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| <b>UK URBAN Network</b>   | <b>Programme Dates</b>   |
| 19th & 20th October   | <ul style="list-style-type: none"><li>• 31 December 1999 for committing grant to projects</li><li>• 31 December 2001 for financial completion of ERDF projects</li><li>• 30 June 2002 for completion of final report on each programme</li></ul> |
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| Programme Closure   |  |

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| <b>UK URBAN Network</b>   | <b>Completion</b>   |
| 19th & 20th October   | <ul style="list-style-type: none"><li>• Practical Completion</li><li>• Financial Completion</li></ul> |
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| Programme Closure   |   |


### Practical Completion

This is the date by which the outputs identified in the offer letter or agreed revised outputs have been achieved and all eligible payments have been made

### Financial Completion


This is the date by which all payments have been made (see defrayed expenditure definition) including any retention.

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| <b>UK URBAN Network</b>   | <b>Provision of Information</b>   |
| 19th & 20th October   | <ul style="list-style-type: none"><li>• Material Changes<ul style="list-style-type: none"><li>outputs/costs</li><li>alteration to proposed use</li><li>financing</li><li>ownership</li></ul></li><li>• Amendments or Variations</li></ul> |
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| Programme Closure   |   |

Any material changes to the project or its phasing including changes in outputs or costs, alteration to its proposed use, project financing or ownership must be notified to the Department at the earliest possible opportunity.

Any amendment or variation to the terms of the offer letter will not be effective unless agreed in writing on behalf of the Secretary of State (and the Government Office).

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| <b>UK URBAN Network</b>   | <b>Expenditure Defrayed</b>  |
| 19th & 20th October   | "Expenditure is defrayed (i.e. Spent) at the point when the funds leave the payer's account"                                     |
|  | <ul style="list-style-type: none"><li>•In-kind contributions</li><li>•BACS payment methods</li><li>•Encashment chasing</li></ul> |
| Programme Closure   |  |

For expenditure to have been defrayed liabilities must have been incurred and discharged by payment or otherwise by the applicant (para 4 of the offer letter)

Translated, this means “expenditure is defrayed (i.e. Spent) at the point when the funds leave the payer’s account (i.e. The point at which for example a cheque raised by the project has been cleared through its account).


This is not thought to be a large problem, since many payments will be made by BACS (Bank Accounting Clearing System) and even where they are made by cheque, most cheques will be presented reasonably quickly.

For in-kind contributions evidence of receipt must be available. For calculation of staff costs timesheets must be available.

Projects should be made aware of this and should be advised to encourage their payees to accept payment by BACS, rather than by cheque.

Where cheques are in use project applicants should set up their own systems for chasing encashment of any cheques.

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| <b>UK URBAN Network</b>   | <b>Retention of Documents</b>   |
| 19th & 20th October   | <ul style="list-style-type: none"><li>• Retained until the end of December 2004</li><li>• Original Documentation</li><li>• Microfiche/Photocopies</li><li>• Electronic Data Transfer System</li></ul> |
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| Programme Closure   |   |

Original documents relating to the implementation of the project and its financing should be retained until the end of December 2004.


The EC will accept the formally accepted practice in the Member States. In the UK we would expect material offered to support claims to be either original or verified by an appropriate independent body.

In the case of microfiche records, they should be verified as a true record by the organisation's auditors (internal auditors would be acceptable as long as we could be satisfied as to their independence from those making claims from grant).

Photocopied documents will only be accepted if the copies were individually endorsed as true records by an independent body.


For electronically stored information the same requirement applies - i.e. That there is some independent verification that the records are true and the security system is effective. It is for the organisation to show how this is done.

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| <b>UK URBAN Network</b>   | <b>On-site Monitoring Visits</b>   |
| 19th & 20th October   | <ul style="list-style-type: none"><li>• EC Financial Control Regulation</li><li>• Minimum of 5% of total eligible expenditure must be checked</li><li>• On-site monitoring visits required</li></ul> |
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| Programme Closure   |  |

EC financial control regulation requires for each programme, on-site monitoring visits to include substantive checks on eligible expenditure defrayed so as to provide, by the end of the programme, a minimum of a 5% sample of the total eligible expenditure defrayed by the programme.

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|---|---|
| <b>UK URBAN Network</b>   | <b>On-site Monitoring Visits</b>  |
| 19th & 20th October   | <ul style="list-style-type: none"><li>•Risk assessment</li><li>•DETR internal audit services provides closure certificate</li><li>•Certificate submitted with final claim to EC</li></ul> |
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| Programme Closure   |   |

Project are selected through a risk assessment. Risk will be defined by the track record of the applicant, the nature of the project and the amount of grant/expenditure total project value.

Only then, will a final closure statement be produced by an independent auditing body

DETR internal audit services will be producing the final closure statement

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| <b>UK URBAN Network</b>   | <b>Audit of Final Claims</b>   |
| 19th & 20th October   | <ul style="list-style-type: none"><li>• Audit Thresholds –over £10k or under?</li><li>•Responsibility</li><li>•What to send</li><li>•Retention</li></ul> |
|  |  |
| Programme Closure   |  |

**Audit Thresholds**

All projects receiving in total £10,000 or more of ERDF grant must be audited before the final claim is paid. Grant recipients for projects not requiring an annual audit must complete a Statement of Expenditure (discussed in more detail later on) and submit it with the final claim for grant. Documented evidence of all receipts and expenditure in connection with the project must be provided with the final claim.

**Responsibility**


Recipients responsibility for the completing the Statement and accompanying schedule and certification. Appointing and paying suitably qualified auditors to carry out the audit (appendix 3 in the grant offer letter).

**What to send**

The applicant must send a copy of the final claim form, the guidance note, the offer letter, the explanatory audit form and the completed statement of expenditure

A photocopy of the unaudited ERDF6 must be sent with the completed original final claim form to the appropriate GO so that the GO is aware that the request for audit has been made

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| <b>UK URBAN Network</b>   | <b>Project Statement of Expenditure ERDF6</b>  |
| 19th & 20th October   | <ul style="list-style-type: none"><li>• Submission</li><li>• Supporting documentation</li><li>• Forms available to auditors 3 months before audit deadline</li><li>• Retention</li></ul> |
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| Programme Closure   |  |

Submission

Non receipt/completion of the final audited form ERDF6 by the prescribed deadlines detailed in the offer letter, may lead to withdrawal, suspension or recovery of grant paid

Supporting Documentation


Claimants must ensure that supporting documentation is maintained and made available to auditors to ensure that the audit is not delayed.

They must also ensure that forms ERDF6 are available to auditors for a minimum of 3 months before the audit deadline

Retention

10% of the total grant owing for individual projects is retained until the project is completed (refer to completion definition)

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| <b>UK URBAN Network</b>   | <b>ERDF payments</b>  |
| 19th & 20th October   | <ul style="list-style-type: none"><li>• ERDF programmes can run out of money</li><li>• DETR borrows money from Treasury</li><li>• Allocates funds to Government Offices</li><li>• Government Offices repay DETR</li></ul> |
|  |   |
| Programme Closure   |   |

EU will retain 10% of final commitment amount until the final report is received from the GO's

Encouragement to get claims in as soon as possible

Not too much of a problem if money runs out because DETR has set up specific treasury funds so that applicants can still be paid