will also use the ARACHNE data mining tool as part of its suite of anti-fraud measures.

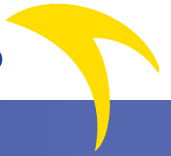
Where appropriate, in response to serious issues, SEUPB will withdraw funding offers and issue recovery orders to Lead Partners, informing the relevant authorities as necessary. In 2019 SEUPB investigated a case of suspected fraud initiated by a whistleblowing from a member of the public. Evidence was found to indicate that the organisation in question had falsified documents to evidence audit trail for a procurement and an employment competition. Evidence was provided to the PSNI and to the Board of Trustees of the organisation. The PSNI decided not to take forward the case. The organisation is now conducting a comprehensive review of processes and procedures and must formally respond to SEUPB with the proposed actions it will take to rectify the situation.

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.

On 18 July 2020, SEUPB was subjected to an attack which gained access to the SEUPB network and encrypted data files. This resulted in widespread disruption to equipment and services operating out of the Belfast office. Failover servers, running out of satellite sites in Monaghan and Omagh, were unaffected. In line with protocols, SEUPB reported the incident to the ICO and the Data Processing Commissioner, Action Fraud UK, PSNI Cyber Crime Team, and both the UK and Ireland National Cyber Security Centres. Data subjects were contacted as a precautionary measure to increase vigilance on corporate and personal devices and accounts. Further correspondence was issued to the subjects on Friday 24 July 2020.



A full investigation of the incident was carried out by an external professional services firm which found no bulk exfiltration of data (personal or otherwise). In addition, the SEUPB Internet Service Provider provided graphical statistics to show load on the external interface of the firewall, activity on the Internet interface was low. In summary, the nature of the virus, coupled with the short lead times between connection and execution, suggest that the attacker was not motivated towards data theft. SEUPB procured a new firewall configuration which has resulted in a significant increase in IT security and functionality with the best solution for network and cyber security. It has the benefit of an 'always on' VPN connection for remote workers with the SEUPB back office systems and thereby reducing the risk of potential attackers gaining access to the SEUPB network through a weak VPN or Remote Desktop Protocol (RDP) session.

General Data Protection Regulation (GDPR)

The General Data Protection Regulation came into force on 25 May 2018. SEUPB undertook extensive preparatory work to be compliant. Subsequent work was also undertaken in operating within the Data Protection Act 2018 ((Data Protection Act 2018 9NI/UK) and (Data Protection Act 2018 (Ireland)) and the General Data Protection Regulation (GDPR (EU) 2016/679) to ensure on-going compliance.

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 ARAC 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 2019 and up to the date of approval of the annual report and accounts, and accords with the Finance Departments' guidance.

For the majority of 2019, the SEUPB operated within the terms of its Financial Memorandum (2006), in November 2019 the updated Management Statement and Financial Memorandum came into operation and SEUPB are in full compliance with the terms set out within that document.

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 ARAC 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 ARAC Members, members of the key management staff or other related parties has undertaken any material transactions with 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. The individual audits in 2019 resulted in an assurance level of satisfactory. The areas covered by internal audits included:

System	Rating
Certifying Authority – Procedures for drawing up Programme Accounts	Satisfactory
SEUPB Anti-Fraud Measures	Satisfactory
SEUPB Project Administration & On-the-Spot Checks	Satisfactory
SEUPB Simplified Cost Options	Limited
SEUPB Corporate Services - Procurement	Satisfactory
SEUPB – Corporate Services – Recruitment	Satisfactory

The Internal Audit review of the Simplified Cost Options resulted in a limited assurance rating as a number of issues were identified relating to compliance with Articles 67 & 68 CPR and requirements set out in the Commissions 'Guidance on Simplified Cost Options (SCOs)', including adequacy of supporting documentation, required justifications and availability of verifiable documentary evidence for rates used. Internal Audit found that formal documentation, including evidence of review and approval, was not adequate in relation to those 'Unit Cost' SCO methodologies tested.

Internal Audit identified a number of significant issues in their report which they consider could potentially put 'at risk' any expenditure claimed under 'Unit Cost' SCOs and declared to the Commission. SEUPB therefore, assessed the financial impact of those issues and placed €2.1m 'under assessment' in the EU annual financial statement which was submitted in February 2020. SEUPB also agreed a plan to thoroughly review and agree all Unit Costs SCOs methodologies with the Audit Authority by end May 2020. This action has been viewed as a positive step by the Commission.



