

EUROPEAN STRUCTURAL FUNDS – SCOTLAND

GUIDANCE NOTES FOR THE COMPLETION OF EUROPEAN STRUCTURAL FUNDS GRANT CLAIMS



Europe and Scotland
Making it **work together**

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(Version 4)**

WELCOME & INTRODUCTION

1. Welcome to the EUROPEAN STRUCTURAL FUNDS grant claims process, which has been developed following a comprehensive review of the Scottish processes for European Structural Funds management.
2. The outcome of this review is a fresh approach to the claims process through a web based data capture system. In order to access the claims part of the data capture system you must be registered on the web site and have an approved project application submitted through European Structural Funds - Scotland.
3. This document provides **functional guidance** to assist the completion of all European Structural Funds grant claims in Scotland covering ERDF, ESF, EAGGF and FIGF for Objectives 1, 2 and 3 plus URBAN II.
4. To assist applicants work through the process this guidance is in three parts:
 - **Part A** – General Principles, which details the overriding requirements applicable to all claims, glossary of terms and PME contacts details.
 - **Part B** – Completing and submitting a EUROPEAN STRUCTURAL FUNDS claim, which describes the process for using the web-based system and takes you through the claim form section by section.
 - **Part C** - Specific guidance for Final Claims Audit and the declaration of Associated Fees.
5. Before starting to complete a claim you should refer to the following documentation which should also be taken into account:
 - **Conditions of Grant** issued with your Offer of Grant to ensure that you are complying with all the terms of conditions.
 - **Guidance for the Notification of Changes to Approved Projects** which sets how and when you should advise the PME of any alternations to the information in the approved application - Part One (Data Capture)
6. There are four main players in the EUROPEAN STRUCTURAL FUNDS claims process:
 - Applicant
 - Programme Management Executive (PME)
 - Scottish Executive – Managing Authority
 - Scottish Executive – Paying Authority
7. The role of the **applicant** is to follow this guidance and submit accurate claims that can then be paid as quickly as possible. This includes accepting responsibility for ensuring that all eligibility criteria are met and that appropriate analysis/records to support each claim are maintained.
8. The role of the **Programme Management Executive** is to provide day-to-day advice and support to applicants. This includes the initial checking and processing of claims. Contact details for each PME are at the end of Part A of this guidance.
9. The role of the **Scottish Executive – Managing Authority** is to ensure that the process is implemented consistently across Scotland, that Scottish Executive

policy priorities are considered in the process and that claims are approved for payment in accordance with European Regulations.

10. The role of the **Scottish Executive – Paying Authority** is to verify eligibility in accordance with European Commission Regulations, make payments against approved claims and ensure that the necessary expenditure declarations are made to the European Commission.

THE CLAIM FORM

1. The EUROPEAN STRUCTURAL FUNDS claim is in one part and includes all the quantifiable information such as costs, funding package and performance indicators which are directly taken from the approved application – Part One (Data Capture). The claim can only be accessed through **the European Structural Funds – Scotland Internet site** <https://sedsh10.sedsh.gov.uk> which you will already be familiar with for submitting the application.
2. Any enquiries on the completion of a claim should be addressed in the first instance to the relevant PME; full contact details are in Part A.
3. For applicants working within the Highlands & Islands Partnership Programme references to ERDF should be taken to refer to the three Structural Funds:
 - European Regional Development Fund (ERDF)
 - European Agricultural Guidance & Guarantee Fund (Guidance Section) (EAGGF)
 - Financial Instrument for Fisheries Guidance (FIFG).

GLOSSARY OF COMMON ABBREVIATIONS

1. The following abbreviations are commonly used throughout this guidance.

Abbreviation	Terminology in full
DCS	European Structural Funds – Scotland data capture system
ERDF	European Regional Development Fund
EAGGF	European Agricultural Guidance & Guarantee Fund
ESF	European Social Fund
FIFG	Financial Instrument for Fisheries Guidance
SPD	Single Programming Document
PME	Programme Management Executive
SE	Scottish Executive, (Enterprise, Transport and Lifelong Learning Department) – European Structural Funds Division
EC	European Commission
SME	Small and Medium Sized Enterprises
PPQ	Public Procurement Questionnaire
SNH	Scottish Natural Heritage
SEPA	Scottish Environment Protection Agency
PIC/PManC	Programme Implementing Committee/Programme Management Committee
Claim	Grant Claim Form
N+2	This is the term used to describe financial management at Programme level where funds must be spent within two years after the year of allocation.

