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The European Social Fund (ESF) programme for 2007 to 2013 in England and Gibraltar has closed.

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GUIDANCE AND REQUIREMENTS FOR THE ESF 2007 – 2013 PROGRAMME IN ENGLAND and GIBRALTAR

Manual 4

Managing Authority and Intermediate Bodies Guidance and Requirements

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4.1 Introduction

4.1.1 This Guidance Manual covers the role, responsibilities and actions of the Managing Authority and Intermediate Bodies in England and Gibraltar for the 2007-2013 ESF programme. This Manual is a key source document for Managing Authority staff, and for Intermediate Body staff in the Government of Gibraltar, the Greater London Authority European Programmes Management Unit and the Innovation Transnational and Mainstreaming Unit (ITM Unit) at Birmingham City Council.

4.1.2 At paragraph 4.21 of the agreed Operational Programme, the United Kingdom Government designated the European Social Fund Division of the Department for Work and Pensions (DWP) as the Managing Authority for the European Social Fund in England and Gibraltar for 2007–2013.

4.1.3. The Greater London Authority, the Government of Gibraltar and Birmingham City Council contribute to the delivery of the programme as Intermediate Bodies. These organisations are responsible for managing and implementing agreed aspects of delivery of ESF in accordance with the Operational Programme for the 2007-2013 programme.

4.1.4 This guidance takes full account of the ESF Operational Programme, national rules and the Structural Fund regulations. The Structural Fund regulations relevant to the delivery of ESF funded activity are:

- **Council Regulation (EC) No 1083/2006** – laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund as amended by Council Regulations (EC) 1341/2008 and 284/2009
- **Regulation (EC) No 1081/2006** of the European Parliament and of the Council – on the European Social Fund as amended by Regulation (EC) 396/2009 which extends the types of costs eligible for a contribution from the ESF.
- **Commission Regulation (EC) No 1828/2006** – setting out rules for the implementation of Council Regulation (EC) No 1083/2006 – the “implementing regulations”

4.1.5 Section 4.45 of this Manual contains a checklist that summarises the actions required of the Managing Authority and Intermediate Bodies, their frequency, regulatory basis and reference section in this Manual.

4.1.6 Any changes to this guidance will be notified on the ESF website. ESF Division has established a Guidance Review Board that reviews changes to guidance when required. Any changes made will be highlighted. Beneficiaries will be bound by any changes to the guidance notified on the ESF website. ESF Division will circulate any changes to this guidance in advance of its publication on the ESF website.

4.1.7 A glossary of terms used in this manual is available at **Annex 1**.

4.2 General principles of management and control

4.2.1 The management and control systems and procedures operated by the Managing Authority and Intermediate Bodies referred to in this Manual adhere to the following principles set out in Article 58 of Regulation 1083/2006:

- the functions of the bodies concerned in management and control will be clearly set out as will the allocation of functions within each body;
- the separation of functions between such bodies will be clearly defined;
- procedures for ensuring the correctness and regularity of declared expenditure will be in place;
- reliable accounting, monitoring and financial reporting systems (including computerised systems) will be in place;
- reporting and monitoring arrangements will be in place where the Managing Authority has delegated functions;
- systems and procedures will ensure an adequate audit trail including arrangements to report irregularities and recover amounts unduly paid;

4.2.2 The guidance and requirements in this Manual are designed to ensure compliance with European and National regulations and good practice guidance issued by the European Commission. The following good practice documents issued by the European Commission are relevant to the work of the Managing Authority and Intermediate Bodies.

- COCOF 08/0020/00 EN Working document concerning good practice in relation to management verifications to be carried out by Member States on projects co-financed by the Structural Funds and the Cohesion Fund for the 2007 –2013 programming period (31-03-2008).
- COCOF 08/0019/00 EN Guidance on a common methodology for the assessment of management and control systems in the Member State (2007-2013 programming period).

4.3 Role of the Managing Authority and Intermediate Bodies

4.3.1 The Managing Authority and Intermediate Bodies are responsible for managing and implementing the ESF Operational Programme in accordance with the principle of sound financial management. The Managing Authority and, where appropriate the Intermediate Bodies, will undertake some or all the tasks set out in Article 60 of Regulation 1083/2006. See Annex 2 for details.

4.3.2. Until the end of March 2011, some of the Managing Authority functions were carried out centrally by staff located at the ESFD Head Office in Sheffield, whilst other functions were carried out by staff located in each of the eight Government Offices for the regions. In June 2010 the Government announced the closure of the Government Offices and the end of having English regions as administrative entities. Some former Government Office staff have been absorbed into ESF Division so that there is no longer any distinction between the “central” and “regional” functions of the Managing Authority.

4.3.2a In London because of different institutional arrangements, some Managing Authority functions are undertaken by the Greater London Authority (formerly the London Development Agency) as an Intermediate Body. In Gibraltar some Managing Authority ESF functions are undertaken by the Government of Gibraltar as an Intermediate Body. Some Managing Authority functions are carried out by the Innovation, Transnational and Mainstreaming Unit.

4.3.3 Responsibilities of the Managing Authority are:-

Programme Development and implementation – these tasks have now all been completed

- Development, agreement and subsequent changes to the Operational programme;
- Description and implementation of management and control systems;
- Establishing national rules for ESF delivery and developing accompanying guidance;
- Drawing up procedures to ensure that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to expenditure;
- Setting up procedures to ensure that there is an adequate audit trail at all levels;
- Establishing procedures so that beneficiaries and other bodies involved in the implementation of operations maintain separately details of all transactions relating to the operation;
- Allocation of ESF funds to regions, the Greater London Authority and the Government of Gibraltar together with indicative regional output and results targets;
- Commissioning the Regional Skills Partnerships to develop regional ESF frameworks within the context of the Operational Programme;
- Developing the selection criteria for CFOs;
- Appraising applications for CFO status (jointly with regional staff) and designating successful applicants as CFOs;
- Developing the criteria and format of CFO plans, funding and delivery arrangements so that they properly address regional ESF frameworks;
- In convergence and phasing-in regions, issuing limited calls for proposals for directly funded ESF activity if co-financing is not an option for some activities and appraising proposals against the agreed criteria;
- Appraising applications for Innovation, Transnational and Mainstreaming projects against the selected regional themes and national selection and appraisal criteria.
- Establishing and guiding the work of the national Programme Monitoring Committee, acting as the secretariat for the committee and providing regular and timely information on programme performance;
- Developing the selection criteria for operations outside the scope of CFOs which covers stand alone projects in convergence and phasing in areas, Innovative and Transnational projects and Technical Assistance (TA) projects;
- Development and dissemination of an information and publicity strategy to ensure compliance with the requirements in the regulations; and
- Developing a programme evaluation strategy so that evaluation conforms with the regulations;
- Confirming that regional ESF frameworks conform with the Operational

Programme and EU regulations; and

- Brokering agreement on the division of the regional allocation and targets between CFOs if it does not prove possible to reach agreement at regional level.

Programme management and delivery

- Operating the ESF programme under the principles of sound management;
- Carrying out negotiations with CFOs to conclude Memoranda of Understanding, and ensuring that any subsequent variations to funding agreements are made accurately and timeously;
- Concluding formal funding agreements with non CFO beneficiaries (project providers in convergence and phasing in areas, TA beneficiaries and Innovative and Transnational projects), and ensuring that any subsequent variations to funding agreements are made accurately and timeously;
- In the Convergence sub region, maintaining a strategic relationship with organisations other than CFOs that manage ESFD funded operations;
- Working with DCLG to ensure appropriate co-ordination with regional ERDF funding;
- Certifying the reasonableness of payment claims through desk checks based on monitoring feedback and management information;
- Authorising quarterly payments to CFOs and other providers, for reimbursement of ESF;
- Monitoring CFOs performance on a bi-annually basis and other projects on a risk basis.
- Development and implementation of appropriate IT systems to store and transfer as necessary, the required financial, monitoring, management information, verification, audit and evaluation data for each operation under the Operational programme;
- Co-ordinating arrangements for the verification of ESF funded activity (Article 13);
- On-the-spot checks of CFO claims for payment, looking at both ESF and match funding;
- Making on-the-spot visits to a sample of CFO providers and where relevant, any sub contractors or partners;
- Making on-the-spot visits to non CFO projects on a risk basis;
- Reporting irregularities to the Certifying Authority, who will maintain a single debtors ledger;
- Implementation of the cross-cutting themes and dissemination of good practice;
- Identifying national and local publicity opportunities and case studies, and ensuring that CFOs and non CFO providers, including for TA, meet publicity requirements;
- Preparation and submission of annual and final reports on implementation, after approval by the monitoring committee;

- Presenting to the Programme Monitoring Committee information about the effectiveness of the management and control systems;
- Appraising applications for TA against the TA strategy and appraisal criteria;
- Providing necessary information to the Certifying Authority to enable it to certify claims to the Commission; and
- Establishing systems and procedures to prevent fraud and corruption, identify and record irregularities and cases of fraud, with escalation procedures in place to the DWP special investigations team in the event of suspected fraud.

4.3.4. Responsibilities of the ESFD Certifying Authority are:-

- Maintaining a central debtors ledger; and
- Contributing towards sound financial management of the programme, which includes:-
 - The production of ESF accounts each month which comply with best accounting practice;
 - Co-ordination of the England ESF contribution to the UK National Statement of EU expenditure which is consolidated by HM Treasury and audited by the National Audit Office on behalf of the Member State; and

4.4 Organisation of the Managing Authority

4.4.1 An organisation chart setting out the organisation of the Managing Authority including the indicative number of posts is included at Annex 3. Within ESF Division the majority of Managing Authority functions are carried out by the Managing Authority Team. Some functions as described below have been delegated to the ESF Policy Team.

4.4.2 [Section deleted]

4.4.3 In addition, the Policy Team within ESF Division is responsible for authorising ESF payments under delegated authority from the Managing Authority and for taking associated accounting actions. The ESF IT system is a shared resource between the managing and certifying authorities.

4.4.4 Managing Authority Team responsibilities

- all the Managing Authority activities listed in section 4.3.3 of this Manual except for the responsibilities of the ESF Policy team listed below.

4.4.5 ESF Policy Team responsibilities

- Development, agreement and subsequent changes to the Operational programme;
- The development and dissemination of an information and publicity strategy to ensure compliance with the requirements in the regulations;
- Identifying national and local publicity opportunities and case studies, and ensuring that CFOs and non CFO providers, including for Technical Assistance, meet publicity requirements;
- Developing a programme evaluation strategy so that evaluation conforms with

the regulations;

- Acting as the secretariat for the Programme Monitoring Committee and sub-committees;
- Implementation of the cross-cutting themes and dissemination of good practice; and
- The preparation and submission of annual and final reports on implementation, after approval by the monitoring committee.

4.5 [Section deleted]

4.6 Delegation of functions to the Greater London Authority –GLA (formerly the London Development Agency - LDA)

4.6.1 There are different institutional arrangements in London compared to elsewhere in England and the Managing Authority has formally delegated a number of ESF functions to an Intermediate Body, the Greater London Authority to reflect this (**see Annex 4 for delegation letter**).

ESF functions delegated to the GLA

4.6.2 Programme establishment

- Working with the London Enterprise Partnership to develop the London ESF framework to help ensure that it conforms with the Operational Programme, EU regulations and that there is synergy with other strategies and funding streams, including ERDF;
- Appraising applications for CFO status jointly with the Managing Authority and designating successful applicants as CFOs;
- Working with CFOs to establish allocations that reflect their respective contributions to the delivery of priorities in the London ESF framework;
- Working with the Managing Authority to confirm that CFO plans address the London ESF framework, London ESF allocations, output and results targets and the cross-cutting themes of gender equality, equality of opportunity, sustainable development and health;
- Appraising applications for Technical Assistance (TA) against the London TA strategy and national appraisal criteria;
- Appraising applications for Innovative, Transnational and Mainstreaming projects against the selected London themes and national appraisal and selection criteria;
- Carrying out negotiations with CFOs to conclude formal funding agreements;
- Conclude formal funding agreements with TA beneficiaries;
- Ensuring co-financers comply with European Commission regulations; and
- Establishing systems and procedures to identify and action irregularities and cases of fraud.

Note: Some of the above activities were mainly completed for the first contracting round of 2007-2010 before formal delegation was made but they will be repeated (except for designation of CFOs) for the second half of the programme.

4.6.3 Programme management and delivery

- Operating the ESF programme under the principles of sound management;
- Acting as the first line of contact for queries from CFOs and other partners;
- Undertaking regular strategic monitoring of CFOs to confirm delivery in accordance with the CFO plan and reporting emerging issues to the centre. This is a responsibility shared with the Managing Authority;
- Ensuring that any variations to CFO and TA funding agreements are made accurately and timeously;
- Identifying London wide and local publicity opportunities and case studies, and ensuring that CFOs meet publicity requirements;
- Disseminating good practice on the cross cutting themes of equal opportunities and gender equality, sustainable development and health, to help CFOs fulfil their responsibilities;
- Ensuring that the aims and objectives agreed for TA projects are being fulfilled;
- Certifying the reasonableness of payment claims through desk checks based on monitoring feedback and management information;
- Note: Separation of the **certifying** and **authorising** functions for payments is a requirement of UK government accounting rules, so that GLA staff will certify, and Managing Authority staff authorise payments; this should not be confused with the role of the Certifying Authority, which is located in ESF Division
- Acting as the secretariat for the London ESF committee and any sub-committees, producing regular and timely information on regional performance;
- Representing London at the England Programme Monitoring Committee;
- Reporting to ESFD quarterly on London issues, performance and providing early warnings of emerging issues e.g. N+2, major redundancies;
- Providing contributions to the annual implementation reports;
- Working with partners to ensure effective co-ordination with other funding including ERDF;
- Ensure promotion of the London ESF programme;
- Arrangements and support for any Ministerial or European Commission visits; and
- Recording and reporting irregularities to the Managing Authority.

The activities outlined above will continue for the life of the programme.

4.6.4 Organisation of the GLA

The European Programme Management Unit within the GLA is completely separate from the GLA Co-financing Organisation unit, with different reporting lines.

4.6.5 Procedures for selecting and approving operations

The procedures for the selection of CFOs in London are as described in section 4.13 of this Manual.

4.6.6 Verification of operations

The arrangements for the verification of operations in London are as described in section 4.43 of this Manual.

4.6.7 Procedures for processing of applications for reimbursement

The procedures for processing applications for reimbursement in London are as described in section 4.21 of this Manual.

4.7 Delegation of functions to the Government of Gibraltar

4.7.1 The institutional arrangements in Gibraltar are different from in England. The Managing Authority has formally delegated a number of ESF functions to the Government of Gibraltar, an Intermediate Body, to reflect this (**see Annex 4**).

4.7.2 Programme development

- working with the Gibraltar Joint Local Advisory Group to develop the regional ESF framework to help ensure that it conforms with the Operational Programme, EU regulations and that there is synergy with other strategies and funding streams in Gibraltar, including ERDF;
- making calls for ESF applications and appraising them against the assessment criteria agreed by the England and Gibraltar ESF monitoring committee;
- working to standards agreed with the Managing Authority to ensure that Gibraltar ESF applications address the Gibraltar ESF framework, ESF allocations, output and results targets and the cross-cutting themes of gender equality, equality of opportunity and sustainable development;
- appraising applications for Technical Assistance (TA) against the TA strategy and appraisal criteria; and
- concluding formal funding agreements with ESF beneficiaries.