SEUPB have completed the first stage of the review, to put in place the documentation and audit trail to back up the Unit Cost SCOs used in each of the objectives. The second stage, examination and analysis by the Audit Authority is well advanced. Of the four methodologies under review, two have been agreed, one is with Internal Audit and the Audit Authority for further consideration in light of advice received from Interact and the final SCO is subject to further analysis by the Managing Authority which will be provided to the Audit Authority. In monetary terms some €23.51million of INTERREG VA claims have been held until a satisfactory resolution of the SCO review. With the positive conclusion of the first two SCOs, €11.97m of that value can now be included in an interim payment application to the Commission.

In addition to the above named audits, Internal Audit also carry out a number of associated reviews. In 2019 these included quarterly payroll reviews (for TA claim verification). No issues were found during these reviews.

For 2019, the Head of Internal Audit in his Annual Report stated '*I, therefore, remain satisfied that SEUPB has established an adequate and effective system of risk management, control and governance and I can provide a **satisfactory** audit opinion is appropriate overall.*'

Audit Authority

Under Article 123(4) of current CPR 1303/2013, 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 NICS 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.

The Audit Authority conducted audit of operations across both programmes in the year. The result of the audits enabled the Audit Authority to give an unqualified opinion for the year 2018/2019 (July 18 – June 19).

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

No significant regularity issues or internal weaknesses were identified in the prior year accounts and in the Report to those Charged with Governance.

UK Withdrawal from the EU

Over the period of negotiation from the UK's decision to leave the EU, the PEACE IV and INTERREG VA Programmes have received extensive support and commitments from all parties involved, to ensure that they can be continued until their conclusion.

Consequently, the Withdrawal Agreement between the EU and the UK provided for the continuation of the PEACE IV and INTERREG VA Programmes for the remainder of the current programming period.

PEACE PLUS Programme

The new PEACE PLUS Programme, which will include both PEACE and INTERREG activities, will build on the work of the current PEACE and INTERREG Programmes between Northern Ireland and the border counties of Ireland by contributing to social, economic and regional stability in the regions concerned; in particular through actions to promote cohesion between communities.

The development of the programme content will include a series of stakeholder information sessions commencing in late 2019 or early 2020. As with previous programmes, this process will be managed by the SEUPB on behalf of the EU Commission, the UK and Ireland.



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 Assurance 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.

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 2018 financial year.

Current Year issues

There were no governance divergences reported in the 2019 financial year.

Conclusion

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



Gina McIntyre
Accounting Officer
26 January 2021



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 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	2019					2018				
	Salary £	Bonus Payments £	Benefits in kind £	Pension Benefits* £	Total £	Salary £	Bonus Payments £	Benefits in kind £	Pension Benefits* £	Total £
Ms Gina McIntyre Chief Executive	74,455	-	-	41,000	115,455	71,107	-	-	40,000	111,107
Mr Paul Sheridan Corporate Services Director	54,275	-	-	26,000	80,275	52,391	-	-	24,000	76,391
Mr Mark Feeney Managing Authority Director (until 31/12/2019)	55,156	-	-	24,000	79,156	50,576	-	-	24,000	74,576
Ms Leanne Massey Joint Secretariat Director (from 06/08/2018)	52,606	-	-	24,000	76,606	20,847 (51,700 full year equivalent)	-	-	10,000	30,847
Mr John Greer Ex-Joint Secretariat Director (until 13/03/2018)	-	-	-	-	-	10,730 (47,749 full year equivalent)	-	-	2,000	12,730
Highest Paid Staff Salary	74,455					71,107				
Median Total Remuneration	32,322					31,760				
Ratio	2.3					2.23				

* 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 and is subject to UK/Irish taxation.

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 Revenue Commissioners as a taxable emolument.

Bonuses

The SEUPB does not operate a bonus policy. No bonuses have been paid in 2019 or 2018.



Remuneration Report (continued)

Pension Entitlements

	Accrued pension at Pension Age (as at 31/12/19)	Accrued lump sum at Pension Age (as at 31/12/19)	Real increase in pension at pension age	Real increase in lump sum at pension age	CETV at 31/12/2019	CETV at 31/12/2018	Real Increase in CETV
	£	£	£	£	£	£	£
Ms Gina McIntyre Chief Executive	22,000	43,000	2,000	1,000	395,000	355,000	40,000
Mr Paul Sheridan Corporate Services Director	3,800	-	1,300	-	42,000	27,000	15,000
Mr Mark Feeney Managing Authority Director	2,400	-	1,200	-	24,000	12,000	12,000
Ms Leanne Massey Joint Secretariat Director (from 06/08/2018)	1,700	-	1,200	-	18,000	5,000	13,000

* 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 and 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.