PART A GENERAL PRINCIPLES

1. Frequency of European Structural Funds Grant Claims

- 1.1 Applicants must submit a first claim no later than three months after the project start date shown on the approved application.
- 1.2 Subsequently applicants must submit Claims at least quarterly and in accordance with the grant conditions, compliance policy and these guidance notes.
- 1.3 In consultation with the individual PME applicants may be able to submit Claims on a more frequent basis if appropriately justified and/or for ESF amalgamated claims.
- 1.4 Each claim must only include eligible expenditure that has been defrayed during the period specified on the form. This means that payment must have passed from the applicants' bank account to that of the payee. Grant will then be paid at the approved rate on eligible expenditure.
- 1.5 If no expenditure has been incurred within any claim period, a Claim **must** still be submitted, with the financial reports fully completed and an explanation provided in the SUMMARY – Section 4.
- 1.6 A maximum of two nil Claims are permitted. An explanation for why no expenditure has been defrayed and when funds are likely to be claimed must be provided with each nil Claim.
- 1.7 Applicants should refer to the Compliance Policy issued with the Offer of Grant in respect of the action taken in respect of two or more nil claims. In some cases projects may be considered to have been submitted prematurely and may be recommended to the Managing Authority for decommitment.
- 1.8 The only exception to this rule is if a capital project has reached practical completion and is waiting for retention payments to be released.

2. Defrayed Expenditure

- 2.1 The eligible expenditure detailed in Claims must represent defrayed expenditure that can be documented by discharged invoices.
- 2.2 You do not need to submit copies of the invoices or other documentation such as time sheets etc. with individual claims. This documentation should be made available if requested.
- 2.3 Applicants should also be aware that:
 - Any expenditure identified later as non-additional or ineligible, following, for example, a monitoring or verification visit, will result in the withdrawal or possible repayment of all or part of the grant.
 - As a general rule ERDF fees only claims covering eligible pre works contract expenditure will not be paid until a claim including capital works has been processed. In consultation with the PME and with appropriate justification there may be scope for flexibility for exceptional projects.

3. ESF 30% Advance Payments

3.1 For ESF the payment of the 30% Advance is triggered by the receipt of the Offer of Grant Acceptance by the Managing Authority:

- For annual projects 30% of the approved grant will be paid.
- For multi-annual projects the 30% Advance on the based on of the approved grant the first twelve months of the project.

3.2 Should the first twelve months cover two calendar years this will be taken into account in the calculation of the 30% Advance.

4. Claims Capping

4.1 Claims' capping is intended to ensure that a project will have sufficient funds to deliver its objectives until the end of its timescale. A proportion of approved grant will be held back from payment until the end of the project, so that a full assessment can be made in its latter stages of the total actual costs, revenue and match funding.

4.2 The payment for non-final claims will be capped when the total grant claimed reaches a pre-determined threshold.

- For ERDF/EAGGF/FIFG projects, this is 90% of the total approved grant.
- For ESF projects, this is 80% of the total approved grant and takes account of the 30% advance.

4.3 Any grant retained by capping will be released at Final Claim. Audit Fees are treated separately, after the Final Claim has been paid.

4.4 In practice, capping means that an applicant may receive less grant for a particular claim than they might expect. However, the **Declaration** screen clearly shows how the grant calculations are made.