4.7.3 Programme management and delivery

- acting as the first line of contact for queries in Gibraltar from ESF beneficiaries and partner organisations;
- undertaking monitoring of Gibraltar ESF beneficiaries to confirm delivery in accordance with the beneficiary agreements;
- ensuring that any variations to beneficiary agreements are made accurately and timeously;
- identifying publicity opportunities and ensuring that beneficiaries meet ESF publicity requirements;
- disseminating good practice on the cross cutting themes of equal opportunities and gender equality, sustainable development and health, to help beneficiaries fulfil their responsibilities;
- ensuring that the aims and objectives agreed for TA projects are being fulfilled;
- certifying the reasonableness of payment claims through desk checks based on monitoring feedback and management information taking account of the requirement for separation of the **certifying** and **authorising** functions in respect of payments;

- acting as the secretariat for the Gibraltar ESF committee, producing regular and timely information on regional performance;
- representing Gibraltar at the England and Gibraltar Programme Monitoring Committee;
- reporting quarterly on issues, performance and providing early warnings of emerging issues;
- providing contributions to the annual implementation reports, after approval by the Gibraltar ESF committee; and
- working with partners to ensure effective co-ordination with other regional funding including ERDF.

4.7.4 Procedures for selecting and approving operations

The procedures for the selection of beneficiaries in Gibraltar are as described in section 4.14 (non CFO operations) of this Manual.

4.7.5 Verification of operations

The arrangements for the verification of operations in Gibraltar are as described in section 4.43 of this Manual.

4.7.6 Procedures for processing of applications for reimbursement

The procedures for processing applications for reimbursement in Gibraltar are as described in section 4.21 of this Manual.

4.8 Delegation of functions to the Innovation, Transnationality and Mainstreaming Unit (ITM Unit) operated by Birmingham City Council

4.8.1 The ITM Unit run by Birmingham City Council was selected to act as a co-ordinating body funded by Technical Assistance to assist in the delivery of innovative and transnational project activity. In 2010 the ITM Unit was designated as an Intermediate Body and given additional responsibilities to carry out verification controls, including “on the spot” checks, on all the ITM projects. The Managing Authority and the London Intermediate Body continue to be contractually responsible for ITM projects. Any variations including changes in project outcomes and delivery or changes in finance including match funding must be agreed by the Managing Authority/London Intermediate Body. Verification of co-financed products and services is one of the responsibilities of the Managing Authority as set out in Regulation 1083/2006 Article 60, and is described in more detail in Article 13 of Commission Regulation 1828/2006 – these verifications are commonly referred to as “Article 13 controls”. **See annex 4 for delegation letter.**

4.8.2 The ITM Unit responsibilities

- provide support, advice and guidance to ITM projects;
- establish and deliver a verification programme of Article 13 ‘On the Spot’ checks in accordance with the overall requirements set down by the MA and agreed with the European Commission;
- contribute to the ESF ITM sub-committee set up to oversee the operation of the ITM strand of project activity;

- represent the ITM Unit at the England and Gibraltar Programme Monitoring Committee;
- provide regular feedback on progress at review meetings with the MA; and
- participate in an annual review meeting with the MA to discuss progress.

4.9 Monitoring of Intermediate Bodies

4.9.1 In accordance with EC Regulation 1083/2006 Article 59(2), the Managing Authority will monitor the performance of those organisations given delegated authority to undertake certain tasks in connection with the delivery of the ESF programme: The Managing Authority will:

- convene progress meetings with the Intermediate Bodies to review performance;
- hold an Annual Review meeting with each Intermediate Body to formally review their actions during the preceding year and to ensure compliance with ESF procedures; and
- ensure programme reports submitted to the Programme Monitoring Committee by the Intermediate Bodies are fit for purpose and include relevant performance information.

4.10 Description of systems, organisation and procedures of the Managing Authority and Intermediate Bodies

4.10.1 The Managing Authority was required, within twelve months of the approval of the ESF Operational Programme, to produce a description of the systems, organisation and procedures of its operations in accordance with Article 71 of Regulation 1083/2006.

4.10.2 This document was submitted to the Audit Authority for assessment and scrutiny. The final version of the Management and Control description together with Audit Authority assessment report and opinion was sent to the European Commission within the set deadline and was confirmed as acceptable.

4.11 Regional ESF Frameworks

4.11.1 The Managing Authority has overseen the development of regional ESF frameworks. These documents show how ESF can add value to existing regional strategies and plans within the context of the national priorities and targets in the Operational Programme. Final versions of each regional ESF framework have been placed on the [ESF website](#). In 2010, the English regions as administrative entities were abolished by the government, and so regional ESF committees ceased to exist. However, the regional ESF frameworks for 2011-13 were all agreed before abolition of the regional ESF committees and have been retained to help inform monitoring of CFO performance.

4.11.2 [Paragraph deleted]

4.11.3 [Paragraph deleted]

4.12 Allocation of funding, targets and indicators

Budgets

4.12.1 The technical annex to the UK National Strategic Reference Framework (NSRF) sets out the allocation of Structural Funds among the UK's nation and regions. The UK Government developed the allocation methodology in consultation with the devolved administrations. The ESF budget allocation methodology reflects the Government's priorities to tackle worklessness and low skills.

4.12.2 The Managing Authority determined the final England regional budget allocations by priority following consultation at regional level, within the parameters of the NSRF and the Operational Programme financial tables. Annex 5 sets out the financial allocations for each English region. Although the English regions no longer exist as administrative entities, regional allocations have been retained, but with some flexibility for CFOs to move funds between "regions".

Technical Assistance

4.12.3 For the Convergence Objective, 2% of the available ESF has been allocated to Technical Assistance (TA) in Priority 6. The ESF intervention rate is 75% for convergence TA.

4.12.4 For the Competitiveness and Employment Objective, 4% of the available ESF funding was allocated to TA in Priority 3. Within this allocation, 4% of the available ESF funding in phasing-in areas is ring-fenced for Merseyside and South Yorkshire. The ESF intervention rate is 50% for competitiveness and employment TA. With the agreement of the Programme Monitoring Committee, some regional TA was vired into Priorities 1 and 2 from the non phasing-in areas for the 2011-13 tranche of the programme so that TA now represents 3% of the allocation.

4.12.5 All regional competitiveness and employment TA, apart from the funding ring fenced for the convergence and phasing in areas, is held as a single allocation and is available to support national or local projects in line with the national TA strategy...

4.12.6 Details of eligible TA activity and the TA application process can be found in section 4.16 of this Manual. Annexes 4 to 6 in the non-CFO Manual 3 deal with the application process.

Targets and Indicators

4.12.7 The Operational Programme sets out output and results targets and indicators at programme level. The Managing Authority disaggregated the targets to regional level on the basis of regional financial allocations. The regional targets are reflected in the regional ESF framework documents. The purpose of the targets is to steer and stimulate programme performance. They are not a prediction of actual outputs and results and actual performance may be different, particularly if there are significant labour market changes.

4.13 Selection of Co-financing Operations

Selection of Co-financing activity

4.13.1 The vast majority of ESF provision in Priorities 1, 2, 4 and 5 is delivered through co-financing, except in exceptional circumstances in the Convergence and

phasing-in areas (for the 2007-10 tranche of the programme, after which “phasing in” has been completed), where Co-Financing Organisations (CFOs) might not be able to deliver the full range of ESF activities. Innovative and transnational activity is also being delivered outside of co-financing.

4.13.2 The Managing Authority is responsible for the following aspects of CFO selection:

- The provision of advice, guidance and timetables for action covering every stage of the co-financing selection process;
- The selection of Co-financing Organisations;
- Appraisal of CFO plans;
- Reporting progress on co-financing selection to the ESF Programme Monitoring Committee.

4.13.3 The ESF Programme Monitoring Committee has approved the criteria submitted by the Managing Authority for selection of co-financing operations.

Selection of Co-financing Organisations

4.13.4 ESF Guidance Manual 2 provides full details of CFO selection procedures and requirements.

4.13.5 The Managing Authority is responsible for the selection of CFOs. CFOs operating under the 2000-2006 programmes were able to apply to become CFOs for the 2007-2013 ESF programme. They had to demonstrate that they could continue to manage ESF effectively as a CFO and make a contribution, in conjunction with other CFOs, to regional employment and skills priorities set out in the regional ESF frameworks. Annex 1 of the CFO Guidance Manual lists the CFOs selected.

Eligibility

4.13.6 Other eligible public organisations were also able to apply to become a CFO and had to demonstrate the capacity to manage ESF and contribute to delivery of the regional ESF framework in conjunction with other CFOs to ensure coherent delivery of ESF provision. Organisational and accountability changes within the Department for Work and Pensions (DWP) meant that DWP Delivery Directorate had to apply for CFO status as a new applicant even though Jobcentre Plus (a part of DWP) was a CFO under the 2000-2006 programmes.

4.13.7 The Managing Authority drew up eligibility criteria to become a CFO. These were the same as for the 2000-2006 programmes, namely, that an organisation must:-

- have a legislative remit to deliver one or more of the activities described in the Operational Programme;
- be a public body (that is, it receives over 50% of its funding from central or local government);
- have sufficient cash resources to add to ESF as match funding for the duration of the co-financing plan. For the first round of the programme plans will cover ESF allocations for the calendar years 2007-2010; and
- deliver ESF and match funded activities by contracting with providers from the public, private and third sectors selected through competitive tender.

4.13.8 The following organisations were known to meet the above criteria:-

- Learning and Skills Council (now the Skills Funding Agency)
- Dept for Work and Pensions
- Local Authorities
- Regional Development Agencies

4.13.9 Other organisations were required to contact the Managing Authority to discuss eligibility before completing an application. NOMS did this and were awarded CFO status after following the application and assessment procedures.

Assessment criteria

4.13.10 The Managing Authority developed assessment criteria, which were shared with applicants. The capacity to deliver ESF funded activity in a way that met EU Regulations was fundamental to the award of CFO status.

4.13.11 CFOs that operated in the 2000-6 programme had to identify any changes that might have an impact on their ability to act as a CFO. The Managing Authority also took account of performance as well as any change factors when making an assessment about capacity.

4.13.12 New CFO applicants had to demonstrate that they had sufficient capacity across the following areas:-

- Match funding – availability by amount and sources of clean cash match funding (that is, not in kind match funding).
- People – enough people with the right skills, knowledge base and abilities to cover the range of functions required.
- Accounting systems – that enabled ESF and match funding expenditure to be separately identified and to meet audit trail requirements.
- Audit – providers will be audited to ensure that payment claims are eligible and the regulations respected.
- Management Information – systems were in place to collect participant level data from providers, validate and collate and send it to the Managing Authority.
- Evaluation – the contribution of delivering the CFO plan to the regional ESF framework and Operational Programme will have qualitative evaluation. The Managing Authority and regional ESF committees will be given regular qualitative as well as quantitative reports on the delivery of regional employment and skills priorities.
- Contract management and monitoring – providers from the public, private and third sectors will be managed so that they deliver what is expected of them contractually; and poor performance will be identified and rectified.
- Quality – all provision will be subject to quality inspection by OFSTED where it falls within the OFSTED remit; providers will be supported to help them meet quality standards.
- Publicity – the regulations will be met so that, amongst other requirements, all participants, funded both through ESF and match, are made aware that the

provision is part funded by the European Union.

- State aids – systems are in place to allow monitoring of state aids.
- Cross cutting themes – implementing and mainstreaming the themes of equal opportunities and gender equality, and sustainable development are as required by EU regulations, and compliance with UK legislation on these themes including the equality public duties.

Selection arrangements

4.13.13 The deadline for the receipt of completed applications to become a CFO was 29 June 2007. All applications were assessed jointly by the Managing Authority national and the then regional teams.

4.13.14 The result of appraisal was to either:-

- confirmation of CFO status unconditionally; or
- confirmation of CFO status provisionally subject to supplying further information or rectifying weaknesses identified by the appraisal – this could be in the form of an action plan as to how and when weaknesses will be rectified; or
- rejection of CFO status.

4.13.15 CFO status was awarded for the life of the 2007-2013 ESF programme subject to effective performance, which is assessed by the Managing Authority as part of ongoing monitoring. Future applications for CFO status may be considered by the Managing Authority, though this will be kept under review. For example there may be future changes to policy or other circumstances that emerge that would warrant such consideration.

CFO Plans

4.13.16 CFO plans describe the planned activities and expected outputs and results needed to contribute to national and regional employment and skills priorities including the cross-cutting theme priorities. Plans must take full account of the England ESF Operational Programme and the regional ESF framework.

4.13.17 The Managing Authority produced a common format for CFO Plans. CFO plans must cover all participants and activities, funded through both ESF and match funding, to demonstrate the totality of the CFO's provision and the complementarity between ESF and match funded activity.

Timetable

4.13.18 The first round of CFO plans covered financial allocations for the four calendar years 2007-2010. Activity and expenditure associated with the plan can continue beyond 2010 because spending profiles allow expenditure to take place for up to 2 years after funds have been allocated to meet the European Commission's N+2 spending targets.

4.13.19 The Managing Authority organised a second round of CFO plans covering financial allocations for the calendar years 2011-2013. Activity and expenditure relating to second round plans may continue until the end of 2015. Plans covering 2011-2013 take account of any ESF underspending from the first planning round. CFOs need to manage any overlap of activity and spending between first and second round plans in 2011 and 2012.

Coverage

4.13.20 CFO plans are normally developed at regional level. However, in the South West, CFOs prepared separate plans for Convergence and Competitiveness and Employment funding. In the North West and Yorkshire and the Humber CFO plans cover the whole region, but show separately the specific activities, financial profiles, target groups, outputs and results for phasing-in funding in Merseyside and South Yorkshire.

4.13.21 There are separate CFO beneficiary agreements / Memoranda of Understanding for Convergence and Phasing-in budgets. Where a CFO operates in two ESF Priorities, plans cover activities in both priorities but there are separate tables showing financial allocations, output and results targets for each Priority.

Appraisal of CFO Plans

4.13.22 Appraisal of the first round of CFO plans was carried out by the Managing Authority central and regional teams (in London by the then LDA as the Intermediate Body) to ensure consistency across regions. Appraising staff also took account of information in the Operational Programme, regional ESF frameworks and the application for CFO status.

CFO plans – appraisal: contribution to Operational Programme and regional ESF framework

4.13.23 The plan needed to have clear links to the OP and regional ESF framework. The appraisal needed to confirm that for each Priority covered:-

- planned activities were eligible and appropriate to meet national and regional priorities;
- key participant groups and regional priorities (e.g. in terms of geographical and sectoral targeting) were addressed;
- the delivery of the plan would contribute to regional output and results targets;
- planned activities would complement other CFO provision within the region at Priority level.

4.13.24 Note that where there was more than one CFO plan at Priority level, appraising staff took account of other plans when determining contributions to regional priorities.

CFO plans – appraisal: funding and value added

4.13.25 The key issues for consideration in this section of the CFO plan were:-

- whether the ESF funding allocated at Priority level was justified in the context of proposed outputs and results;

- that domestic budgets/programmes to be used as match funding were clearly identified and contributed to Priority level activities;
- whether spending plans were realistic and capable of meeting regional expenditure targets;
- did the plan provide a detailed breakdown of administrative costs ; were planned administrative costs reasonable, eligible and within the 5% threshold;
- did the plan clearly demonstrate the added value that ESF funding would provide. The plan had to show the relationship between ESF and the match funding and the added value that ESF provided in terms of, for example, additional outputs and results, extra support for the target groups specified in the Operational Programme and regional ESF framework, or enhancements to domestic provision.

