2014-2020 ESF Eligibly Rules

Tom Whelan
ESF Certifying Authority
Department of Education and Skills
23 January 2015
Content of Presentation

- Consequences of errors in ESF claims
- Causes of errors in ESF claim
- 2014-2020 changes to ESF claims / errors
- 2014-2020 ESF Eligibility Rules Circular
Consequences of Errors in ESF Claims

- Qualified Audit Authority Opinion = probable suspension and potential permanent loss of EU/ESF receipts for Ireland
  - < 2% error rate “green light”; unqualified Audit Authority likely
  - > 2% error rate “red light”; qualified Audit Authority unless timely corrective action implemented and independently tested

- Net financial corrections for errors identified by the Commission
Cause of errors in ESF claims

- Ineligible expenditure costs / participants
- Over complex rules – “Gold plating”
- Inadequate management verifications
- Insufficient documents to support costs
- Non-compliance with Public Procurement
2014-2020 changes to ESF claims / errors

- Reduce “Gold plating” of rules
- Increased Simplified Cost Options (SCOs)
- New Youth Employment Initiative (YEI) funding

- Activity results linked to ESF expenditure claim (Performance Framework/Reserve)
- Audit Authority opinion of claims before accounts submitted to the Commission
- Net financial corrections for errors identified by EU
- Increased risk approach to management verifications
  e-Cohesion
2014-2020 ESF Eligibility Rules Circular (1)

- National ESF Eligibly Rules
  - 2014-2020 ESF Eligibility Rules Circular
  - 2014-2020 ERDF National Eligibility Rules Circular
  - CPR Regulation 1303/2013 and ESF Regulation 1304/2013
  - Financial Management and Controls Circular to be issued by D/PER
  - Activity Implementation Plan and Administrative Agreements
  - Existing National rules for exchequer funded programmes (e.g. participants eligibility)
2014-2020 ESF Eligibility Rules Circular (2)

- Reduce “Gold plating” of rules
  - 2014-2020 ESF Eligibility Rules Circular simplified
  - National Eligibility Rules used to determine errors for audit errors rate % - section 2 of Circular
  - Intermediate/Beneficiary Body Guidelines used to instruct in the completion of ESF claims (not to determine errors rate %) - section 2 of Circular
Incurred by a beneficiary and paid between 1/1/2014 (1/9/13 for YEI) and 31/12/2023 - section 3.1 of Circular

Supporting documentation e.g. receipted invoice, attendance records, timesheets …etc – section 3.3 of Circular
Increased Simplified Cost Options (SCOs) – section 3.4 of Circular

- Direct Staff Costs plus unjustified %
  - up to 15% to cover indirect costs
  - up to 40% to cover all other costs

- Reduces documentation needed to support costs

- SCO fixed in Activity Implementation Plan

- In discussions with EC on application of SCOs in IE system!
Income directly generated by claimed expenditure must be appropriately deducted – section 3.6

Exceptions exist under Article 65 of CPR 1303/2013 (e.g. operations with expenditure < €50k)

Equipment costs fully eligible, with some depreciation costs only exceptions - section 3.7 of Circular

YEI funding – section 3.8 of Circular

Costs eligible from 1 September 2013 (not 1 January 2014)

National definition of Not in Employment, Education or Training (NEETs) – to be updated (<15 years of age ineligible)
2014-2020 ESF Eligibility Rules Circular (6)

- **Ineligible expenditure** – section 3.13 of Circular
  - Interest on debt
  - Purchase of infrastructure, land and real estate
  - Recoverable VAT

- **Participant eligibility** – section 3.16 of Circular
  - Activity’s specific participant admissibility criteria met
  - Standard participants data available;
    - Age, Gender, Employment status & Education levels *(to be confirmed by EC)*

**NB** - Other participant and output/result data required but not considered part of the eligible expenditure rules!!
Questions Please!