4.5 As an example of how capping rules might be applied, consider this ERDF non final claim's **Declaration** screen:

Claim	3.1 Declaration of Eligible Expenditure				
Bank Accounts					
Declaration	Eligible Costs	Current Approved Eligible Expenditure (£)	Total Previous Claims (£)	Declaration This Claim (£)	Total Expenditure To Date (£)
Summary	Contingencies	35242	30000	5000	35000
Funding Package	Internal Services	65783	60000	5000	65000
Outputs	Main Building Contract Works	146124	125000	15000	140000
Results	Moveable Infrastructure (Fixtures & Fittings)	22601	25000	5000	30000
	Preliminaries	50270	25000	15000	40000
	Retention	14715	10000	4000	14000
	Signage	2360	500	1500	2000
	Site Preparation/Clearance	46332	25000	15000	40000
	Site Servicing	20028	15000	5000	20000
	Total (£)	417445	315500	70500	385000

3.2 Grant Calculations	
Eligible Costs This Claim	£70,500.00
Eligible Revenue This Claim	£0.00
Net Eligible Costs This Claim	£70,500.00
Intervention (Grant) Rate (%)	40.01
Grant Requested This Claim	£28,207.05
Approved Grant	£167,016.00
Approved Grant from Previous Claims	£126,232.00
Capping Rate (%)	90.00
Capped Grant Requested This Claim	£24,082.00
Grant To Date Including This Claim	£150,314.00

4.6 In this example, the Approved Grant is £167,016 which gives a 90% capping threshold of £150,314:

- The Grant Requested is £28,207, which would breach the capping threshold if added to the amount paid in previous claims.
- This claim is therefore limited to the difference between the capping threshold and the Approved Grant from Previous Claims, namely £24,082.

4.7 If the Capping Threshold is breached, no grant will be paid on any subsequent claims until the Final Claim. For example:

- Claim 2 is capped and the Final Claim is not due until Claim 4.
- Claim 3 will record the declaration of expenditure and project progress against targets, but no grant will be payable.
- The Final Claim, Claim 4, will release the capped grant.

5. Final Claim Grant Calculation

5.1 For both ERDF and ESF the final claim grant calculation is part of the **Declaration** tab.

5.2 In a final claim the **Declaration** tab has additional sections from previous claims as illustrated in the screen shot below.

5.3 The calculation of grant and the intervention rate are calculated in the same manner as in the application. However additional checks are applied in the final claim to ensure that:

- Total Grant Payable = Total Eligible Costs – Total Eligible Revenue – Total Eligible Match Funding.
- The grant payable on the final claim is the Total Grant Payable – Approved Grant from Previous Claims.
- The Total Grant Payable is restricted to being the same as or less than the Approved Grant for the project.
- The rate at which the project is funded from eligible matched funding must be the same as or greater than the required funding rate.
- The actual intervention rate for the project is restricted to being the same as or less than the approved intervention rate for the project. This last case is taken care of automatically by applying the funding rate constraint detailed above.

The screenshot shows the 'ERDF Declaration' application in a Microsoft Internet Explorer browser. The 'Declaration' tab is selected in the left-hand menu. The main content area displays several sections for calculating the final grant payment.

3.1 Declaration of Eligible Expenditure

Eligible Costs	Current Approved Eligible Expenditure (£)	Total Previous Claims (£)	Declaration This Claim (£)	Total Expenditure To Date (£)
Contingencies	1000	5000	5000	10000
Total (£)	1000	5000	5000	10000

3.2 Whole Project Expenditure and Funding

	Approved	Actual
Total Eligible Costs	£10,000	£10,000
Total Eligible Revenue	0	0
Total Net Eligible Costs	£10,000	£10,000
Total Eligible Matched Funding	£5,000	£5,000

3.3 Rates

	Approved	Actual
Matched Funding Rate (%)	55.00	55.00
Intervention Rate (%)	45.00	45.00

3.4 Project Grant Calculation

Approved Grant	£4,500
Grant Approved on Previous Claims	£2,250
Grant Requested Including This Claim	£4,500

3.5 Approved Rates and Deductions (No Deductions)

3.6 Total Grant and Final Grant Payment

Total Grant	£4,500
Grant Already Paid	£2,250
Final Grant Payment	£2,250

6. Certification by Project Sponsor

- 6.1 1 A designated individual within the applicant organisation must certify the Claim. This signature must correspond to the sample signatures returned with the Offer of Grant Acceptance – Annex A and/or a subsequent update notification. Please refer to the Policy & Technical Guidance, which includes certification of applications and claims and can be accessed from the PME websites.
- 6.2 The certification **must bear the original signature** of the designated individual and should be **signed in blue ink**.
- 6.3 The date of certification must not be earlier than the end date of the period of the relevant claim.
- 6.4 The additional page(s) for certification do not appear on the web-based screens but are included in the printed version once the PME has updated the claim status to **checked**. It is the same process, as you will have followed for applications.
- 6.5 The hard copies you send in to the PME:
- Must be the same version they have **checked** on-line.
 - Will be passed by the PME to the Scottish Executive – Managing Authority and then the Paying Authority for payment.
- 6.6 This will also apply to the Final Claim Certification by Auditors, which will not appear on the screen. Advice on that part of the process is in Section C of this guidance.