CFO plans – appraisal: project selection and tendering

4.13.26 The appraisal confirmed that the plan fully covered the following points:

- how ESF and match funding would be subject to competitive tendering;
- that tendering complied with national tendering requirements (Statutory Instrument 2006/5);
- whether ESF and matched activity would be tendered separately or through a single stream;
- the arrangements and timing for calls for tender and selection of providers;
- how the CFO(s) would ensure that tendering documents addressed the priorities and targets set out in the plan;

CFO plans – appraisal: provider funding and monitoring

4.13.27 Issues for consideration:-

- did the plan explain how contract costs would be determined and were these satisfactory;
- were there any plans to reimburse providers using actual costs (for example travel and/or child care costs might be reimbursed on the basis of actual costs). If so, what were the reasons and how would costs be verified;
- did the plan set out the arrangements for monitoring ESF providers in terms of delivery arrangements, results and outputs and financial performance;
- how would quality standards be assured and OFSTED recommendations be addressed;
- how would core participant management information be collected from providers and provided to the Managing Authority.

CFO plan – appraisal: cross cutting themes

4.13.28 Plans demonstrated:-

- how gender equality and equal opportunities would be addressed including any particular regional priorities;
- how ESF would support approaches to sustainable development including

environmental sustainability;

- how the cross cutting themes would be addressed in tender specifications and provider delivery.

CFO plans – appraisal: implementation

4.13.29 This section of the plan identified the key stages and milestones during the first year of the plan to enable monitoring and review of progress. CFOs identified milestones according to the nature and scope of the plan including:

- milestones for completing tendering and provider contracting;
- planned participant starts quarterly;
- progress towards the achievement of results targets.

CFO plans - endorsement by the regional ESF committee

4.13.30 Final CFO plans, including the ESF allocations and output and results targets, were endorsed by regional ESF committees before CFO beneficiary agreements / Memoranda of Understanding were concluded. CFO plans for 2011-13 were all endorsed before the regional ESF committees were disbanded.

Supplementary CFO Plans

4.13.31 If necessary, the Managing Authority may invite CFOs to develop supplementary CFO plans to take up any additional funds that become available, for example through exchange rate fluctuations. In these circumstances the Managing Authority will issue guidance in the form of an Action Note on the content and process for supplementary CFO plans.

List of beneficiaries and operations

4.13.32 The Managing Authority maintains a list of beneficiaries and operations on the national ESF website. It lists the CFOs by region. Under each CFO, it lists the names of their projects and the project providers, including any sub-contractors and partners, the amount of funding (i.e. sum of ESF and/or match funding) allocated to the provider, and whether the agreed activity is live or closed. The list is:

- generated from information supplied by CFOs to the Managing Authority.
- updated quarterly.
- shared with the European Commission and may also be used on the Commission's website

Reviewing performance

4.13.33 The Managing Authority reviews the performance of each CFO. The three national CFOs (DWP, NOMS and the Skills Funding Agency) present a report at each biannual Programme Monitoring Committee meeting; the Managing Authority holds a review dialogue with these CFOs in the alternate quarters. The local CFOs are monitored annually. The performance of the London CFOs is reviewed by the London Intermediate Body.

4.14 Selection of non-co-financing operations

4.14.1 ESF Guidance Manual 3 provides full details of non-CFO selection procedures and requirements.

4.14.2 Whilst the vast majority of ESF funded activity in the Convergence and phasing in areas is delivered through co-financing, in exceptional circumstances some activities can be managed by a process of application for a grant. The types of circumstances where this might happen are, for example:-

- the CFO does not have sufficient match funding to cover all the activities within a priority – phasing-in areas have very heavily front loaded expenditure profiles;
- no CFO has a remit for the particular type of activity needed to deliver the regional ESF framework – the Convergence priorities cover a wider range of activities than those for the competitiveness and employment priorities.

4.14.3 In such circumstances, the Managing Authority will issue a very limited call for project proposals that might be confined to, for example,

- a specific type of activity;
- a specific target group;
- a specific geographical area;
- combinations of the above.

4.14.4 As there are no CFOs in Gibraltar, the guidance in this section applies to all Gibraltar projects. All activity except Technical Assistance and innovative and transnational projects in non phasing in regional and competitiveness areas is fully co-financed. For 2011-13, all activity in the phasing in areas is also fully co-financed.

4.14.5 The ESF Programme Monitoring Committee has approved the criteria submitted by the Managing Authority for selection of operations outside of the co-financing model.

4.14.6 Applications are appraised by the Managing Authority (and by the Intermediate Body in Gibraltar) to assess to what extent the expected criteria have been met. The intention is not to judge how well the form has been completed, but whether the proposed project and delivery arrangements will provide a best fit with the provision that is required and will be delivered in a way that meets regulations. In order to have a transparent system that differentiates between separate applications, a rating system is used for the items in the business plan.

- **Excellent** – consistently strong in all aspects of the criterion
- **Good** – consistently good in all aspects of the criterion. Minor weaknesses are capable of remedy and compensated for by strengths in other areas
- **Acceptable** - weaknesses are capable of remedy but need to be addressed prior to contract or subject to specific conditions in offer letter
- **Unacceptable** – the information provided is insufficient to allow for an effective assessment to be made or assessor satisfied that criterion cannot be met

4.14.7 Some questions are “gateway” questions as indicated in the appraisal framework below. If any gateway question is given a rating of “unacceptable”, it means that the whole application is rejected.

4.14.8 Taking each question in turn, with the respective rating for the question, the appraisal team apply the expected standards and make a formal signed and dated record of the appraisal.

Part 2 Project Description and contribution to the regional ESF framework

Business plan item	Criteria
4.2. Project description Gateway question	<p>The call for proposals will have set the call within the context of the regional ESF framework and complementary activities set out in CFO plans.</p> <p>The main criterion here is to ensure that the proposed activity does fit the call for proposals and the regional ESF framework and does not duplicate activity that is managed through co-financing.</p> <p>There should be evidence of working with the CFOs in partnership to ensure complementarity.</p> <p>There should also be evidence that planned ESF activity will complement ERDF activity.</p> <p>The project must give a breakdown against the costs of the planned number of participants, outcomes and results, which again should fit with the call for proposals.</p> <p>The key milestones should give an indication as to the viability and deliverability of the project.</p>
4.3. Sub-contracting	<p>If sub-contracting will not be used, then no rating should be given.</p> <p>If sub-contracting is to be used, it must be clear how sub-contractors will be selected in a transparent way; how their performance will be managed, and how value for money will be ensured.</p>
4.4. Added value	<p>Must indicate how ESF will bring added value to the project in terms of quantity (egg numbers supported; additional outcomes) and/or quality (e.g. additional support such as carer care; ESOL training).</p>

Part 4 State aids

Business plan item	Criteria
4.2. State aids processes	<p>If the answer to 4.1. is "yes", there must be evidence that the applicant has the capacity to collect and collate the required information, and understands what the obligations on them are.</p>

Part 5 Cross cutting themes

Business plan item	Criteria
5.2. Sustainable development theme Gateway question	Proposals for implementation and mainstreaming the theme of sustainable development are as required by EU regulations, and as set out in the Operational Programme and regional ESF frameworks, and compliant with UK legislation on these themes. The proposal must describe how this theme will be embedded across the whole of the project, including any activities delivered by sub-contractors.

Part 6 Capacity

Business plan item	Criteria
6.2. People	There needs to be enough people with the right skills, knowledge base and abilities to cover the range of functions required.
6.3. Accounting systems	These must enable ESF and match funding expenditure to be separately identified and to meet audit trail requirements.
6.4. Monitoring and audit	There must be assurance that all the costs claimed will be eligible and that all aspects of project activity will be monitored against planned financial, output and results targets.
6.5. Management information.	Systems must be in place to collect participant level data (from sub-contractors if relevant), validate and collate and send it to the Managing Authority
6.6. Evaluation	This should set out how the contribution of delivering the project to the regional ESF framework and Operational Programme will be subject to a qualitative evaluation.
6.7. Quality	As ESF funded provision is potentially subject to inspection by OFSTED, there must be systems in place to ensure quality standards and continuous improvement, and support to any sub-contractors to enable them to meet the standards.
6.8. Publicity	The application must show how the regulations will be met so that, amongst other requirements, all participants are made aware that the provision is part funded by the European Union.

Part 7 Financial viability

Business plan item	Criteria
7.1. Legal status	Gateway question when taken together Full information must be provided for all the questions, otherwise the risks of proceeding are likely to outweigh the benefits.
7.2. Audited accounts for last three years	
7.3. Auditor name and address	
7.4. How long in existence	

Part 8 Track record

Business plan item	Criteria
Details of previous ESF and other government funded projects	Evidence should be compiled in the form of, for example, accuracy and timeliness of claims; Article 4 visits; Article 10 visits; other GO contacts, to assess previous performance of the applicant

Part 9 Project expenditure details and Part 10 Financial summary

Business plan item	Criteria
Total project costs	Do the projected costs give value for money when set against the projected number and type of participants, outcomes and results. How well do the costs and associated targets relate to the broad costs and targets in the regional ESF framework.

Part 11 Public match funding

Business plan item	Criteria
Amount and source Gateway question	There must be evidence of the amount and source of clean cash match funding.

Part 12 Declaration

Business plan item	Criteria
Declaration	Must be signed and dated.

4.14.9 The appraisal makes an overall assessment of the application and makes a recommendation as to whether the project should receive funding. Where several applications have been received and there are not sufficient funds to enable all acceptable applications to be funded, the appraisers rank the applications, giving a justification for the ranking.

4.15 Community Grants

4.15.1 For further details of Community Grants requirements and procedures see ESF Guidance Manual 2 for CFO led activity and Guidance Manual 3 for non-CFO activity.

4.15.2 The Managing Authority has developed arrangements to implement a small grants scheme that builds on the experience of the Global Grants initiative operating under the 2000 – 2006 ESF programme. The arrangements for the new small grants scheme, known as ‘Community Grants’, have been endorsed by the ESF Programme Monitoring Committee.

4.15.3 ESF Community Grants enable small third sector organisations that would not otherwise be able to access ESF to access small grants through simplified application arrangements. Grants focus on progression towards the labour market but do not duplicate provision that is available through mainstream ESF activity. Grants strengthen the ability of small third sector organisations to deliver employment and skills activities to disadvantaged people.

Grant Co-ordinating Bodies

4.15.4 ESF Community Grants are awarded and administered by Grant Co-ordinating Bodies. Community Grants are delivered primarily through Co-financing arrangements with Grant Co-ordinating Bodies selected through open and competitive tendering. Grant Co-ordinating Bodies are responsible for:

- publicising the availability of grants and making calls for applications in line with agreed regional priorities;
- selecting successful third sector applicants, agreeing level of approved grant and planned outcomes (for many grant awards outcomes are likely to focus on progress towards mainstream ESF and other provision);
- providing support, where necessary, to grant recipients to help them manage ESF effectively;
- monitoring performance and delivery of grant recipients and reporting back to the CFO.

Eligible activity

4.15.5 ESF Community Grants support a range of activities aimed at assisting the disadvantaged or excluded to move closer to the labour market by improving their access to mainstream ESF and domestic employment and skills provision. Activities support participants from the target groups in the Operational Programme but because the focus is on individuals who have difficulty in accessing ESF or mainstream provision, outcomes are more likely to be based on progression rather than achievement of jobs and qualifications.

4.15.6 Grants must not be used to duplicate provision that is available through other ESF co-financing – they provide support to hardest to reach communities and individuals to access and succeed in this or other provision. The small third sector organisations that access grants are likely to be well placed to reach excluded individuals facing barriers which hinder access to the mainstream. The grants support a wide range of activities including:

- initial help with basic skills;
- taster work experience including voluntary work;
- training, advice and counselling;
- job search assistance including the provision of equipment and other assistance necessary to secure employment;

- confidence building;
- first contact engagement activities, for example to provide support to engage individuals with barriers in a non-threatening environment.

4.15.7 In addition, there is limited scope (up to 10% of the ESF available to support Community Grants) for grants to provide support to small third sector organisations themselves. Such support might include:

- training for staff and volunteers in third sector organisations on mainstream routes to employment and training;
- actions to support the development of delivery and accreditation arrangements in-house.

4.15.8 Care should be taken to avoid funding activities that are more appropriate for Technical Assistance.

4.15.9 If there were situations where third sector organisations had common needs, for example accreditation of staff for a particular qualification, it might be more cost effective for the co-ordinating body to provide this through the provision of a service rather than a grant.

Funding

4.15.10 ESF Community Grants operate in priorities 1 and 4 of the Operational Programme. Ministers have agreed that up to 2.5% of ESF in these priorities can support small grants. Up to 4% of Priority 1 allocations for 2007-2010 may be allocated to Community Grant activity in phasing-in areas.

4.15.11 The maximum amount of ESF grant awarded is £15,000 per small third sector organisation per year. There is the flexibility to decide a lower maximum. (Up to 31 December 2013 the upper limit for individual Community Grants was £12,000)

Delivery arrangements through Co-financing

4.15.12 ESF Community Grants are delivered at regional level with a separate scheme in each region. Regional ESF frameworks may have identified issues or areas where grants should be targeted. Regions also decide on the level of ESF from Priority 1 to support Community Grants within the 2.5% limit (4% in phasing-in areas for 2007-2010 allocations).

4.15.13 Community Grants are delivered primarily through Co-financing arrangements in England (through the Skills Funding Agency and London Councils). Non-CFO delivery has been agreed in the Merseyside phasing-in area for 2007-2010 to enable activities supported under the Objective 1 programme to be completed. The Grant Co-ordinating Body in Merseyside was selected through a call for proposals and has to provide all of the required public match funding.

4.15.14 Community Grants are awarded to small third sector organisations to support particular groups and achieve agreed outcomes and objectives. It is still necessary to capture and report on the outcomes achieved by the grant recipients including soft outcomes.

4.15.15 Grant Co-ordinating Bodies need an appropriate level of resource to meet their administration costs. Contract cost payments need to reflect necessary administration costs and provide the cash-flow for co-ordinating bodies and grant recipients where necessary. An appropriate level of administration costs has been

agreed, normally within a limit of 10% of the ESF awarded to the grant co-ordinating body. The normal limit of 10% can be exceeded, for example in regions with below average Priority 1 allocations. Administrative costs reflect necessary administrative, overhead and support costs to be undertaken and are agreed as part of the normal tendering and contracting arrangements within Co-financing.

Allocation of grants

4.15.16 Grant Co-ordinating Bodies are required to allocate grants to small third sector organisations through an open, transparent and competitive process. They must advertise the call for applications for small grants widely and specify what activities can be supported including any targeting of participant groups.

4.15.17 The allocation of grants is made on the basis of selecting third sector applicants against specific criteria set out in calls for grant applications. Selection arrangements must be clear and transparent and published alongside the call for applications. A list of third sector organisations who are awarded grants following the selection process must be published. Grant recipients receive 100% ESF.

4.15.18 Given the nature of the grants and delivery through small third sector organisations, it is not appropriate to award them through full open and competitive tendering arrangements. As the grants themselves are not awarded through tendering, grant recipients are required to maintain records of actual grant expenditure to ensure a full audit trail.

Monitoring and reporting arrangements

4.15.19 [paragraph deleted]

4.15.20 To ensure that key information on progress can be reported in the Annual Implementation Report, Grant Co-ordinating Bodies are required to supply the following key data:

- number of applications for grants received;
- number of grants awarded;
- average value of grants awarded;
- number of participants supported through grants;
- achievement of soft outcomes, jobs and qualifications;
- short case studies of how grants have supported specific target groups and specific outcomes achieved (case studies to be provided for 10% of completed projects; and
- summary of how grants are supporting regional priorities.

4.16 Technical Assistance (TA)

4.16.1 Details of procedures, requirements and application forms for Technical Assistance activity can be found in the non-CFO Manual 3 (Annexes 4, 5 and 6 deal with the application process).

4.16.2 The requirements for the use of Technical Assistance by Member States are set out in Article 46 of Council Regulation 1083/2006. The England ESF Operational Programme sets out the eligibility of TA funding to support the management and implementation of the programme.