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 Assurance Committee Remuneration

	2019£	2018£
Gerry Finn (Chairperson from June 2018)	6,045	4,078
Brendan Mullan (Ex- Chairperson to June 2018)	0	4,874
Brona Slevin (Independent Member from June 2018)	1,581	789
Joe Campbell (Ex-Independent Member to March 2018)	0	639
Derek Staveley (Independent Member) (Deceased)	0	1,300

The above Remuneration amounts also include mileage paid to Audit Committee members.

Salary Bands for all Employees

Number of employees whose emoluments for the twelve months ending 31 December 2019 fell within the following bands:

Salary Bands (£)	2019 (number of Staff in Post - SIP)	2018 (number of Staff in Post - SIP)
Less than 40,000	52	51
40,000 - 49,999	9	6
50,000 - 59,999	4	4
60,000 - 69,999	1	0
70,000 - 79,999	1	1
Total	67	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 Special EU Programmes Body (the Body) for the year ended 31 December 2019 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 cash flows; and,
- the statement of changes in equity; and
- the related notes including significant accounting policies.

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 2019 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 the 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 responsibilities of the auditors 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, the foreword to the accounts, the statement on the system of internal control/governance statement 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 during 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 the system of 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.

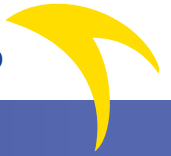
Responsibilities of the auditors

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 our 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 our 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.

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 the Northern Ireland Assembly and Houses of the Oireachtas and that the financial transactions recorded in the accounts conform to the authorities which govern them.

Kieran Donnelly
Comptroller and Auditor General
Northern Ireland
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

1 February 2021

Seamus McCarthy
Comptroller and Auditor General, Ireland
3A Mayor Street Upper
Dublin 1
Ireland
DO1 PF72

3 February 2021



INCOME STATEMENT for the year ended 31 December 2019

INCOME	Notes	2019	2018	2019	2018
		€'000	€'000	£'000	£'000
Grant from Sponsor Departments (Administration)	2	2,069	2,104	1,814	1,862
Other Operating Income	4	2	0	2	0
Capital Grant Release	3	83	137	74	121
Net Deferred Funding for Pensions	12(b)	1,424	1,166	1,248	1,032
<i>CENTRAL PAYMENTS UNIT</i>					
Grant from Accountable Departments (Programmes)	3	16,533	8,718	14,490	7,715
<i>EU COMMISSION</i>					
Claims Receivable from the EU	3	93,690	49,405	82,112	43,721
TOTAL INCOME		113,801	61,530	99,740	54,451
EXPENDITURE					
Depreciation	8	(78)	(137)	(68)	(121)
Staff Costs	5	(2,898)	(2,657)	(2,540)	(2,352)
Other Operating Costs	7	(600)	(613)	(528)	(542)
Interest Payment to Finance Departments	3	(2)	0	(2)	0
<i>CENTRAL PAYMENTS UNIT</i>					
Payments Made to Projects	3	(110,223)	(58,123)	(96,602)	(51,436)
TOTAL EXPENDITURE		(113,801)	(61,530)	(99,740)	(54,451)
Surplus for the year transferred to Income Account Reserve		-	-	-	-

All amounts above relate to continuing activities.

The notes on pages 57 to 78 and the appendix on page 79 form part of these accounts.



STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2019

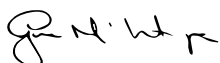
	Notes	2019	2018	2019	2018
		€'000	€'000	£'000	£'000
Surplus for the year		-	-	-	-
Experience gains on pension scheme liabilities including exchange rate effect	12(a)	281	167	246	147
Changes in assumptions underlying the present value of pension scheme liabilities	12(a)	(2,401)	913	(2,104)	809
Actuarial gains / (losses)	12(a)	(2,120)	1,080	(1,858)	956
Adjustment to deferred pension funding		2,120	(1,080)	1,858	(956)
		-	-	-	-
Currency exchange gains/(losses)		-	-	-	-
Total recognised gain/(loss) for the year		-	-	-	-



STATEMENT OF FINANCIAL POSITION as at 31 December 2019

	Notes	2019	2018	2019	2018
Fixed Assets		€'000	€'000	£'000	£'000
Tangible Assets	8(a)	183	133	156	120
Intangible Assets	8(b)	70	98	59	87
Total Fixed Assets		253	231	215	207
Current Assets					
Debtors amounts falling due within one year	9(a)	51,435	37,904	43,701	33,993
Cash & Cash Equivalents	10	77,352	39,192	65,719	35,150
Total Current Assets		128,787	77,096	109,420	69,143
Current Liabilities					
Creditors amounts falling due within one year	11(a)	(125,601)	(77,090)	(106,713)	(69,138)
Net Current (Liabilities)/Assets		3,186	6	2,707	5
Debtors - amounts falling due after more than one year	9(b)	3,981	2,395	3,382	2,148
Total Assets less Current Liabilities, before Non-Current Liabilities		7,420	2,632	6,304	2,360
Creditors - amounts falling due after more than one year	11(b)	(7,167)	(2,395)	(6,089)	(2,148)
Retirement Benefits					
Deferred pension funding	12(a)	18,115	13,698	15,391	12,285
Pension liabilities	12(a)	(18,115)	(13,698)	(15,391)	(12,285)
Total Net Assets		253	237	215	212
Represented by:					
Capital and Reserves					
Income Account Reserve		-	-	-	-
Capital Grant Reserve		253	237	215	212
		253	237	215	212

