

# SECTION 7

## RULES AND REGULATIONS

### 7.1 Introduction

This section outlines the rules and regulations governing the financial management of EQUAL. Development Partnerships or members of Development Partnerships involved in Round 1 of EQUAL should note that there have been amendments to some of the eligibility rules and guidance notes. All relevant personnel should ensure they are familiar with all of the rules, regulations, circulars and guidance notes.

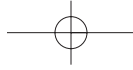
If you are not sure, please ask the Technical Support Structure for clarification relating to payments, claims, match funding, eligibility and related issues. If we cannot provide a definitive response, we will bring your queries to the Managing Authority and clarify matters for you. Using email and the EQUAL website, we will widely disseminate clarification on issues as they arise and as they are addressed. If you are not sure, please do not make assumptions as it could cost you dearly.

### 7.2 European Social Fund (ESF)

The European Social Fund (ESF) is one of the main EU structural funds. Other principal funds include the ERDF, EAGGF - guidance and the FIG. Each of the funds is associated with particular types of activity.

In the case of the ESF, the fund is the main financial tool through which the EU supports its strategic employment policy (European Employment Strategy) and invests in the employability of individuals, encourages investment in human





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resources, facilitates the adaptability of workers and work forces to change, encourages entrepreneurship, and promotes social inclusion and equal opportunities for all.

EQUAL is supported by the ESF and, as such, it has an inherent relationship with, and relevance to, the labour market. The operational programme for EQUAL in Ireland stresses that EQUAL funding be used:

*"in a very strategic and focused manner and as an added-value tool, complementary in particular to the National Employment Action Plan and the Employment and Human Resources Development Operational Programme (2000-2006)".*

The Employment and Human Resources Development Operational Programme is one of seven operational programmes that form part of the National Development Plan (NDP) and activity developed under this programme is co-financed by ESF.

### 7.3 ESF Regulations – Paying Authority Circulars

The ESF, like all Community funds, is governed by a set of regulations. Each of these regulations is interpreted at national level to account for national systems and processes.

In Ireland the ESF regulations are interpreted through what are known as Paying Authority circulars or PAs. These determine how ESF is managed and monitored at national level. They also define and determine the eligibility of expenditure under ESF.

There are six Paying Authority circulars or interpretations. Two of these, PA2 and PA3 are of particular relevance to EQUAL project promoters and financial management



personnel. Both of these are provided in the Circulars and Regulations folder of the accompanying CD and we reference some of the key aspects of PA3 below.

#### 7.4 ESF Paying Authority Circular 3

ESF/PA 3 is the explanatory note to the ESF eligibility rules. It references a number of specific issues that you should be aware of. For example, the PA notes that:

- ⦿ the maximum amount of ESF that can be spent on capital is €20,000 over the lifetime of the programme with a limit of €7,000 on any individual item;

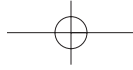
All capital purchases are, in any event, subject to agreement with NSS and, in turn, the Managing Authority. Projects must seek prior approval from the Paying Authority to spend ESF over and above the limits set out above.

PA3 also references financial, banking and legal charges as follows:

*“Fines, financial penalties and expenses for legal procedures are not items of eligible expenditure. Similarly, in this context, consultancy fees are not eligible items of expenditure. This includes organisations, which provide support in completion of application and final claims forms and management fees.”*

PA3 also references match funding and contributions from the Private Sector as follows:

*“The nature, category and quantity of match funding to be secured by bodies/organisations must be agreed at the application stage with the Managing Authority”.*



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In other words, match funding (at least 25% of total project cost) must always be declared up front in order that there is a reasonable guarantee that it is in place before ESF is provided to projects.

Each DP will have to provide a collective declaration of Match Funding through its Development Partnership Agreement and, as noted elsewhere in this manual, at least 10% of all match funding will have to be in the form of cash lodged to the dedicated EQUAL bank account over the life of the project. This collective declaration of Match Funding forms part of the contractual relationship between the DP and the Managing Authority.

### 7.5 Managing Authority Circulars

Over the lifetime of EQUAL 2001-2004, the Managing Authority for EQUAL provided a number of further clarifications that take the form of Circulars. All seven such circulars are provided in the Circulars and Regulations folder of the accompanying CD.

The clarifications and guidance notes contained in the circulars deal with very specific operational elements of the financial management of ESF. It is essential that DPs familiarise themselves with, not just the ESF rules, but the clarifications as well. In that regard please note that the seven MA circulars reference:

1. Audit certificate rules;
2. Travel and Subsistence;
3. Management Expenses;
4. Match Funding;
5. Monitoring, Claims and Payments;



6. Third Party Tendering;
7. Development of a Procedures Manual.

As noted above, you should familiarise yourself with these circulars and with the PAs provided in the accompanying CD. If you have questions, staff of the NSS (the Financial Resource Officer in particular) will assist you. Please do not hesitate to ask for assistance and/or clarification.

## 7.6 Publicity and Logos

EQUAL DPs are required to acknowledge the support provided by the ESF and the EQUAL programme in all publicity materials and documentation produced by the project. The required logos are:

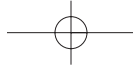
1. The EU logo and legend;
2. The EQUAL logo.

The following is a list of products where logos must be used. The list is not exhaustive so if you have any doubts contact the NSS.

- ⊙ Advertisements/ recruitment notices;
- ⊙ Project letter heads and complement slips;
- ⊙ Websites;
- ⊙ Official reports and documents;
- ⊙ Official signage (such as props, backdrops) used at project offices, launches, presentations etc.

Failure to observe this requirement will render the related expenditure ineligible.

Please reference [www.equal-ci.ie/res/logos.html](http://www.equal-ci.ie/res/logos.html) for logos.



## 7.7 Double Funding

It will not be possible to nominate for match funding purposes, any time or other contribution from an individual or organisation currently supported through the ESF or any other Structural funds.

DPs will be required to ensure that the proposed sources of Match Funding are free from double funding. When DP partners provide their declaration of Match Funding to accompany the Development Partnership Agreement that will be forwarded to the Managing Authority, they must verify that the Match Funding is not sourced from ESF or other EU structural funds.

## 7.8 Revenue Generation

Projects should note that if revenue is generated by the project (e.g. participation fees, trading income), this revenue must be deducted from eligible expenditure when making a claim for funding. Such revenue cannot be treated as Match Funding.