4.16.3 The Managing Authority is responsible for developing and updating a Technical Assistance strategy that sets out the allocation of funding, procedures and requirements for the programme. The ESF Programme Monitoring Committee considered and commented on the TA strategy at its meeting in October 2007 and there have been subsequent annual progress reports and a revised strategy, which can be found here: <http://www.dwp.gov.uk/esf/resources/technical%2Dassistance/>

4.16.4 Details of the allocation of funding to support Technical Assistance activity are set out in section 4.12.

4.16.5 Technical Assistance is eligible to support:

- preparatory, management, monitoring, evaluation, information and control activities of the Operational Programme;
- activities to reinforce the administrative capacity for implementing the funds at national and local levels;
- the Operational Programme's publicity and communication strategy;
- support for the cross-cutting themes of gender equality and equal opportunities and sustainable development;
- the development and implementation of programme monitoring and evaluation systems;
- support for the delivery of transnational and inter-regional activity;
- support to third sector networks to support participation by voluntary and community organisations in the programme, and;
- in the Convergence Objective only, technical assistance can be used to invest in administrative capacity to facilitate programme delivery and strengthen capacity in input analysis and evaluation.

4.16.6 Applications for Technical Assistance must be in accordance with the single TA strategy that has been developed in the light of abolishing regions as administrative entities.

4.16.7 National level TA will support the following activities:

(i) Programme evaluation

4.16.8 The Managing Authority has commissioned the ESF evaluation team to produce an evaluation strategy and plan covering the Convergence Objective and the Competitiveness and Employment objectives. See section 4.30 in this Manual for more information on the evaluation strategy).

(ii) Publicity and information

4.16.9 The Communication Plan for the Operational Programme was presented to the national ESF monitoring committee. See section 4.37 in this Manual for more detail.

(iii) Programme implementation

4.16.10 The Managing Authority uses national TA to support key implementation issues:

- resource to support the implementation of the cross-cutting themes (gender

equality and equal opportunities, and sustainable development;

- the costs of developing and implementing new ESF IT systems to support the delivery of the new programme.
- Part funding the Innovation, Transnational and Mainstreaming Unit as an Intermediate Body.

4.16.11 The Managing Authority has produced an implementation plan setting out implementation arrangements for the above items together with an indicative budget which has been presented to the programme monitoring committee as the basis for TA support.

(iv) Adult learners' week

4.16.12 TA is available to support Adult Learners' Week, which is delivered by NIACE. It promotes education and training for adults, provides access to information and guidance, motivates more and different adults to participate in learning and celebrates the learning achievements of adults. Publicity is a key part of the design and purpose and therefore a key contributor to the ESF publicity effort.

(v) Third sector support

4.16.13 TA is available to support third sector networks in order to enable participation by voluntary and community sector organisations in the programme. This might include building the capacity of providers to publicise the ESF elements of their work.

(vi) [Heading deleted]

4.16.14 [Section deleted]

(vii) National CFO support

4.16.15 Co-financing organisations (CFOs) manage ESF and as beneficiaries, are entitled to claim actual ESF administration costs within set limits, through their agreements with the Managing Authority.

(viii) Other

4.16.15 National TA may support other eligible activities not identified in this manual but which support the TA strategy and meet the eligibility criteria set out in the Operational Programme.

4.16.16 For items (i) – (iii), the Managing Authority manages TA activity in line with the strategies and implementation plans considered by the PMC. The Managing Authority has identified match funding for these items. For items (iv) – (viii) the Managing Authority requests proposals from relevant providers and seeks PMC endorsement for individual projects. These providers are required to supply the required match funding.

4.16.17 Although some national TA activity does indirectly benefit the Convergence region, e.g. national publicity requirements, there is not a case for apportionment against Convergence budgets.

Regional TA strategies

4.16.18 In the Competitiveness and Employment Objective, each region developed a regional TA strategy to be considered by the then regional ESF committees. In North West and Yorkshire and the Humber the regional TA strategies identified the specific

needs and budget requirements of the phasing-in areas. Regional TA strategies took account of the priorities in the regional ESF frameworks, set out the arrangements for approving TA projects and included an indicative budget.

4.16.19 The central Managing Authority considered all regional ESF strategies in order to ensure there was no duplication with national TA activity and to agree any additional TA allocation from the funds set aside for regional TA activity. With the demise of regions, the regional TA strategies were superseded by a single strategy that allows national and local TA projects.

4.16.20 The Convergence area has its own TA budget and has developed its own Convergence TA strategy taking account of the needs of Cornwall and priorities in the convergence ESF framework.

Eligibility

4.16.21 The normal eligible date for TA expenditure is no earlier than the date a TA application is received by the Managing Authority. However, for any applications received in 2007 the eligible date could be from 9 August 2007 – the date the Commission adopted the Operational Programme – providing a suitable case could be made.

Reviewing TA implementation

4.16.22 The Managing Authority reports annually to the PMC on TA progress and implementation.

4.17 Innovation and transnational activity

4.17.1 A sub-committee of the PMC considered the arrangements for implementing innovative ESF projects outside of co-financing arrangements. LSC (now SFA) and DWP CFOs indicated they could not tender for separate innovative projects. The Managing Authority therefore issued its own call for proposals for regional innovative and transnational projects. Applicants were required to provide their own match funding in accordance with section 4.13 of Manual 3.

4.17.2 Up to 2% of the ESF allocations in Priorities 1, 2, 4 and 5 was available to support innovative projects. Innovative ESF projects test out new ways of addressing difficult skills and employment issues in the labour market. Projects have at least one transnational partner so that experience from other member states can be taken into account. It is important that there is 'buy-in' from relevant policy colleagues so that the results of innovative activities can be mainstreamed at national or local level.

4.17.3 The ESF regulation requires member states to identify the themes for innovative activity which innovative projects should address. The innovation sub-committee has developed these themes taking into account priorities set out in regional ESF frameworks. Regional committees were invited to select one or more themes that best reflected regional priorities. The sub-committee also agreed that given overall resource constraints, the number of innovative projects should be limited to up to three projects per region (four in London). In addition it was considered that there must be some co-ordination of innovative and transnational activity to assist regions in selecting projects and co-ordinating activities subsequently. A co-ordinating body, Birmingham City Council, was selected through a competitive process and funded through national ESF Technical Assistance. This Innovation, Transnational and Mainstreaming Unit (ITMU) has subsequently been

designated as an Intermediate Body

4.17.4 See section 4.8 for a description of the role and responsibilities of the ITMU.

4.18 Cross cutting themes

4.18.1 There are two cross-cutting themes:

- gender equality and equal opportunities; and
- sustainable development (which incorporates environmental sustainability).

4.18.2 EU Regulation 1083/2006 Articles 16 and 17 require these themes to be promoted during the various stages of the implementation of the programme. The cross-cutting themes, and the provider's role in promoting them, will be evaluated during the life of the programme. Their implementation is also covered by monitoring and audit activities. All providers are expected to comply with relevant legislation.

4.18.3 Cross-cutting themes are being promoted through the dual approach of:

- mainstreaming the themes into the delivery of all projects; and
- supporting specific actions (for example, activities aimed to improve women's participation, or to provide training in environmental management).

4.18.4 Guidance and requirements for beneficiaries on the cross cutting themes is set out in:

- **Manual 2** – CFO Beneficiary Guidance and Requirements, Section 2.34; and
- **Manual 3** – Non-CFO Beneficiary Guidance and Requirements, Section 3.19.

4.18.5 The Managing Authority and the Intermediate Bodies examine progress in implementing the cross-cutting themes (including the targets on the participation of women, ethnic minorities, disabled people and older people) when they hold reviews with CFOs as part of the Article 13 programme. CFOs are required to explain action taken to address any under-performance. The Managing Authority/Intermediate Body will request case studies and examples of good practice for publicity purposes.

4.18.6 The ESF Gender Equality and Equal Opportunities and Sustainable Development Sub Committees have agreed national mainstreaming plans for the 2007-2013 programme.

4.18.7 (paragraph deleted)

4.18.8 Further guidance and training materials on the cross cutting themes may be developed by the Managing Authority as required during the course of the programme.

4.19 Funding Agreements

4.19.1 The Managing Authority has drawn up a series of funding agreements for signature by the Managing Authority and CFOs, and non-CFO beneficiaries. **Annex 6** contains copies of the different types of funding agreements including variations.

4.19.2 The Managing Authority and Intermediate Bodies are responsible for the servicing of these contractual agreements including any variations that may need to be made during the life of the programme.

CFOs

4.19.3 The contracts between the Managing Authority and those CFOs that are not part of central government are termed 'beneficiary agreements'. The beneficiary agreement authorises the CFO to select and approve ESF projects in accordance with EU and national procurement legislation.

Central government CFOs

4.19.4 The contracts between the Managing Authority and the three central government CFOs (DWP, NOMS and the Skills Funding Agency) are termed a 'Memorandum of Understanding', as the Crown is indivisible and cannot have a contract with itself.

4.19.5 The purpose of the Memorandum of Understanding is to set out the obligations of these CFO in delivering performance and the compliance requirements that constitute the agreement on the arrangements for selection and approval of ESF projects. Annex 6 includes a copy of the Memorandum of Understanding

Non CFOs

4.19.6 The contracts between the Managing Authority and the non CFO applicant are termed non CFO Agreements. In this Agreement the applicant agrees to deliver the project in line with the Operational Programme and the application for ESF support. Annex 6 includes a copy of the non CFO Agreement.

Technical Assistance

4.19.7 For Technical Assistance the contracts between the Managing Authority and the applicant are termed Technical Assistance Agreements. In this Agreement the applicant agrees to deliver the project in line with the Operational Programme and the application for TA. Annex 6 includes a copy of the Technical Assistance Agreement.

Variations

4.19.8 The Managing Authority has drawn up documentation to record any variations to the memoranda of understanding and agreements set out above. Annex 6 includes copies of the variations agreement.

4.20 Payments to beneficiaries

4.20.1 Manual 1, sections 1.9 to 1.12 sets out the detailed expenditure eligibility rules for CFO and non-CFO organisations.

CFO expenditure

4.20.2 For co-financed provision, claims for reimbursement of ESF are normally based on payments made to providers on the basis of contractual arrangements between the CFO and its providers. Since providers are selected through competitive tendering, there is no requirement for them to provide evidence of actual eligible expenditure although CFOs must retain evidence that services agreed and paid through contract cost arrangements have been provided in accordance with the contract. This also applies where the CFO pays providers by means of a grant where that is based on standard scales of unit costs. If, exceptionally, the contract between the CFO and a provider stipulates the use of actual eligible expenditure, then the rules governing the eligibility of expenditure must be followed. Claims from CFOs for reimbursement of ESF relating to administrative costs must also follow the rules on actual eligible expenditure.

Non CFO expenditure

4.20.3 Non CFO and Technical Assistance expenditure must be declared on the basis of actual ESF expenditure (including match funding) because projects are not selected through open and competitive tendering. Expenditure declared must be justified by supporting paid invoices or other appropriate accounting documents.

4.20.4 Claims based on actual eligible expenditure can cover staff, participant and other costs.

4.21 Processing claims

4.21.1 [Section deleted.]

4.21.2 Further information on making claims is available in ESF Guidance Manual 2 for CFO activity and ESF Guidance Manual 3 for non-CFO activity.

4.21.3 The Managing Authority in cooperation with the Certifying Authority has developed a claims procedure that enables beneficiaries to declare eligible expenditure included in the memorandum of understanding (MOU), beneficiary or funding agreement and for payments to be based on expenditure declared.

4.21.4 The Managing Authority will not make advance payments to CFOs or non-CFO providers. Reimbursement is for actual ESF expenditure declared. There will be no retention of payments and claims are paid in full subject to satisfactory submission of the claim.

Processing of claims

4.21.5 Application for reimbursement of ESF are submitted, received, verified, validated and authorised through the ESF IT system "INES".

4.21.6 Beneficiaries submit their claims for reimbursement (including Technical Assistance claims) electronically to the Managing Authority or Intermediate Body (for London and Gibraltar) for approval. The Managing Authority undertake a number of checks to certify (verify and validate) the claim for payment of ESF. The Managing Authority then scrutinises and authorises the claims. The intermediate bodies will also undertake checks to certify (verify and validate) the claim for payment of ESF. Once certified, claims will be submitted to the Managing Authority for scrutiny and authorisation.

4.21.7 Following scrutiny, the Managing Authority Operations Manager conducts an independent final set of checks for authorisation. Following this they submit an application for payment of the claim using the DWP Resource Management payment system. The amount paid to the beneficiary is the actual amount of ESF claimed in Sterling (less any adjustments e.g. irregularities, self corrections etc.)

4.21.8 Once authorised the expenditure for the claim enters the electronic reports that form part of any claim for reimbursement to the Commission. Conversion to Euro is made electronically using the appropriate monthly accounting exchange rate as published by the Commission.

4.21.9 Claim arrangements are summarised below. Detailed information on claim and payment arrangements are provided by the INES system...

Interim manual claims process

4.21.10 Until March 2010 ESF claims were made through a manual process. Since

then all claims have been made electronically through the ESF IT system. See Annex 13 for details of checks made using the manual system for information and in case there is a major systems failure that necessitates use of the manual system.

Claims

4.21.11 Beneficiaries must submit claims for payment for the quarters ending on the last day of February, May, August and November within 20 working days of the quarter end. The Managing Authority must be informed if this timetable cannot be met. There is scope to submit claims outside of these periods if the need arises.

4.21.12 Claims must include expenditure only for the period covered by the claim together with any expenditure for previous periods that has not been previously declared. Claims must show the amount of ESF and match funding. For CFO claims, a breakdown of expenditure by contract cost payments to providers, other costs, administration costs and revenue received is required. For non-CFO activity, claims must show a breakdown of expenditure by staff costs, participant costs, other costs, transnational costs for ITM projects, and any revenue received. Beneficiaries are also required to declare any ineligible expenditure included in previous claims and recoveries of funds identified and confirmed as irregularities from previous claim periods

4.21.13 Where actual expenditure varies by more than plus or minus 15% beneficiaries must provide a reason for the variance. If the next quarterly claim also has variances in excess of 15%, the beneficiary must provide a revised profile with that claim. Failure to revise profiles may result in payments being suspended. The number of participant starts in the period must also be provided as must participant management information for the period up to the end date of the previous claim.

4.21.14 The claim also requires the beneficiary to provide narrative comments on ESF performance in the period covered by the claim including any significant issues affecting delivery of the funding agreement. CFOs should also provide a breakdown of in period ESF and Match funding provider costs as agreed with the organisation.

Claims

4.21.15 The claim for final payment is similar in format to the claim and provides the final declaration of expenditure and revenue for the agreement.

4.22 Irregularities and recoveries

4.22.1 The Certifying Authority in ESF Division is responsible for the coordination of irregularities for the 2007-2013 programme. ESF Division has developed systems and procedures to ensure compliance with Regulation 1828/06 Articles 27-36 and streamline/simplify the processes which existed for the 2000-2006 programme.

4.22.2 The Managing Authority and ITM Unit are responsible for notifying irregularities arising from Article 13 controls. DWP Audit Authority is responsible for notifying irregularities found during Article 16 audits.

4.22.3 The INES IT system is used to record and manage irregularities as well as providing most, if not all, of the reports required by key stakeholders. The Certifying Authority is responsible for maintaining the Irregularities Register and for reporting irregularities over the €10,000 reporting threshold to OLAF (the European

Commission's Anti-Fraud Office) via the IMS database.

All irregularities occurring as a result of suspected fraud will be notified to OLAF even if they are below the €10,000 threshold, as per the regulations.