The accounts were approved by the Chief Executive on 30 November 2020



Gina McIntyre
Chief Accounting Officer

The notes on pages 57 to 78 and the appendix on page 79 form part of these accounts.



STATEMENT OF CHANGES IN EQUITY as at 31 December 2019

Income Account Reserve

	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Balance at 1 January	-	-	-	-
(Deficit)/Surplus for the year	-	-	-	-
Actuarial Gain/(Loss)	(2,120)	1,080	(1,858)	956
Deferred Pension Funding	2,120	(1,080)	1,858	(956)
Exchange gain/(loss)	-	-	-	-
Balance at 31 December	-	-	-	-

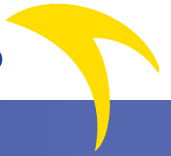
Capital Grant Reserve

	2019 €'000	2018 €'000	2019 £'000	2018 £'000
At 1 January	237	329	212	292
Capital funding receivable during the period	47	42	41	37
Funding received via technical assistance	52	27	46	24
Profit/loss on disposal of fixed assets	-	-	-	-
Less amount released to income and expenditure account	(83)	(137)	(74)	(122)
Difference on foreign exchange translation	-	(24)	(10)	(19)
At 31 December	253	237	215	212
Total Equity at Year End	253	237	215	212



STATEMENT OF CASH FLOWS for the year ended 31 December 2019

	Notes	2019	2018	2019	2018
		€'000	€'000	£'000	£'000
Net cash generated from Operating Activities	13.1	35,981	(5,277)	28,717	(4,211)
Cash Flows from investing activities					
Payments to acquire fixed assets		(99)	(70)	(87)	(62)
Cash Flows from financing activities					
Capital funding received		99	70	87	62
Net increase / (decrease) in cash and cash equivalents		35,981	(5,277)	28,717	(4,211)
Cash and cash equivalents at the beginning of the year	13.2	41,371	44,469	37,002	39,361
Cash and cash equivalents at the end of the year		77,352	39,192	65,719	35,150



Notes to the Accounts for the year ended 31 December 2019

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 Income & Expenditure

Income includes cash grants received from the Department of Finance (DoF) in Northern Ireland and the Department of Public Expenditure & Reform (DPER) in Ireland. Grant income is credited to the Income Statement (IS), 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. (SoFP)

Expenditure relates to the operational activities of SEUPB and is accounted for on an accruals basis.

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. Debtors & Creditors

Debtors are stated after providing for any bad or doubtful debts (if applicable). Creditors relates to the operational activities of SEUPB and are accounted for on an accruals basis.

1.5. 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 staff 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.

1.6. 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.

1.7. 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.

1.8. Currencies

The SEUPB's transactions and balances are reported in both Euro and Sterling. The working currency of the body is Sterling and transactions are initially recorded in that currency. Transactions in other currencies are recorded at the exchange rate ruling at the date of the transactions. The Income Statement of Comprehensive Income (SoCI) are presented in both currencies, each representing an aggregation of all Statement (IS) and the Statement of Comprehensive Income (SoCI) 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 the Statement of Financial Position (SoFP) and the assets and liabilities are translated at the closing exchange rate held at the time.

The rates of exchange used for 2019 and 2018 are as follows:

	2019	2018
Average rate	£1 = €1.141	£1 = €1.130
Year-end rate	£1 = €1.177	£1 = €1.115

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



1.9. 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.

1.10. 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.

1.11. 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.