4.22.4 [Paragraph deleted]

4.22.5 Irregularities **both above and below** the reporting de minimis of €10,000 should be notified to the Certifying Authority via the INES Structural Fund Irregularity Report screens. Details of how this should be completed are found at **Annex 7**.

4.22.6 The ITM Unit and Audit Authority do not have access to the INES irregularities functionality. They should therefore report all irregularities via email to the Managing Authority using an Excel based Structural Funds Irregularity Report. See **Annex 7a**. They should copy in the Certifying Authority contact point when notifying the Managing Authority of any irregularities. The contact point is Rebecca Shepherd – Rebecca.shepherd@dwp.gsi.gov.uk (0114 294 3377).

4.22.7 The system ensures that:

Initial reporting (Article 28)

- Individual irregularities in excess of the €10,000 reporting threshold, or aggregated de minimis irregularities for a single organisation with a total irregularity value exceeding €10,000 are reported to OLAF, via IMS, within 2 months of the quarter end following detection. See **Annex 7** for guidance on when an irregularity is to be reported;
- if irregularities detected are systemic in nature and may therefore entail a risk to other beneficiaries or operations, procedures are in place to take preventative and corrective action;
- the Structural Fund Irregularity Report Form (SFIR) used to report irregularities provides all the information required under Article 28.1;
- irregularities both above and below the €10,000 reporting threshold are notified as irregularities and treated accordingly in EC claims;
- in cases of 'suspected fraud' an irregularity should be reported as soon as it is established that the potential of fraud exists.

Urgent cases (Article 29)

4.22.8 The Managing Authority will notify urgent cases to the Certifying Authority for onward reporting to OLAF, via IMS without delay.

Reporting of follow-up (Article 30)

4.22.9 The Certifying Authority submits updated reports to OLAF, via IMS, within 2 months of the quarter end, outlining developments in the course of the administrative or judicial process which result in important changes to the information previously reported;

4.22.10 The irregularities register and IMS database are also updated to reflect the latest information reported to OLAF.

Electronic Transmission (Article 31)

4.22.11 Irregularity reports are sent electronically to OLAF via the IMS database by

the Certifying Authority.

Irregularities under the reporting threshold (Article 36)

4.22.12 Irregularities both above and below the €10,000 reporting threshold are recorded on the irregularities register which holds details of the amounts that are recoverable and amounts that have been recovered or withdrawn from Programme Declarations of Expenditure (EC Claims) in line with Regulation 1083/2006 Article 61(f).

An irregularity below €10,000 that has been notified as suspected fraud will be notified to OLAF via IMS.

Conversion to Euros (Article 36)

4.22.13 Irregularities both above and below the reporting threshold are converted to Euros in line with Regulation 1083/2006 Article 81.3.

Extrapolation of irregularities – CFOs

4.22.14 The principle of extrapolation is no longer applied to the ESF programme by the Managing Authority. Where A13 On the Spot verification visits establish that there are irregularities within one or more subset populations being tested (such as participants with job outcomes or qualifications) and they have similar characteristics (such as missing participant records or inadequate audit trail for on programme payments claimed) the CFO will perform a check of the remaining sample to establish the extent of the irregularity in the population and report the outcome to the Managing Authority for verification.

If the extended sample establishes that there are similar irregularities, the principle of testing the whole claim for this issue will apply. Further work will be carried out by the CFO on the remainder of the population covered by the A13 control to calculate the full extent of the irregularity within the whole claim period being verified. Where necessary this will also include a test of other agreement claims within the same claim period to test whether the issue is wider than a single claim.

The CFO will report their findings to the Managing Authority, and this will include evidence to support the methodology used and the subsets and claim periods covered by their audit activities to demonstrate the basis for any additional irregular expenditure.

Systemic irregularities

4.22.15 A systemic irregularity is defined by the Commission as “a recurrent error due to **serious failings in management and control systems** designed to ensure correct accounting and compliance with rules and regulations”.

For ESF a systemic error is one which indicates a significant failure in the management and control system operated by either the operator, CFO or the Managing Authority.

Recycling of cancelled funds

4.22.16 Funds that have been subject to correction and removed from a claim may not be reused by the operation or operation subject to the correction. EU Regulation 1083/2006 Article 98(paras 2 and 3) states:

- “(2) The Member State shall make the financial corrections required in connection with the individual or systemic irregularities detected in operations or operational programmes. The corrections made by the Member State shall consist of cancelling all or part of the public contribution to the operational programme.....”
- “(3) The contribution cancelled in accordance with paragraph 2 may not be reused for the operation or operations that were the subject of the correction, nor, where a financial correction is made for a systemic irregularity, for existing operations within the whole or part of the priority axis where the systemic irregularity occurred”

4.22.17 The Managing Authority will recover all irregular expenditure at the agreement level which will be held centrally for possible redistribution at a later date.

The Managing Authority will monitor where the irregular funds have been recovered from and if it decides to recycle funds, will ensure that they cannot be reused by the operation or operations that were subject of the irregularity.

Financial corrections

4.22.18 All irregularities are divided (via Priority Intervention Rate) between ESF and match funding regardless of where the irregular expenditure was identified. Therefore an irregularity identified in match funding will impact on ESF resulting in a reduction to the next claim payment, then a variation to the agreement and re-profiling to account for the ESF proportion of the irregularity.

Where an irregularity is identified in match funding it must be noted that the ineligible match cannot be removed and replaced with eligible match to negate the irregularity. This is due to claims being submitted for in-period costs which is a change from the 2000-06 programming period where providers submitted claims based upon cumulative costs.

Implementation of Stage 3 INES, introduced in September 2011, allows for the automatic calculation of the indirect costs percentage associated to the value of the irregularity. For example where an irregularity is identified for £1000 and the agreement carries an indirect cost percentage of 10%; INES automatically includes an additional 10% to the value of the irregularity making it £1100.

Self declared adjustments (SDAs)

4.22.19 Where either a CFO or a project provider identifies voluntarily that an error has been made on a previous claim then they can submit a self declared adjustment in a subsequent claim. Identified errors that can be corrected include clerical errors or ineligible expenditure that has been discovered as part of the CFO or project providers own management and control system.

Self declared adjustments cannot be declared by the CFO or project provider on claims where they have been notified that it has been selected for inspection during an Article 13/16 visit. Where the CFO or provider has been notified that the whole agreement has been selected for audit by another audit body e.g. NAO, ECA etc then no self declared adjustments can be made on that agreement.

Where a CFO or provider has identified an error prior to receiving notification of an Article 13/16 inspection or an audit and have not yet declared the adjustment; then the CFO or provider should collate evidence of detection and action taken as part of their evidence to highlight the robustness of their management and control systems.

Any expenditure identified as suspected fraud should be notified as an irregularity and cannot be declared as an SDA.

For further guidance on how SDAs should be declared including best practice examples see **Annex 8** Self Declared Adjustments Desk Aid.

Recoveries

4.22.20 The ESF payment system for the 2007-13 programme, INES, supports the prompt recovery of irregular expenditure.

4.22.21 Recoveries are processed as follows:

- once an irregularity is detected the details of the irregular expenditure by claim period and heading are recorded on INES; once the irregularity is quantified the irregularity details are updated to reflect this status and irregular funds deducted from subsequent Programme Declarations of Expenditure (EC Claims);
- where a beneficiary agreement/memorandum of understanding/non-CFO agreement is still current, an automatic deduction of the quantified irregular expenditure is made from the next beneficiary claim and subsequent Programme Declarations of Expenditure (EC Claims);
- where a beneficiary agreement/memorandum of understanding/non-CFO agreement is closed and the final payment has been made an automatic deduction of the quantified irregular expenditure is made from subsequent Programme Declarations of Expenditure (EC Claims) and recovery of the debt transfers to the Certifying Authority.

Debtors ledger and deductions from expenditure to be declared

4.22.22 The Certifying Authority within ESF Division is responsible for the maintenance of the EC debtors ledger which:

- records all irregularities and keeps account of the amounts that are recoverable and of the amounts recovered or withdrawn from Programme Declarations of Expenditure;
- provides the data source for the annual statement of withdrawn and recovered amounts as laid down in annex XI of Regulation 1828/2006 and described in Regulation 1083/2006 Article 20.2.
- under article 30.2 ESFD will notify the EC in a special report of cases where it is considered that the irregular amount cannot or is not expected to be recovered. This is not necessary for irregularities which are not reportable to EC because the value of the irregular EU contribution in Programme Declarations of Expenditure is below €10,000.

4.22.23 [Paragraph deleted]

4.22.24 The Certifying team within ESF Division is responsible for the DWP debtor's ledger, where funds have been removed from the EC claims but a debt still resides with DWP. The Certifying team are also responsible for the recovery of overpayments and refunds. The Certifying team contact is: Robin Brooks – (robin.brooks1@dwp.qsi.gov.uk – 0114 2943538)

4.23 Providers in liquidation

4.23.1 Where a provider goes into liquidation under a co-financing arrangement then that is a matter for the co-financing organisation with whom the provider has a contractual relationship.

4.23.2 When a non-co-financed ESF provider goes into liquidation then both the EC and DWP funds are put at risk. It is the responsibility of the Managing Authority and Intermediate Bodies to put systems in place to minimise the risks to public funds.

4.23.3 As there will only be a limited number of non-co-financed projects operating in the 2007 – 2013 ESF programme the number of liquidation cases will be small.

4.23.4 All cases will be considered on an individual basis by the ESFD Managing Authority Team.

4.24 Suspected fraud

4.24.1 The Managing Authority and Intermediate Bodies have a responsibility to ensure procedures are in place to:

- Raise awareness among beneficiaries of the dangers of fraudulent activity arising through ESF;
- Ensure any suspected cases of fraud are promptly reported and investigated;

Raising awareness of fraud

4.24.2 The Managing Authority will seek to raise and maintain awareness among beneficiaries of the risk of fraudulent activity through:

- the active promotion of fraud awareness in the Managing Authority's Article 13 verification strategy. The risk of fraud will be raised during quarterly reviews with CFOs and, where appropriate, during the on the spot checks of claims;
- where appropriate, raising the fraud issue at annual review meetings with Intermediate Bodies;
- discussion with the Audit Authority to review any relevant findings emerging from audit activity.

Procedures for reporting fraud

4.24.3 The European Commission (EC) has issued Regulation 1681/94 (revised in November 2005 by Regulation 2035/05) concerning the reporting of irregularities and the recovery of related sums wrongly paid. This regulation continues to apply in the 2007-13 programme. It is an EC requirement that Member States carry out fraud and irregularity checks on ESF supported projects on a regular basis and report all irregularities to them on a quarterly basis. In addition to breaches in EC regulations, reportable cases include offences against English law. At present, no distinction is made between deliberate or negligent activity and both types of activity should be reported.

4.24.4 DWP Internal Audit (IA) Investigations provides a service to the Managing Authority and undertakes investigations where suspected fraud or mismanagement is suspected. Annex 9 sets out an agreed protocol for actions to be taken by the MA and DWP IA Investigations following the receipt of evidence relating to suspected fraud in ESF projects.

4.24.5 [Paragraph deleted]

4.24.6 The Managing Authority must be made aware of all cases where:

- a breach of regulations or ESF administrative procedures has been discovered;
- activity likely to cause a breach of regulations is discovered, particularly if the practice is new, has implications for other Member States or has been designed to exploit a loophole in the regulations;
- fraud is either discovered or suspected (i.e. receipt of any communication suggesting malpractice, even if fraud is not explicitly stated).

4.24.7 All cases of suspected or definite fraud must be reported to the Managing Authority immediately.

4.24.8 [Paragraph deleted]

4.24.9 Examples where referrals for advice may be appropriate include:

- following desk scrutiny of ESF applications or claims;
- as a result of information received by telephone call or letter (whistleblower);
- an applicant failing to co-operate in rectifying an error or refunding; monies following correspondence or a visit;
- following a visit to a related organisation.

4.24.10 To make a referral, a report should be drawn up using the form at **Annex 10** and sent to the Managing Authority with the following details:

- what the issue is and how the concern arose;
- what action has been taken so far, listing dates;
- what action/support is being requested from the Managing Authority; and
- any relevant background information and supporting documentation; including printouts showing details of dossiers and payments to date.

Roles and responsibilities

4.24.11 The following section outlines the main responsibilities for those involved in the referral process.

4.24.12 The Managing Authority is responsible for:

- identifying the irregularity/suspected fraud;
- pursuing the irregularity;
- reporting the irregularity as soon as it is quantified;
- deciding whether to block further payments;
- making decisions on continuing business;
- assessing the impact on other project related funds;
- liaison with DWP IA (Investigations);
- coordinating action arising from the DWP IA investigation;
- considering recommendations made by DWP IA (Investigations); and

- providing support to DWP IA (Investigations) during the investigation.

4.24.13 [Paragraph deleted]

4.24.14 DWP IA (Investigations) is responsible for:

- considering referrals from the Managing Authority
- coordinating investigations;
- updating the Managing Authority on cases referred;
- liaison with the police and other prosecuting authorities;
- liaison with other organisations and government departments where appropriate.

4.25 Management Information requirements

4.25.1 CFO and non-CFO projects are responsible for ensuring that participants are eligible for ESF funded support. See ESF Guidance Manual 1 for eligibility detail. In addition, they must ensure that sufficient participants are from the target groups in the ESF Operational Programme and regional ESF framework. See CFO Manual 2, Annex 4 for details of the MI requirement.

Beneficiary requirements

4.25.2 Beneficiaries must report on participant outcomes and results accurately so that programme performance can be monitored and evaluated effectively and accurate feedback on performance can be provided to the programme monitoring committee and the European Commission.

4.25.3 Beneficiaries are required to provide the Managing Authority with core information on all ESF and match funded participants. Information is collected when participants start and leave ESF or match funded provision and covers particular characteristics of each participant and the results achieved such as qualifications obtained or gained employment. Information on participants supplied to the Managing Authority is provided anonymously and complies with Data Protection Act requirements.

4.25.4 Beneficiaries must send participant level data electronically quarterly to the Certifying Authority who are responsible for co-ordinating Management Information. Failure to submit participant data by required dates may result in payments being suspended by the Managing Authority.

Performance monitoring

4.25.5 Provision of data at participant level enables aggregation at various levels e.g. national, regional, local authority, by Priority, by participant type. This enables the Managing Authority to respond appropriately and quickly to emerging performance issues including progress towards outcome and results targets. The data are also be used to provide the European Commission with programme level data on ESF participants as required by Annex XXIII of the Implementing Regulation 1828/2006.

4.25.6 Core participant data are supplemented by participant follow-up surveys and other evaluation activity to ensure a full picture of programme performance and activity is available at all levels. There will be two national follow-up surveys of participants which will report in 2010 and 2013 based on a sample of all participants selected by ESF evaluators. Beneficiaries are required to provide contact details for

those participants selected for the surveys, having sought in advance the permission of the individuals concerned to be contacted.

4.25.7 Standard performance reports relating to output, indicator, target and financial information are available from the INES system. These reports have been agreed by the Programme Monitoring Committee and are used to monitor programme performance. Separate regional reports are available for the London, Convergence and Gibraltar committees.

4.26 Freedom of Information requests

4.26.1 The Managing Authority is responsible for responding to any requests for information made under the Freedom of Information Act 2000. The Freedom of Information Act aims to increase accountability and transparency and was part of public sector reform to build a culture of rights and responsibilities for citizens. The Act gives a statutory right to the public to information held by most public authorities, subject to exemptions to disclosure.

4.26.2 To comply with the requirements of the Freedom of Information Act the Managing Authority follows the rules and procedures operated by the Department for Work and Pensions.

4.27 Data Protection Act

4.27.1 The Managing Authority will ensure that all actions are compliant with the Data Protection Act 2000. Data Protection is the regulation of the processing of information about individuals so as to safeguard their right to the privacy of their information. The Data Protection Act imposes obligations on those responsible for the processing of personal data and confers rights on individuals to access their information and be given assurances about the processing of it. The Managing Authority ensures compliance with the Data Protection Act by:

- preserving the privacy of personal information about individuals that is collected and held;
- collecting and holding personal information about individuals only if there is a requirement to do so;
- keeping personal information accurate and up to date and only for as long as it is needed for business needs or the corporate record;
- holding personal information securely and not disclosing it to anyone who has no business need to see it;
- facilitating individuals' access to their information on request and making any corrections; and
- ensuring that everything written about individuals is appropriate, accurate and necessary for the Managing Authority's business

4.28 Categorisation of ESF

4.28.1 The Managing Authority provides updated information at Operational Programme level on the cumulative allocation of ESF by category to operations in its annual and final implementation reports. The information supplied follows the relevant thematic categories at Annex II of Commission Regulation (EC) No

1828/2006. The indicative breakdown provided in Annex B of the Operational Programme document is for information purposes only, and is not a set of targets or allocations.

4.28.2 The indicative breakdown is derived from the description of the priorities and their targets. Most of the ESF expenditure in Priorities 1 and 4 contributes to active labour market activities (code 66) and employment for disadvantaged people (code 71). Some expenditure contributes to activities aimed specifically at prolonging working lives (code 67) and women (code 69). In Priorities 2 and 5, most of the expenditure contributes to the development of lifelong learning (code 62) and some to activities related to restructuring (code 64). In addition, in Priority 5 only, some expenditure contributes to human resource development in research (code 74). In Priorities 3 and 6 most the expenditure contributes to the implementation and monitoring of the programme (code 85) and some to evaluation and publicity (code 86).

Lisbon earmarking

4.28.3 All ESF expenditure within Priorities 1, 2, 4 and 5 falls within priority theme categories that are 'earmarked' as Lisbon expenditure according to Annex IV of Council Regulation (EC) No. 1083/2006. The Managing Authority is responsible for monitoring expenditure and reporting progress when required.

4.29 Monitoring and reporting of expenditure and targets

4.29.1 The Managing Authority monitors programme expenditure, output and results targets and indicators, providing progress reports for:

- the annual and final implementation reports;
- the PMC and the gender equality and equal opportunities sub-committee;
- the Certifying Authority as part of a commitment to keep them fully informed of overall programme performance;
- DWP Ministers, officials and other government departments as required; and
- the Audit Authority and other audit bodies as required;
- the public, including the presentation of certain performance information on the ESF website.

4.29.2 Financial monitoring covers:

- updated information at Operational Programme level on the cumulative allocation of ESF by thematic categories as set out in Annex II of Commission regulation No 1828/2006;
- total expenditure for the Convergence and Competitiveness and Employment Objectives (including phasing in areas) covering progress toward meeting N+2 targets;
- programme expenditure by priority axis showing the breakdown of ESF and national financial contributions (match funding);
- expenditure at regional level including progress against indicative financial targets in regional ESF frameworks;

- Expenditure at CFO memorandum of understanding / beneficiary agreement level and indicative N+2 targets.

4.29.3 Monitoring of targets and indicators includes:

- the overall programme performance indicators relating to total outputs and results for the Operational Programme based on individual participant data from the ESF Management Information System and follow-up surveys of participants;
- target information at Priority level monitored through output targets and indicators relating to activity (e.g. participation of key target groups) and results targets and indicators relating to the effects of the activity (e.g. participants gaining jobs);
- the production of regular progress reports at indicative regional level; and

4.30 Evaluation

4.30.1 Article 60(e) of Council Regulation (EC) 1083/2006 requires the Managing Authority to ensure that evaluations of the Operational Programme referred to in Article 48(3) are carried out in accordance with Article 47.

4.30.2 The Managing Authority has commissioned an independent ESF Evaluation Team in the Department for Work and Pensions (DWP) to develop and implement a programme level evaluation strategy. The Evaluation Team is also responsible for analysing monitoring and survey data and managing externally commissioned evaluation projects. The evaluation strategy has been endorsed by the Evaluation Sub-committee of the Programme Monitoring Committee.

4.30.3 The three strands of the evaluation strategy cover:

- The ESF Participant Database. This is information based on participant monitoring data – this is used to examine programme performance and consider achievements such as participants' outcomes;
- The ESF Follow Up Study. A sample of participants is contacted during and after leaving projects. These surveys provide information on participants' views of the support they receive and on sustainability of outcomes;
- ESF research studies. These projects focus on specific emerging themes of importance to the programme, such as gender equality and equal opportunities. They may also include assessments of socio-economic changes in the programme environment and changes in Community, national or local priorities.

4.30.4 The follow-up surveys and research studies examine a wider range of participant characteristics and outcomes (including soft outcomes) than those available through participant monitoring data.

4.30.4 These evaluation tools will apply to the whole of the programme, including the Convergence Objective. In addition, specific studies may be commissioned to evaluate Convergence ESF, in co-operation with the partnership in Cornwall and the Isles of Scilly.

4.30.5 The Managing Authority will ensure that data and information emerging from the three strands of the evaluation strategy are made available on a regular basis to the PMC and sub-committees.

4.30.6 The Managing Authority will ensure that the evaluation strategy is updated annually during the course of the programme. The current version of the strategy can

be found on the evaluation page of the ESF website: www.dwp.gov.uk/esf/ .

4.31 Document retention and protection of the audit trail

4.31.1 Article 60(f) of Council Regulation (EC) 1083/2006 requires the Managing Authority and Intermediate Bodies to ensure that all documents regarding expenditure and audits are preserved to maintain an audit trail in accordance with Article 90.

Audit trails

4.31.2 Article 15 of Commission Regulation 1828/2006 outlines the criteria which must be met in order that the Commission may regard an audit trail as adequate. These are that the audit trail:

- permits the aggregate amounts certified to the Commission to be reconciled with the detailed accounting records and supporting documents held by the Certifying Authority, the Managing Authority, intermediate bodies and beneficiaries as regards operations co-financed under the Operational Programme;
- permits verification of payment of the public contribution to the beneficiary;
- permits verification of application of the selection criteria established by the monitoring committee for the Operational Programme;
- Contains the documents relating to public procurement procedures, progress reports and reports on verifications and audits carried out.

4.31.3 This requirement means a sufficient audit trail must be maintained by the Managing Authority, intermediate bodies, co-financing and non co-financing organisations and at the project delivery level.

4.31.4 It is vital that documentary evidence is secured to support the audit trail including all documentation relating to delegations, contracting, payments, monitoring and audit process such as Article 13 and Article 16.

4.31.5 All the organisations noted above must ensure that they have robust systems and arrangements to do this. These key documents need to be categorised and stored in a way that ensures that they can be readily retrieved should they be required.

4.31.6 Audit trails should enable auditors to verify that:

- there is evidence to support the claim and that expenditure has/had been incurred in a proper manner;
- financial management is/was sound;
- beneficiaries comply/ complied with EC regulations and the requirements of their contract;
- interim and final claims are/were supported by evidence of expenditure; and,

Key documents

4.31.7 The key documents are those relating to specific processes in the delivery of ESF. These are outlined below.

- 4.31.7a The decision making process and the roles and responsibilities of organisational staff. This covers:

- the establishment, membership and terms of reference of key committees including sub-committees;
- the minutes of committees reporting decisions taken; and
- delegated authorities.

4.31.8 The retention of documentation relating to all aspects of ESF contracting. Key documents include:

- selection of CFOs;
- selection of projects;
- letters to successful and unsuccessful bidders;
- any notes relating to the selection process; and
- all documents relating to any subsequent changes to contracts.

4.31.9 The retention of all the evidence supporting Article 13 monitoring including:

- all Article 13 monitoring reports and subsequent follow up action;
- copies of the evidence of costs relating to the project that have been inspected; and
- copies of Article 13 plans and summary reports.

4.31.10 All documents relating to project payments which must be retained and include:

- profiles;
- claim forms;
- copies of the appropriate payment certification and authorisation documents where not held on the INES system; and
- any documentation relating to refunds, offsets or write offs.

4.31.11 All documents relating to audits undertaken by the EC, ECA, NAO and Audit Authority under Article 16 controls must also be retained.

4.31.12 The Managing Authority will:

- issue guidance on what documents are considered essential to the preservation of the audit trail and the period for which they should be retained; this is set out in sections 2.29-2.30 of the CFO Manual 2 and in sections 3.17-3.18 of the non CFO manual 3.
- ensure that commonly accepted data carriers are certified as retaining versions of documents that are in conformity with the originals.
- establish systems to store relevant documentation ;
- ensure key expenditure and audit documentation is stored in a way that it is readily accessible to requests from auditors; and
- make available to the Commission a list of completed operations that are subject to partial closure under Article 108 of Council Regulation (EC) 1083/2006, should this option be taken up.

4.31.13 Under Structural Fund regulations, organisations are required to retain documents (that is all documents including match documentation where appropriate) until three years after the European Commission makes the final payment for the programme concerned. This will mean that documents will need to be retained until 31st December 2022 at the earliest. The Managing Authority will advise beneficiaries of the final date for document retention when it receives the final programme payment from the Commission. The rules on retention of documents apply equally to those documents relating to unsuccessful bidders for ESF support.

4.31.13a The rules regarding document retention apply to all organisations involved in delivering and administering structural funds, that is the Managing Authority, Certifying Authority, Audit Authority, Intermediate Bodies, co-financing organisations and providers.

Electronic retention of documents

4.31.14 Commission regulations allow for documents to be retained as originals or 'in versions certified to be in conformity with the originals on commonly accepted data carriers.' The regulations allow for the electronic storage of documents provided that they are stored on a recognized data carrier, are certified as being copies of the original, meet national standards and are auditable. Documents must be held on an accepted data carrier. These include:

- photocopies of original documents;
- microfiches of original documents;
- scanned versions of original documents

4.31.15 For each data carrier used, the organisation responsible for retention must retain a signed declaration that the documents held within the data carrier are certified as being true copies (conforming to) the originals.

4.31.16 The following declaration on headed paper satisfies this requirement:

Name of organisation

Name/title of ESF supported projects

I certify that this data carrier [specify details of carrier] contains true copies of original documents relating to ESF supported projects

Signed..... Name

Position in organisation..... Date.....

4.31.17 The declaration should be made available to auditors or verification officers who may request the document when undertaking audits or Article 13 monitoring visits.

4.31.18 All organisations involved in the delivery of ESF must keep electronic copies for the same length of time as required for paper copies. It is the organisation's responsibility to ensure that the electronic copy of the document can be relied on for audit purposes.

4.32 Co-operation with ESF audits

4.32.1 The Managing Authority and Intermediate Bodies will co-operate with requests from the Audit Authority, National Audit Office, the European Commission, the European Court of Auditors and other authorised organisations in connection with the audit of ESF operations. Specifically, the Managing Authority will:

- have the opportunity to comment on the annual plan of audit activity proposed by the Audit Authority;
- comment on the Audit Authority ESF Audit Strategy prior to submission to the European Commission;
- assist in pre-audit preparations through the provision of data and information requested by the auditors on the activity or projects to be audited;
- support the auditors during the course of an audit including if necessary accompanying the auditors during an audit visit, acting as the first point of contact for any issues arising;
- within agreed deadlines, respond to recommendations arising from audits, consulting key partners where appropriate;

4.32.2 The Managing Authority has established a database of all ESF audit activity. The audit database includes details of every audit undertaken, copies of reports, and the action taken on recommendations arising from the audit. The database is kept up to date with the latest findings and is made available to the Certifying Authority.

4.33 Co-operation with the European Commission

4.33.1 The Managing Authority and Intermediate Bodies work closely with the European Commission to ensure the successful delivery of the Operational Programme. The Managing Authority and Intermediate Bodies:

- provide the European Commission with regular information relating to the operation and performance of the ESF programme;
- respond within required deadlines to correspondence, and Commission audit report recommendations;
- provide key documents required under the regulations including annual implementation reports, management and control descriptions, communications plans and the evaluation strategy;
- invite the Commission to the PMC and subcommittee meetings in their advisory capacity;
- attend joint meetings when required including the annual examination of programmes;
- use and follow guidance issued by the European Commission e.g. Article 13 activity.

4.34 Provision of information to the Certifying Authority

4.34.1 Article 60(g) of Council Regulation (EC) 1083/2006 requires the Managing Authority to ensure that the Certifying Authority receives all necessary information on the activity and verifications carried out in relation to expenditure for the purpose of

certification.

4.34.2 The Managing Authority:

- makes available relevant management information relating to the performance of the Operational Programme on a regular basis;
- involves the Certifying Authority in the development of systems, procedures and instructions with a view to securing their support for these arrangements for certification purposes;
- contributes responses to the quarterly Certifying Authority reports on the integrity of operations, responding promptly to issues that might prevent the endorsement of claims;
- invites the Certifying Authority to attend and input to review meetings with CFOs and Intermediate Bodies; and
- consults the Certifying Authority on the Managing Authority responses to audit findings.

4.34.3 The ESF IT system for the 2007-2013 programme – “INES”, holds key information about beneficiaries including contractual details, claims for payment, verification and audit reports . The Certifying Authority has read only access to all beneficiary claims, Article 13 reports and all other monitoring and control supporting evidence. The Certifying Authority is able to independently run a series of expenditure reports that forms the evidence for statements of expenditure sent to the Commission.

4.34.4 The Managing Authority holds regular 'keep-in-touch' meetings with the Certifying Authority to discuss the day to day operation of the management and control systems.

4.35 Establishment and operation of the Programme Monitoring Committee and sub-committees

4.35.1 Article 63 of Council Regulation (EC) 1083/2006 requires the Member State to set up a monitoring committee for each Operational Programme, in agreement with the Managing Authority, within three months from the date of the notification to the Member State of the decision approving the Operational Programme.

4.35.2 The terms of reference and rules of procedure for the England and Gibraltar European Social Fund Convergence, Competitiveness and Employment Programme Monitoring Committee 2007 – 2013 were agreed at the first meeting of the committee on 2 October 2007. The responsibilities of the 2007 – 2013 Monitoring Committee also include the work on closure of the 2000 - 2006 ESF England and Gibraltar Objective 3 programme. The Managing Authority is responsible for the establishment and operation of the monitoring committee. The Managing Authority provides a permanent Secretariat responsible for overseeing the organisation of meetings, preparation of documents relating to monitoring reports, agendas, and minutes of meetings.

Role of the Monitoring Committee

4.35.3 The role of the committee is to maximise the benefits of the England and Gibraltar Convergence, Competitiveness and Employment ESF Operational

Programme by monitoring the effectiveness and quality of the implementation arrangements.

Monitoring Committee membership

4.35.4 Membership of the Programme Monitoring Committee includes representatives from London, the Convergence partnership, Government of Gibraltar, Co-financing Organisations, Government departments, social partners, third sector, Equality and Human Rights Commission, local authorities, and Further Education. The European Commission participates in the Monitoring Committee and sub-committees in an advisory capacity.

Chairperson and agendas

4.35.5 The Committee is chaired by the Head of ESF Division in the Department for Work and Pensions. The Chairperson draws up agendas for meetings. Members may request inclusion of particular items in writing to the Chairperson - such requests should normally be received at least 20 working days before the meeting.

4.35.6 The agenda and associated papers are normally sent at least 10 working days before the meeting. In exceptional circumstances, the Chairperson may add to the agenda, or distribute papers, less than 10 working days before the meeting.