2. GRANT FROM THE DEPARTMENTS

	DOF €'000	DPER €'000	TOTAL 2019 €'000	TOTAL 2018 €'000
Grant receivable:				
Administration and Expenses	1,097	972	2,069	2,104
Capital funding	25	22	47	44
Total	1,122	994	2,116	2,148

Split as follows:

Grants credited to Income Statement	1,097	972	2,069	2,104
Grants credited to Capital Grant Reserve	25	22	47	44
Total	1,122	994	2,116	2,148

	DOF £'000	DPER £'000	TOTAL 2019 £'000	TOTAL 2018 £'000
Grant receivable:				
Administration and Expenses	961	853	1,814	1,862
Capital funding	22	19	41	38
Total	983	872	1,855	1,900

Split as follows:

Grants credited to Income Statement	961	853	1,814	1,862
Grants credited to Capital Grant Reserve	22	19	41	38
Total	983	872	1,855	1,900

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

In terms of the areas of activity, the results for the year can be analysed as follows:

		Central Payments Unit	Administration	TOTAL 2019	TOTAL 2018
		€'000	€'000	€'000	€'000
Income					
Grant from Sponsor Departments (Administration)	(i)	-	2,069	2,069	2,104
Grants from Accountable Departments (Programmes)	(ii)	16,533	-	16,533	8,718
Other Operating Income		-	2	2	0
Capital Grant Release		-	83	83	137
Claims receivable from the EU		93,690	-	93,690	49,405
N/S Pension Scheme Funding		-	1,424	1,424	1,166
		110,223	3,578	113,801	61,530

Expenditure

Depreciation		-	(78)	(78)	(137)
Staff Costs		-	(2,898)	(2,898)	(2,657)
Other Operating Costs		-	(600)	(600)	(613)
Interest repayable to Finance Departments		-	(2)	(2)	0
Project Payments		(110,223)	-	(110,223)	(58,123)
		(110,223)	(3,578)	(113,801)	(61,530)

Surplus/(Deficit)

		-	-	-	-
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		Central Payments Unit	Administration	TOTAL 2019	TOTAL 2018
		£'000	£'000	£'000	£'000
Income					
Grant from Sponsor Departments (Administration)	(i)	-	1,814	1,814	1,862
Grants from Accountable Departments (Programmes)	(ii)	14,490	-	14,490	7,715
Other Operating Income		-	2	2	0
Capital Grant Release		-	74	74	121
Claims receivable from the EU		82,112	-	82,112	43,721
N/S Pension Scheme Funding		-	1,248	1,248	1,032
		96,602	3,138	99,740	54,451

Expenditure

Depreciation		-	(68)	(68)	(121)
Staff Costs		-	(2,540)	(2,540)	(2,352)
Other Operating Costs		-	(528)	(528)	(542)
Interest repayable to Finance Departments		-	(2)	(2)	0
Project Payments		(96,602)	-	(96,602)	(51,436)
		(96,602)	(3,138)	(99,740)	(54,451)

Surplus/(Deficit)

		-	-	-	-
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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 €110,223k (£96,602k) can be analysed by Programme as follows:

	€'000	£'000
PEACE IV	49,623	43,491
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. In 2019, €2.89m of expenditure related to Technical Assistance with the balance relating to project expenditure.		
INTERREG VA	60,600	53,111
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. In 2019, €15.6m of project expenditure related to Research & Innovation, €20.3m on Environment, €14.2m on Sustainable Transport and €8m on Health. Expenditure relating to Technical Assistance totalled €2.4m.		
	110,223	96,602

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 2019 the value of Scottish 'match funding' amounted to approximately €0.02m (2018: €0.33m).

Included within 'Project Payments' are Technical Assistance costs (TA) incurred by the SEUPB amounting to €5.3m (£4.6m) in 2019, €2.4m (£2.1m) in 2018. 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:

	€'000	£'000
2019		
SEUPB	5,294	4,640
	5,294	4,640
2018		
SEUPB	2,358	2,087
	2,358	2,087



4. OTHER OPERATING INCOME

	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Interest Receivable	2	0	2	0

5. STAFF COSTS

(a) The average number of employees throughout 2019 (full time equivalent, including temporary staff) was:

	2019	2018
Senior Management	4	4
Programme Management	7	6
Project Assessment & Support (including verification)	37	33
Corporate Services (including project payments & certification)	17	17
Total	65	60

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

	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Wages and Salaries	2,350	2,164	2,060	1,915
Temporary agency staff	520	492	456	436
Social Security Costs:	241	218	211	193
Other Pension Costs:				
- Current service & interest costs (Note 12c)	1,511	1,252	1,324	1,108
	4,622	4,126	4,051	3,652
Funded via PEACE IV Technical Assistance	(879)	(749)	(770)	(663)
Funded via INTERREG VA Technical Assistance	(845)	(720)	(741)	(637)
Total	2,898	2,657	2,540	2,352

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

The total salary payments to Senior Management in 2019 amounted to £236,492 (2018: £205,651).



6. PERFORMANCE AGAINST KEY FINANCIAL TARGETS

The SEUPB successfully operated within its budget allocation for the year. The N+3 targets plus performance framework targets for PEACE IV and INTERREG VA were met in 2019.