4.35.7 Minutes of the meeting are produced by the Secretariat and sent to members within 20 working days of the meeting.

Tasks of the National Monitoring Committee

4.35.8 In accordance with Article 65 of Council Regulation (EC) 1083/2006 specific tasks of the National Monitoring Committee include:

- considering and approving the criteria for the selection of CFOs, the development and content of CFO plans and the selection of operations through tendering by CFOs;
- considering and approving the criteria for the selection of projects outside CFO arrangements (in Convergence and Phasing-in areas only and ITM projects);
- reviewing financial progress and examining the results of implementation including the achievement of output and results targets agreed at Operational Programme and Priority level;
- reviewing implementation of equal opportunities, sustainable development and innovation, mainstreaming and transnationality arrangements. The committee is supported by three sub-committees that report on progress at each monitoring committee meeting;
- considering the evaluation strategy and results of evaluations. The Committee is supported by an evaluation sub-committee;
- considering implementation of ESF publicity measures;
- considering the strategy for Technical Assistance;
- considering performance in the Convergence area. The Committee is supported and advised by a joint committee which is the LMC for the convergence ERDF programme and a Convergence ESF sub-committee
- proposing to the Managing Authority, where appropriate, changes to the

Operational Programme in light of programme performance and evaluation results;

- considering and approving the Annual Implementation Reports and the Final report;
- receiving information on the annual control report for the Operational Programme including any comments the Commission may make on it;
- considering and approving any proposal to modify the Commission decision on the approval of funds for the programme;

4.35.9 The above list is not exhaustive and does not exclude consideration of other issues that may arise with relevance to the Operational Programme.

Procedures

4.35.10 The Secretariat arranges two meetings a year.

The Committee may also meet at the initiative of the Member State or the Commission, and will be convened by the Chairperson. A request from members for a meeting will be considered only in very exceptional circumstances and at the Chairperson's discretion. Notice of a meeting will normally be given at least 15 working days in advance.

4.35.11 Outside the biannual meetings, proposals may be circulated to members for agreement by written procedure. Members are given 7 days in which to respond. In such cases, no response by the deadline is taken as approval of the proposal.

4.35.12 It is expected that decisions will be made by consensus. In the event of disagreement, it will be for the Chairperson, using appropriate channels, to seek to resolve differences.

Sub- committees

4.35.13 The Managing Authority, under the direction of the monitoring committee, has established sub-committees for: London; the Convergence area; Gibraltar; evaluation; gender equality and equal opportunities; sustainable development; and innovation, mainstreaming and transnationality. The detailed terms of reference for the sub-committees were agreed at the first meeting of each sub-committee.

4.35.14 The sub-committees are intended to be outward-looking and invite guest speakers, consultants and other experts as appropriate on an ad-hoc basis. The European Commission is invited to participate in the sub-committees in an advisory capacity. The final decision on membership of the sub-committees rests with the Managing Authority.

4.35.15 [Paragraph deleted]

Evaluation sub-committee

4.35.17 The evaluation sub-committee is responsible for considering the evaluation strategy and receives reports from the ESF Evaluation Team on progress and results of evaluation activity. Its membership includes representatives from the Managing Authority, ESF Evaluation Team, Convergence partnership social partners, third sector and Co-financing Organisations.

Gender equality and equal opportunities sub-committee

4.35.18 The gender equality and equal opportunities sub-committee has the

responsibility of advising the central Managing Authority on the preparation and delivery of a national mainstreaming plan. It also considers progress towards meeting equal opportunities targets, examples of good practice and accessibility for people with disabilities. Its membership includes representatives from the Managing Authority, Equality and Human Rights Commission, Convergence partnership, third sector, ESF Evaluation Team, and equal opportunities policy experts.

Sustainable development sub-committee

4.35.19 The sustainable development sub-committee advises the Managing Authority on mainstreaming sustainable development. It has considered a national mainstreaming strategy. It also advises the Managing Authority on guidance that is produced on sustainable development and oversees the launch of an ESF good practice award scheme for sustainable development. Its membership includes representatives from the Managing Authority, Department for Energy and Climate Change, Environment Agency, LANTRA, Convergence partnership, third sector and Co-financing Organisations.

Innovation, transnationality and mainstreaming sub-committee

4.35.20 The innovation and mainstreaming sub-committee advises the Managing Authority on innovation, mainstreaming and transnational activity. The sub-committee agreed the themes for innovative activity taking account of the regional ESF frameworks. It is important to get national and regional 'policy buy-in' to the selected themes to facilitate subsequent mainstreaming of the results of innovative activity. The sub-committee takes an overview on progress of innovative projects and assists with co-ordination including transnational elements. Its membership includes representatives from the Managing Authority, Government departments, social partners, local authorities, third sector, Co-financing Organisations and the Innovation, Transnational and Mainstreaming Unit.

Regional Committees

4.35.21 Regional ESF committees were established in each of the nine English regions. Following the closure of the Government Offices for the Regions and the demise of English Regions as administrative entities, these regional ESF committees were closed, with the exception of London, where the Mayor has oversight of employment and skills strategy and where the London Intermediate Body remains, and for the Cornwall Convergence Objective.

4.35.22 [Section deleted]

4.35.23 [Section deleted]

4.35.24 The Government of Gibraltar has established an ESF committee known as the Joint Local Advisory Group (JLAG). The Joint Local Advisory group includes representation from Government Departments including the Department of Education and Training, the Department of Transport and the Department for Trade and Industry. Other Government Agencies involved include the Environmental Agency, the Gibraltar Tourist Board and the Employment Service. The social partners are also represented.

4.35.25 In the Convergence Objective, the Monitoring Committee is supported and advised on the performance and management of Convergence ESF by a joint committee which is the LMC for the Convergence ERDF programme and an ESF sub-committee

4.36 Annual and Final Implementation Reports

4.36.1 The Managing Authority is required to provide the Commission with an annual implementation report on the implementation of the Operational Programme by 30 June each year. In addition, a final implementation report is required by 31 March 2017. The Managing Authority submits the reports to the monitoring committee for approval. Failure to submit an admissible report within the required timescales will result in the suspension of payments of ESF claims by the Commission

4.36.2 The annual implementation reports include the following information as set out in Article 67 paragraph 2 of Regulation 1083/2006:

- a progress report on implementation of the Operational Programme and priorities in relation to the specified targets and indicators;
- a progress report on financial implementation, detailing by priority the expenditure paid out to beneficiaries; the total payments received from the Commission and progress with financial targets;
- an indicative breakdown of the allocation of funds by categories;
- the steps taken by the Managing Authority or the monitoring committee to ensure the quality and effectiveness of the programme including monitoring and evaluation; a summary of any significant problems encountered and remedial measures taken and the use made of technical assistance;
- the measures taken to publicise the programme;
- a report on any significant problems relating to compliance with Community law and the measures taken by the Managing Authority to deal with them.

Annual examination of the ESF Programme

4.36.3 Annually, following the submission of the Implementation Report to the Commission, the Managing Authority and the European Commission review the progress made in implementing the programme. The Managing Authority will inform the Commission of any action taken in response to the review and where necessary, advise the monitoring committee.

4.37 Actions to publicise the Operational Programme

4.37.1 Article 69 of Council Regulation (EC) 1083/2006 requires the Managing Authority to be responsible for the publicity of ESF operations in accordance with the implementing rules.

Communication Plan

4.37.2 The Managing Authority is required to draw up a Communication Plan that sets out the information and publicity measures that will be taken to promote the transparency of the programme.

4.37.3 A draft of the Communication Plan was drawn up by the Managing Authority and considered by the PMC at its meeting on 2 October 2007. The Communications Plan takes account of comments made by committee members.

4.37.4 The Managing Authority formally sent the plan to the European Commission in 2007. The Commission made observations on the plan, and the Managing Authority made adjustments to the document in the light of these. The

Communication Plan was approved by the Commission in July 2008. A copy of the Communications Plan is on the ESF website.

4.37.5 The Communication Plan is a strategic seven year document. In addition, the Managing Authority has had an annual (calendar year) information and publicity plan from 2008 onwards, developed in consultation with Co-financing Organisations and other delivery partners. The annual plan identifies the main publicity priorities and measures for that year.

4.37.6 The Communication Plan covers the following:

- the aims and target groups;
- the strategy and content of the information and publicity measures to be taken by the Member State or the Managing Authority, aimed at potential beneficiaries, beneficiaries and the public, having regard to the added value of Community assistance at national, regional and local level;
- the indicative budget for implementation of the plan;
- the organisations responsible for implementation of the information and publicity measures;
- an indication of how the information and publicity measures are to be evaluated in terms of visibility and awareness of Operational Programmes and of the role played by the Community.

Monitoring and reporting

4.37.7 The Managing Authority updates the PMC on the following:

- progress in the implementation of the Communication Plan;
- information and publicity measures carried out;
- the means of communication used.

4.37.8 The Managing Authority also provides the PMC with examples of such measures.

4.37.9 The annual implementation reports and the final report on implementation of an Operational Programme, referred to in Article 67 of Regulation (EC) No 1083/2006, include:

- examples of information and publicity measures for the Operational Programme carried out when implementing the communication plan;
- the arrangements for the information and publicity measures referred to in point (d) of Article 7(2) including, where applicable, the electronic address at which such data may be found;
- the content of any major amendments to the Communication Plan.

4.37.10 The annual implementation report for the year 2010 and the final implementation report are required contain a chapter assessing the results of the information and publicity measures in terms of visibility and awareness of Operational Programmes and of the role played by the Community, as provided for in point (e) of Article 2(2).

Publicising the Operational Programme

4.37.11 In accordance with the Communication Plan, the Managing Authority and Intermediate Bodies, ensure that the Operational Programme is disseminated widely, with details of the financial contributions from the Funds concerned, and that it is made available to all interested parties.

4.37.12 The Managing Authority ensures that information on the financing opportunities offered by joint assistance from the Community and the Member State through the Operational Programme is disseminated as widely as possible.

• 4.37.13 [Paragraph deleted]

4.37.14 In addition, the Managing Authority publishes on the ESF website a list of beneficiaries, including sub-contractors where appropriate, and the amount of ESF and/or match funding that they are receiving...

4.37.15 The Managing Authority and Intermediate Bodies ensure that the information and publicity measures are implemented in accordance with the Communication Plan and that they aim at the widest possible media coverage using various forms and methods of communication at the appropriate territorial level.

4.37.16 The Managing Authority has set up an ESF publicity network. The network brings together publicity contacts from the London Intermediate Body, Gibraltar, Co-financing Organisations (CFOs) and non-CFO beneficiaries in Convergence and phasing-in areas. Invitations to participate have also been extended to representatives from: ESF programmes in Scotland, Wales and Northern Ireland; the Dept for Communities and Local Government division responsible for ERDF in England; and the European Commission Representation to the UK.

4.37.17 The network aims to:

- raise the profile of ESF investment in jobs and skills;
- share best practice and promote consistency across regions; and
- ensure regulatory requirements on publicity are understood and implemented.

4.37.18 The Managing Authority and Intermediate Bodies are responsible for organising the following information and publicity measures:

- a major information activity publicising the launch of an Operational Programme. This event took place on 29 October 2007 at the Queen Elizabeth II Conference Centre in London. DWP issued regional and national press notices on the launch attracting coverage in the regional and specialist press;
- at least one major information activity a year, as set out in the communication plan, presenting the achievements of the Operational Programme(s);
- flying the flag of the European Union for one week starting 9 May, in front of the premises of the Managing Authority;
- the publication, electronically or otherwise, of the list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations. The list of beneficiaries and operations is published on the national ESF website. It lists the CFOs and providers, including any sub-contractors, by region. The list is:
 - produced from information supplied by CFOs to the Managing Authority;
 - updated quarterly;

- shared with the European Commission and may also be used on the Commission's website.

4.38 Complementarity with other EU-funded programmes

European Regional Development Fund (ERDF)

4.38.1 ESF skills and employment actions may complement European Regional Development Fund (ERDF) activity as identified in regional ESF frameworks.

4.38.2 Council Regulation 1083/2006 allows ESF programmes to finance activities which fall within the scope of ERDF, up to a limit of 10% of the ESF agreed at Priority level.

4.38.3 The ESF Operational Programme does not anticipate that use will be made of this mechanism but the Managing Authority will consider its use in Priorities 1,2,4 and 5 in exceptional circumstances and should the need arise during the course of the programme.

Rural Development and Fisheries Programmes

4.38.4 The Operational Programme contains the following demarcation criteria with the European Agricultural Fund for Rural Development and the European Fisheries Fund. ESF funding is not available for interventions that target enterprises engaged in agriculture, forestry or fisheries, or enterprises engaged in the primary processing of agricultural, forestry or fisheries products. ESF cannot fund activities which support agri-food schemes or the primary processing of agricultural and/or forestry products. ESF cannot support specific vocational training for individuals employed in enterprises engaged in these activities. However, ESF can support basic skills and other generic training for individuals employed in enterprises engaged in these activities. These principles also apply to the European Fisheries Fund in respect of fish and shellfish products and processing. Any queries about these initiatives should be referred to the Managing Authority.

European Investment Bank and European Investment Fund

4.38.5 There are no plans to use European Investment Bank or European Investment Fund initiatives such as JEREMIE and JESSICA. Any queries about these initiatives should be referred to the Managing Authority.

Lifelong Learning and Youth in Action Programmes

4.38.6 ESF cannot support activities, including transnational and inter-regional activities that are being financed through the Lifelong Learning and Youth in Action programmes.

Seventh Framework Programme for Research and Technological Development

4.38.7 In the Convergence Objective, ESF can support the development of human potential in research and innovation. Priority 5 includes research activities that support training of researchers and post-graduate studies, where related to the knowledge economy, labour market and human capital. These research activities must be linked to employment and skills needs now and in the future. They should complement but not duplicate any research projects in Cornwall and the Isles of Scilly funded by the Seventh Framework Programme for Research and Development.

4.39 Programme Closure

4.39.1 The Managing Authority and Intermediate Bodies will complete the following actions in connection with the closure of the ESF programme:

- in co-operation with the Certifying Authority and the Audit Authority, develop and circulate appropriate advice and guidance to enable the programme to be closed within the specified timescales;
- establish systems to identify and monitor all irregularities to ensure they are cleared within required timescales for closure;
- inform the PMC of progress towards closure;
- provide the information and responses required by the Audit Authority to complete a closure declaration by the deadline of March 2017;
- submission of a final implementation report for the Operational Programme, including the information set out in Regulation 1086/2006 Article 67; and
- ensure that all supporting documents regarding expenditure and audits in the Operational Programme are kept available for the Commission and Court of Auditors for a period of three years following closure as defined under Regulation 1086/2006 Article 89(3).

Partial closure

4.39.2 The Managing Authority will, if required, undertake action to implement the partial closure of the ESF programme.

4.39.3 Partial closure will relate to operations completed during the period up to 31 December of the previous year. For the purposes of this Regulation, an operation is deemed completed where the activities under it have been actually carried out and for which all expenditure by the beneficiaries and the corresponding public contribution has been paid.

4.39.4 Partial closure will be made on the condition that the Managing Authority sends the following to the Commission by 31 December of a given year:

- a statement of expenditure relating to the operations referred to in paragraph 1;
- a declaration for partial closure in accordance with Article 62(1) (d) (iii).

4.39.5 The Managing Authority will retain all supporting documentation regarding expenditure and audits on the Operational Programme for a period of three years following the year in which partial closure took place.

4.40 Social partner joint actions in the Convergence Objective

4.40.1 As required by the ESF Regulation, an appropriate amount of the ESF Convergence allocation is available for social partner capacity-building activities, which can include training, networking measures, strengthening the social dialogue and activities jointly undertaken by the social partners. It is envisaged that this amount will be 2% of the ESF resources for Priority 5. This will enable social partners to contribute to the delivery of Convergence ESF activities and outcomes.