7. OTHER OPERATING COST

	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Office Premises Costs	598	581	524	514
ICT	167	233	146	206
Other Administration	44	40	39	35
Travel & Subsistence	123	119	112	105
Training & Subscriptions	54	47	47	42
Other Professional Services	330	184	289	163
Audit fees				
External Audit	30	29	26	26
Audit Authority	265	257	232	227
Other Audit (incl. Internal audit)	49	51	43	45
Communications	176	157	154	139
Programme Management & Evaluation	494	359	433	318
Project Assessment, Implementation & Monitoring	434	453	380	401
TOTAL GROSS OPERATING COSTS	2,764	2,510	2,425	2,221
Funded by Technical Assistance	(2,164)	(1,897)	(1,897)	(1,679)
TOTAL NET OPERATING COSTS	600	613	528	542

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 £5,364 in 2019 (2018: £6,609).

The External Audit Fee for the Northern Ireland Audit Office (NIAO) is £26,000 in 2019 (2018: £26,000).



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 2019	1,247	67	696	120	2,130
Additions	6	19	45	26	96
Disposals	0	(21)	0	0	(21)
At 31 December 2019	1,253	65	741	146	2,205
Depreciation					
At 1 January 2019	1,195	59	625	118	1,997
Provision for year	11	2	32	1	46
Depreciation on disposals	0	(21)	0	0	(21)
At 31 December 2019	1,206	40	657	119	2,022
Net Book Value (€)					
At 31 December 2019	47	25	84	27	183
At 31 December 2018	52	8	71	2	133
Net Book Value (£)					
	£'000	£'000	£'000	£'000	£'000
At 31 December 2019	42	22	75	23	162
Currency Translation Adjustment	(2)	(1)	(3)	0	(6)
At 31 December 2019 (as adjusted)	40	21	72	23	156
At 31 December 2018	47	6	66	1	120

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 2019	491
Additions	4
Disposals	
At 31 December 2019	<u>495</u>
Depreciation	
At 1 January 2019	393
Provision for year	32
Disposals	
At 31 December 2019	<u>425</u>
Net Book Value (€)	
At 31 December 2019	<u><u>70</u></u>
At 31 December 2018	<u><u>98</u></u>
Net Book Value (£)	
At 31 December 2019	64
Currency Translation Adjustment	(5)
At 31 December 2019 (as adjusted)	<u><u>59</u></u>
At 31 December 2018	<u><u>87</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	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Prepayments and accrued income	(i)	43,478	32,080	36,941	28,771
Amounts due from EU Commission	(ii)	7,873	5,765	6,689	5,170
Other debtors		84	59	71	52
		51,435	37,904	43,701	33,993

9(b) DEBTORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Note	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Amounts due from EU Commission	(ii)	3,981	2,395	3,382	2,148
		3,981	2,395	3,382	2,148

(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 IVA and PEACE IV Programmes and is responsible for claiming funds from the EU Commission. As at 31 December 2019 a total of €11,853,103 (£10,070,606) related to submitted and unsubmitted claims receivable from the EU Commission. €7,872,239 (£6,688,393) was due within one year and €3,980,864 (£3,382,213) due after one year.



10. CASH & CASH EQUIVALENTS

	Note	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Cash at bank:					
-Held for administration payments		750	275	637	247
-Held for Programme payments	(i)	76,602	38,917	65,082	34,903
Total		77,352	39,192	65,719	35,150

(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 2019, the balance included €27.56m (£23.42m) relating to EU advance payments for PEACE IV and INTERREG VA.

11(a) CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Trade and Project Creditors		4,463	0	3,792	0
Accruals and Deferred Income	(i)	62,493	34,988	53,095	31,379
ERDF due to Accountable Departments / EU Commission	(ii)	58,359	41,951	49,583	37,624
Other amounts due to Departments	(iii)	286	151	243	135
		125,601	77,090	106,713	69,138



11(b) CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Note	2019 €'000	2018 €'000	2019 £'000	2018 £'000
ERDF due to Accountable Departments	(ii)	7,167	2,395	6,089	2,148
		7,167	2,395	6,089	2,148

(i) For the PEACE IV and INTERREG VA 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 2019 the amount due to Departments in respect of PEACE IV and INTERREG VA was €26,646,513 (£22,639,349) due for reimbursement within one year and €7,166,835 (£6,089,069) due for reimbursement after one year. At 31 December 2019 the amounts due to the EU Commission in respect of over-recoveries relating to PEACE IV and INTERREG VA was €4,148,393 (£3,524,548), due for reimbursement at the end of the programme.

Advances of €27,563,899 (£23,418,776) relating to the PEACE IV and INTERREG VA Programmes are also included in this balance.

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



12. PENSIONS

a) Movement in Net Pension Liability during the financial year

	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Net Pension Liability at 1 January	13,698	13,760	12,285	12,209
Current Service Cost	1,134	1,099	994	973
Interest on scheme liabilities	385	319	337	282
Actuarial (gain)/loss - inc currency movements	2,120	(1,080)	1,858	(956)
Net transfers in/(out)	(8)	(166)	(7)	(147)
Benefits paid during the year	(87)	(86)	(76)	(76)
Currency Translation	873	(148)	0	0
Net Pension Liability at 31 December	18,115	13,698	15,391	12,285

Member contributions are included within the Current Service Cost, and amounted to £117k (€133k) in 2019, and £108k (€122k) in 2018. 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.

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

Experience gain / (loss)	281	167	246	147
Gain / (Loss) due to currency movements	126	(21)	110	(18)
Gain/(Loss) on change of financial assumptions (inc currency movements)	(2,527)	934	(2,214)	827
Actuarial (loss)/gain	(2,120)	1,080	(1,858)	956

"The main elements of the actuarial loss of £1,858,000 are outlined below. The increase in the value of the liabilities is mainly as a result of the change in actuarial assumptions including a fall in the Northern and Southern discount rates (which results in an increase in the value of the liabilities), partially offset by the the fall in the inflation assumptions (which results in a decrease in the value of the liabilities). The impact of the change in the mortality assumption is immaterial. The net impact of the change in actuarial assumptions is an increase in the liabilities of c.£2,214,000. This has been partially offset by experience gains on the liabilities of c.£246,000; and gains due to favorable currency movements of c.£110,000."



12. PENSIONS (Cont'd)

Income & Expenditure Analysis for the Financial year

b) Net 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 & Expenditure Account Statement was as follows:

	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Current Service Cost	1,134	1,099	994	973
Other Finance Cost	385	319	337	282
Benefits paid during the year	(87)	(86)	(76)	(76)
Pension Transfers In / (Out)	(8)	(166)	(7)	(147)
	1,424	1,166	1,248	1,032

The deferred funding asset for pensions as at 31 December 2019 amounted to €18.115m (£15.391m); 2018: €13.698m (£12.285m).

c) Current service pension costs charged to Expenditure:

	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Current service cost	1,134	1,099	994	973
Interest on Pension Scheme Liabilities	385	319	337	282
Pension Transfers In / (Out)	(8)	(166)	(7)	(147)
	1,511	1,252	1,324	1,108



12. PENSIONS (Cont'd)

d) Deferred Pension Funding

	2019 €'000	2018 €'000	2019 £'000	2018 £'000
At 1st January	1,166	1,467	1,032	1,286
Increase (Decrease) in deferred pension funding	246	(287)	216	(254)
Currency translation adjustment	57	(14)	-	-
At 31st December	1,469	1,166	1,248	1,032

e) History of defined benefit obligations

	2019 £'000	2019 €'000	2018 £'000	2018 €'000	2017 £'000	2017 €'000	2016 £'000	2016 €'000	2015 £'000	2015 €'000
Defined benefit obligations	(15,391)	(18,115)	(12,285)	(13,698)	(12,209)	(13,760)	(12,210)	(14,225)	(6,826)	(9,291)
Experience adjustment on liabilities including exchange rate effect gain/(loss)	246	281	147	167	954	1,088	(1,110)	(1,358)	104	143
Percentage of Scheme Liabilities	1.60%	-2.00%	1.20%	1.20%	7.90%	7.90%	-9.10%	-9.10%	1.50%	1.50%



12. PENSIONS (Cont'd)

f) 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 2019 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 2019.

The principal assumptions were as follows:

	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
Discount rate:					
NI	2.10%	2.75%	2.50%	2.70%	3.70%
ROI	1.30%	2.15%	2.10%	1.90%	2.65%
Inflation rate:					
NI	2.00%	2.15%	2.10%	2.30%	1.90%
ROI	1.15%	1.40%	1.65%	1.50%	2.00%
Rate of increase in salaries					
NI	2.00%	2.15%	2.10%	2.30%	2.90%
ROI	2.00%	2.15%	3.00%	3.00%	3.00%
Ave. rate of increase in pensions:					
NI	2.00%	2.15%	2.10%	2.30%	1.90%
ROI (salary increases)	2.00%	2.15%	3.00%	3.00%	3.00%
ROI (CPI)	1.15%	1.40%	1.65%	1.50%	2.00%
Ave. expected future life at age 65 for:					
Male currently aged 65	22.0	21.9	22.1	22.2	21.9
Female currently aged 65	23.9	23.8	23.9	24.2	23.8
Male currently aged 45	23.4	23.3	23.5	23.9	23.1
Female currently aged 45	25.4	25.4	25.4	26.1	25.3