4.40.2 Joint actions with the social partners, particularly employers' organisations and trade unions, will be encouraged to ensure that this is achieved. These are likely

to include activities to provide better access to training and development in the local workforce, and the support and development of social enterprises. These activities will be delivered through Co-financing as specific tender specifications. Further information is set out in the Cornwall and Isles of Scilly ESF Framework and activities will be detailed in the Skills Funding Agency CFO Plan, including any differentiation of capacity building and joint activities.

4.41 Business Support Simplification

[Section deleted]

4.42 State Aids

4.42.1 State Aid rules aim to ensure fair competition and a single common market. Giving favoured treatment to some businesses would:

- harm business competitors;
- risk distorting the normal competitive market; and
- hinder the long-term competitiveness of the Community.

4.42.2 That is why the European Community founding Treaty generally forbids State-funded aid that would favour certain businesses or goods production. The State Aid rules contribute to the effective functioning of the Single Market and European Union economic reform in two key ways:

- they prevent State Aid that would seriously distort competition - thereby helping to achieve a fair market for businesses in all Member States;
- they allow State Aid that promotes economic development and other legitimate policy objectives, where this benefit outweighs any distortion of competition.

4.42.3 There is no precise definition of what constitutes a state aid. However there is a very clear statement of principle that any form of aid to a commercial undertaking – whether provided directly by the state or provided indirectly through ‘State resources’ – is incompatible with the Single Market if it distorts or threatens to distort competition within the Community.

4.42.4 Aid to individuals and most grants to public and not-for-profit organisations, such as voluntary, charitable and cultural bodies, are not affected by State Aid rules. These organisations are only affected when they are involved in commercial activities or compete with commercial organisations.

4.42.5 For the 2007-2013 ESF programme the ESF and public match funding provided to providers in Priority 1 will not constitute state aid. Where ESF activity is supporting individuals to improve their employability and help them move closer to the labour market the aid is being provided to the individual and there are no direct benefits for enterprises. However for those elements of the programme in Priority 2 which provide support to individuals in employment there may be state aid implications because their employers are receiving support towards the costs of training. Where ESF supports individuals in employment to achieve full or part qualifications this may constitute an aid. However the State Aid Branch in the Department for Business, Innovation and Skills has concluded that the following should not be treated as giving a State Aid when delivered in the workplace:

- Full funding for literacy and numeracy at all levels
- Shared investment (employer and public funding) for ESOL at all levels
- Full funding for all Apprenticeships (including Advanced) delivered to 16-18
- Co-funding for Apprenticeships
- Co-funding for first Advanced Apprenticeships
- Full funding for first Level 2
- Full funding for Level 3 jumpers
- Full funding for first full level 3 for 19-25 year olds

4.42.6 The de minimis regulation covering the 2007 -13 programme allows an enterprise to receive up to €200,000 euros in aid from any public source including ESF over three fiscal years. The sterling equivalent to be determined at the time of the award using the prevailing exchange rate.

4.42.7 [Paragraph deleted]

4.42.8 Organisations using the de minimis rules must put in place a monitoring system to ensure the limit is not breached. Typically, such a monitoring system will involve:

- asking enterprises receiving support under their scheme to identify all other sources of support (either in cash or in kind) that they have received in the last three years;
- checking if previous de minimis aid is involved, to ensure that the combined assistance does not exceed €200,000 over any three-year rolling period. If the limit is breached, the aid may have to be reduced or refused to ensure the limit is not breached.

4.42.9 The BIS (Dept for Business, Innovation and Skills) State Aid Branch advises writing to each recipient in the following terms:

“The assistance for [...] constitutes State Aid as defined under Articles 107 and 108 of the Treaty on the Functioning of the European Union of Rome and is being granted as ‘de minimis’ aid under Commission Regulation EC/1998/2006. European Commission rules prohibit any undertaking from receiving more than €200,000 euros ‘de minimis’ aid over a rolling three-year period. Any ‘de minimis’ aid granted over the €200,000 limit may be subject to repayment with interest. If you have received any ‘de minimis’ aid over the last three years (from any source) you should inform us immediately with details of the dates and amounts of aid received. Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on ‘de minimis’ aid for the next three years.”

The Co-financing organisation should write to each recipient of de minimis state aid as above

4.42.10 Whilst de minimis rules are straightforward in principle they are difficult and complex to operate in practice because they are not project related and as such rely on individual enterprises being able to identify how much aid and under which schemes they have received support over a rolling three-year period. Where enterprises have exhausted their aid ceilings under de minimis, there is no capacity for further aid through ESF.

4.42.11[Paragraph deleted].

4.42.12 The General Block Exemption regulation (GBER) was adopted by the European Commission in late September 2008 which requires aided companies to contribute a proportion of the costs of the aid - unlike the financial ceiling of de minimis rules.

4.42.13 ESF Division has not notified the 2007-2013 programme under the GBER for a number of reasons:

- The ESF Division view is that ESF 2007-2013 is a programme aimed at individuals - their employment and their skills - and that the vast majority of the funding as detailed in the Operational Programme is for individuals. Only a small number of programmes and schemes offer support to companies;
- Traditionally State Aids in ESF was always dealt with using de minimis. However in the 2000-2006 ESF programmes - where a substantial amount of private match funding was used by the thousands of direct bid projects - ESFD notified the programme under the training and employment aid block exemption (the precursors to the GBER). In the 2007-2013 programme there are very few direct bidders and no private match is permitted;
- Block exemptions require the body that nominated the scheme (in 2000-2006, ESFD) to report annually - and on demand during spot inspections - on the amount of aid granted to each individual enterprise. The European Commission and BIS both showed concern in 2000-2006 that ESFD were too far removed from the operation to report correctly. ESFD are even more removed from the individual operation in the current programme.

For these reasons we have not put forward the ESF 2007-2013 programme as a notified scheme under the GBER.

4.42.14 Provision funded wholly by ESF that falls within the scope of State Aids must follow the requirements of the de minimis rules outlines above. Some Skills Funding Agency provision that is used as match funding has been notified under the General Block Exemption Regulation; in these cases it is the responsibility of the Skills Funding Agency CFO to make sure that its own State Aids guidance is being followed.

4.43 Verification of Operations

Background

4.43.1. The Managing Authority is required to ensure that expenditure declared by beneficiaries has been incurred and complies with community and national rules in accordance with Article 60 of the general regulation and Article 13 of the implementing regulation.

4.43.2. Article 13(4) of Regulation (EC) No 1828/2006 requires that the Managing Authority establishes written standards and procedures for both the administrative and on-the-spot verifications and keeps records for each verification, stating the work performed, the date and results of the verification, and the measures taken in respect of irregularities detected.

4.43.3. Annex 11 of Manual 4 sets out the Article 13 verification strategy that draws on European Commission guidance, specifically, COCOF 08/0020/00 EN Working

document concerning good practice in relation to management verifications to be carried out by Member States on projects co-financed by the Structural Funds and the Cohesion Fund for the 2007 –2013 programming period (31-03-2008).

4.43.4 – 4.43.61 [Paragraphs Deleted]

4.44 Deleted

4.44.1 – 4.44.63 [Paragraphs Deleted]

4.45 ESF Managing Authority action checklist

This checklist provides a summary of the actions required of the Managing Authority and where appropriate, Intermediate Bodies, their frequency, regulatory basis and reference in the Managing Authority Manual.

Managing Authority Action	Frequency	EC Regulation	Manual reference
1. Adhering to principles of management and control	On-going	1083/2006 Article 58	4.2
2. Managing and implementing the ESF Programme	On-going	1083/2006 Article 60	4.3 and 4.4
3. Delegating functions to the GLA (intermediate body)	2007-2013	1083/2006 Article 59(2)	4.6
4. Delegating functions to Gibraltar (intermediate body)	2007-2013	1083/2006 Article 59(2)	4.7
5. Delegating functions to the ITM Unit	2009-2013	1083/2006 Article 59(2)	4.8
6. Monitoring Intermediate Bodies and CFOs	2007-2013	1083/2006 Article 60	4.9
7. Description of systems, organisation and procedures of the Managing Authority	2007-2013	1083/2006 Article 71	4.10
8. Allocating budgets and monitoring exchange rate	2007-2013	1083/2006 Article 60(a)	4.12
9. Allocating output and results targets and indicators	2007-2013	1083/2006 Article 60(a)	4.12
10. Devising and implementing CFO selection process	2007- 2013	1083/2006 Article 60(a)	4.13
11. Devising and implementing CFO Plan assessment process	2007-2010	1083/2006 Article 60(a)	4.13
12. Devising and implementing non-CFO selection procedures	2007-2010	1083/2006 Article 60(a)	4.14

Managing Authority Action	Frequency	EC Regulation	Manual reference
13. Devising and implementing procedures to establish Community Grants	2008-2011	1083/2006 Article 60(a)	4.15
14. Monitoring and reporting on Community Grant activity	2008-2013	1083/2006 Article 60(a)	4.15
15. Devising, implementing and reporting on Technical Assistance arrangements	2007-2013	n/a	4.16
16. Devising and implementing delivery arrangements for innovation and transnational activity	2008-2013	1083/2006 Article 37 (7) 1081/2006 Articles 3.6 and 7	4.17
17. Monitoring and reporting on innovation and transnational activity	2008-2013	1083/2006 Article 37 (7) 1081/2006 Article 10.e	4.17
18. Promoting and mainstreaming gender equality and equal opportunities	2007-2013	1083/2006 Article 16 1081/2006 Article 6	4.17
19. Promoting and mainstreaming sustainable development	2007-2013	1083/2006 Article 17	4.18
20. Devising and implementing contract agreements	2007-2013	1083/2006 Article 60(a)	4.19
21. Devising and operating beneficiary payment procedures	2007-2013	1083/2006 Article 60(a)	4.20
22. Developing and operating claims procedures	2007-2013	1083/2006 Article 60(a)	4.21
23. Implementing procedures for handling irregularities and recoveries	2007-2013	1083/2006 Article 81(3) 2035/2005	4.22
24. Dealing with providers in liquidation	2007-2013	2035/2005	4.23
25. Dealing with suspected fraud	2007-2013	2035/2005	4.24
26. Obtaining participant level data from beneficiaries	2007-2013	1083/2006 Article 60(e)	4.25
27. Ensuring procedures are compliant with a) Data Protection Act	2007-2013	Data Protection Act 1998	4.27
28. Reporting on MI to Programme Monitoring Committee and sub-committees	2008-2013	1083/2006 Articles 60(h) and 65 (b) (c)	4.28

Managing Authority Action	Frequency	EC Regulation	Manual reference
29. Providing EC with participant data	2008-2013	1828/2006 Annex XXIII	4.24
30. Providing EC with cumulative data by category at OP level of allocation of funds to operations	2008-2013	1083/2006 Article 67.1.c 1828/2006 Article 11 and Annex II	4.27
31. Monitoring and reporting expenditure and targets	2008-2013	1083/2006 Article 60(a)	4.28
32. Responding to Freedom of Information requests	2007-2013	Freedom of Information Act 2000	4.26
33. Verifying expenditure of operations	2008-2013	1083/2006 Article 60(b)	4.43 4.44
34. Commissioning independent evaluation strategy	2008-2013	1083/2006 Article 60(e)	4.30
35. Reporting evaluation outputs	2008-2013	1083/2006 Article 60(e)	4.30
36. Reviewing and updating evaluation strategy	annual	1083/2006 Article 60(e)	4.30
37. Issuing guidance on document retention including dates	2008 and ongoing	1083/2006 Article 60(f) 1828/2006 Article 15	4.31
38. Establishing systems to store documentation	2008-2013	1083/2006 Article 60(f)	4.31
39. Providing the CA with all necessary information for certification purposes	2008-2013	1083/2006 Article 60(g)	4.34
40. Cooperating with ESF audits	2007-2013	1083/2006 Article 60(a)	4.32
41. Establishing ESF audit database	2008 and ongoing	1083/2006 Article 60(a)	4.32
42. Establishing and running Programme Monitoring Committee	2007-2013	1083/2006 Articles 60(h) and 63 - 65	4.35
43. Establishing and attending regional ESF sub-committees in London and Cornwall	2007-2013	1083/2006 Articles 60(h) and 63 - 65	4.35

Managing Authority Action	Frequency	EC Regulation	Manual reference
44. Establishing and running four national sub-committees (evaluation, sustainable development, equal opportunities and innovation/transnationality)	2007-2013	1083/2006 Articles 60(h) and 63 - 65	4.35
45. Reporting on programme performance to the Programme Monitoring Committee	2007-2013	1083/2006 Articles 60(h) and 66	4.35
46. Drafting and agreeing the Annual Implementation Report before submission to the Commission	annual	1083/2006 Articles 60(i) and 67	4.36
47. Drafting and agreeing the Final Implementation Report before submission to Commission	2017	1083/2006 Articles 60(i) and 67	4.36
48. Drafting and agreeing Communications Plan before submission to the Commission	2007 and annual review	1083/2006 Articles 60(j) and 69 828/2006 Articles 2 and 3	4.37
49. Reporting on publicity to the Programme Monitoring Committee and the annual implementation report	Bi-annual and annual	1083/2006 Articles 60(j), 69 and 67(2) point (e) 1828/2006 Article 4	4.37
50. Disseminating information about ESF	2007-2013	1083/2006 Articles 60(j), 69 and 7(2) point(d) 1828/2006 Articles 5-9	4.37
51. Implementing key information and publicity measures	2007-2013	1083/2006 Articles 60(j) and 69 1828/2006 Articles 5-9	4.37
52. Publishing list of beneficiaries on ESF web site	2008 (updated quarterly)	1083/2006 Articles 60(j) and 69 1828/2006 Article 7.2.d	4.37
53. Assessing any proposals to use ESF on ERDF type activity	As required	1083/2006 Article 34(2)	4.38

Managing Authority Action	Frequency	EC Regulation	Manual reference
54. Monitoring social partner joint actions in the Convergence objective	2008-2013	1081/2006 Article 5.3	4.40
55. Advising, implementing and reporting on Partial Closure	2008-2013	1083/2006 Article 88	4.39
56. Advising, implementing and reporting on full Programme Closure	2008-2017	1083/2006 Articles 89 and 90	4.39
57. Issuing guidance and providing advice on State Aids issues	2007-2013	1998/2006 Treaty Articles 107 and 108	4.42

Annex 1 Glossary of terms

Annex 2 Managing Authority Regulatory responsibilities

Annex 3 Managing Authority organisation chart

Annex 4 Delegated Authorities to the Greater London Authority, Government of Gibraltar and Birmingham City Council (ITM Intermediate Body)

Annex 5 ESF regional financial allocations

Annex 6 Funding Agreements;

- CFO Beneficiary Agreement;
- DWP CFO Memorandum of Understanding;
- Skills Funding Agency CFO Memorandum of Understanding
- NOMS CFO Memorandum of Understanding;
- Non CFO Agreement;
- Technical Assistance Agreement;
- Contract Variation Letters

Annex 7 Irregularities - Guidance for completion of SFIR

Annex 7a Irregularities – SFIR

Annex 8 Self Declared Adjustments – desk aid

Annex 9 Suspected Fraud: protocol between ESFD and DWP IA Investigations

Annex 10 Reporting suspected fraud: form

Annex 11 Article 13: ESF Verification Strategy

Annex 12 Article 13: monitoring forms:

- CFO baseline review
- CFO provider checklist
- CFO on the spot checklist
- CFO on the spot checklist - DWP
- CFO on the spot check - SFA
- Non-CFO/TA baseline review
- Non-CFO/TA on the spot checklist
- ITM on the spot checklist
- Hourly rate template

Annex 13 Manual system claim checks

Annex 14 Article 13 irregularity process (flowchart)

Contact ma.enquiries@dwp.gsi.gov.uk for a copy of Annex 13