13. NOTES TO STATEMENT OF CASHFLOWS

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

	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Surplus/(deficit) for the period	-	-	-	-
Adjustment for non cash transactions				
Exchange differences on translation of opening cash balances at 1 January	(2,179)	427	(1,852)	476
Depreciation	78	137	68	121
Capital Grant Release	(83)	(137)	(74)	(121)
Difference on Foreign Exchange Translation	(1)	6	-	-
Reserves offset against Departmental funding	-	-	-	-
Adjustments for movements in working capital				
(Increase)/decrease in debtors	(15,117)	(5,349)	(10,941)	(5,129)
Increase/(decrease) in creditors	53,283	(361)	41,516	442
Net cash (outflow)/inflow from operating activities	35,981	(5,277)	28,717	(4,211)

13.2 Reconciliation of net cash outflow to movement in net debt

	2019 €'000	2018 €'000	2019 £'000	2018 £'000
Cash in bank at 1 January	39,192	44,896	35,150	39,837
Retranslation to current year exchange rates	2,179	(427)	1,852	(476)
	41,371	44,469	37,002	39,361
Net cash (outflow)/inflow	35,981	(5,277)	28,717	(4,211)
Cash in bank at 31 December	77,352	39,192	65,719	35,150



14. PROVISIONS & CONTINGENT LIABILITIES

Two employment tribunal cases in the cases of McCloud and Sargent were brought against the UK Government in relation to possible discrimination in the implementation of transitional protection following changes made to public service pension scheme legislation in the UK in 2015.

In December 2018, the Court of Appeal ruled that the transitional protections gave rise to unlawful discrimination on the basis of age. The UK Government requested leave to appeal this decision to the Supreme Court, however the request was denied on 27 June 2019.

The Department of Finance (Northern Ireland) continues to liaise with HM Treasury for proposals to address age discrimination in the wider public service schemes as a consequence of the McCloud ruling. Further, the rectification process is expected to be long and time-consuming, and will need to address fairly the issue of pension accruals since 2015 and where individuals may have been better off in new schemes. In this regard certain

staff of SEUPB, who are scheme members of the North South pension scheme, may need to be compensated for any discrimination suffered as a result of the transitional protections.

Quantifying the impact of the judgement at this stage is difficult as it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. The terms of any possible settlement will require further consideration which will need approval by both the Department of Finance (Northern Ireland) and the Department of Public Expenditure and Reform (Ireland).

On this basis, no provision has been made in the accounts for the McCloud/Sargeant judgment.

The North South pension scheme actuary estimates that any compensation payable by SEUPB will be up to £250,000.

15 OPERATING LEASE COMMITMENTS

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

	Land and Buildings 2019 €'000	Other 2019 €'000	Land and Buildings 2018 €'000	Other 2018 €'000
The total of future minimum payments under non-cancellable leases for each of the following periods:-				
(i) not later than one year;	314	9	268	9
(ii) later than one year and not later than five years; and	1,044	25	875	32
(iii) later than five years.	220	-	418	-
	1,578	34	1,561	41

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;	267	8	240	8
(ii) later than one year and not later than five years; and	887	21	785	29
(iii) later than five years.	187	-	375	-
	1,341	29	1,400	37



16. CAPITAL COMMITMENTS

The SEUPB had no capital commitments at either 31 December 2019 or 31 December 2018.

17. GRANT COMMITMENTS

At 31 December 2019, 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 31/12/2019	Outstanding Commitment 31/12/2018
	€'000	€'000	€'000	€'000
PEACE IV	276,316	48,378	227,938	235,313
INTERREG VA	273,381	61,272	212,109	246,718
	549,697	109,650	440,047	482,031

The above commitments relate entirely to 2014-20 Programmes. The majority of LOOs issued in 2019 were denominated in Euros with a small number in Sterling.



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

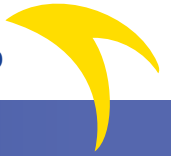
There were no 3rd party assets held by SEUPB at 31 December 2019.

22. Events after the reporting period date

At the date of approval of these accounts, SEUPB's 2017, 2018, 2019 and 2020 Business Plans have been formally approved by the North South Ministerial Council (NSMC).

23. Date of Authorisation for Issue

The Accounting Officer authorised the issue of these financial statements on 26 January 2021.



Appendix

Accounts directions given by the Northern Department of Finance and the Department of Public Expenditure and Reform in Northern Ireland in accordance with the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 in Ireland.

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the calendar year, and the state of affairs as at the year end. Subject to this requirement the Special EU Programmes Body shall prepare accounts for the calendar year ended 31 December 2018 and subsequent calendar years in accordance with:

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

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

Signed by authority of the
Department of Finance

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