7. Monitoring and On-the-Spot Checks

- 7.1 Scottish Ministers, the EC and the European Court of Auditors have the right to inspect projects at any time during the auditable life of the Programme. The anticipated date for this is detailed in the Offer of Grant. These visits may require further information to be supplied and may include information concerning the financial stability of the applicant.
- 7.2 The PMEs carry out a regular programme of monitoring visits and full details of what is entailed will be provided at the appropriate time. A copy of the Monitoring Strategy for the area can be obtained from the relevant PME.
- 7.3 The Scottish Executive also undertakes a regular programme of verification visits. These visits will be directed in the first instance to applicants. However they may also require the inspection of other beneficiaries' documentation and involve additional visits to third party premises.

8. Retention of Documents

8.1 In accordance with Council Regulation (EC) No. 1260/1999, Article 38.6, the applicant must retain all original documentation “or versions certified to be in conformity with the originals on commonly accepted data carriers¹” relating to the implementation of the project and its financing for three years following the final payment made under the Programme².

8.2 The effect of this is shown as a specific condition in Annex A to the Offer of Grant. Failure to retain appropriate documentation may result in decommitment of the project and full repayment of EUROPEAN STRUCTURAL FUNDS grant.

8.3 At the time of preparing this guidance, it is anticipated that retention will be required until 31 December 2012.

8.4 Please remember that this requirement refers to all project documentation including that held by third parties such as sub-contractors and service providers. It is the responsibility of the applicant to ensure that all this information is accessible.

8.5 Applicants should also maintain and retain a detailed expenditure analysis for each claim reflecting the cost distribution methodology included in the approved application. These should then be used to support the overall expenditure analysis required with the Final Claim.

9. Presentation of the Funding Package

9.1 For projects receiving co-funding in advance applicants are advised to present this as a pro-rata allocation corresponding to the declared expenditure in an individual claim period. This approach will ensure that the appropriate level of grant is then calculated and overpayments do not occur.

9.2 Alternatively if applicants prefer to declare the full amount of co-funding in advance during the claim period it is received the system will accept it and calculate the grant due for that period. This approach may result in payment adjustments at final claim to take account of any overpayment if the final declared expenditure is less than the approved level.

¹ Accepted data carriers include microfiche, CD and other electronic formats.

² This means the final payment made by the EC to the Member State relating to the overall Programme not the final payment made by SE on an individual project.

10. The Change Process

- 10.1 The Change Process refers to any alterations made to **any** of the information in Part One (Data Capture) of all project applications. This refers to not only financial changes as in the past but also performance information, bank details and contacts details.
- 10.2 **Changes should be notified as soon as you become aware of them to allow the PME sufficient time to process the request, which may require referral to the Programme Committees.**
- 10.3 Applicants cannot make changes to approved project information. The PME will access the system and make changes on your behalf. Please refer to the separate Guidance Notes for Notification of Changes to Projects.
- 10.4 All changes to the approved information in Part One (Data Capture) must be notified and agreed outwith the claims process for the following reasons:
- The claim form will be pre-populated with standing data drawn from the information in the approved application.
 - Built in validation will neither allow applicants to change nor add to the approved project information on the claim form.
 - This also secures greater levels of control and integrity in the systems. In this event, applicants may not be able to submit a claim since only limited tolerance is build into system validation.

FURTHER GUIDANCE AND INFORMATION

1. Overall information about the European Structural Funds and links to the Scottish Programme Management Executives are available on the Scottish Executive Website – www.scotland.gov.uk
2. For further information and guidance please contact the relevant PME at the addresses below.

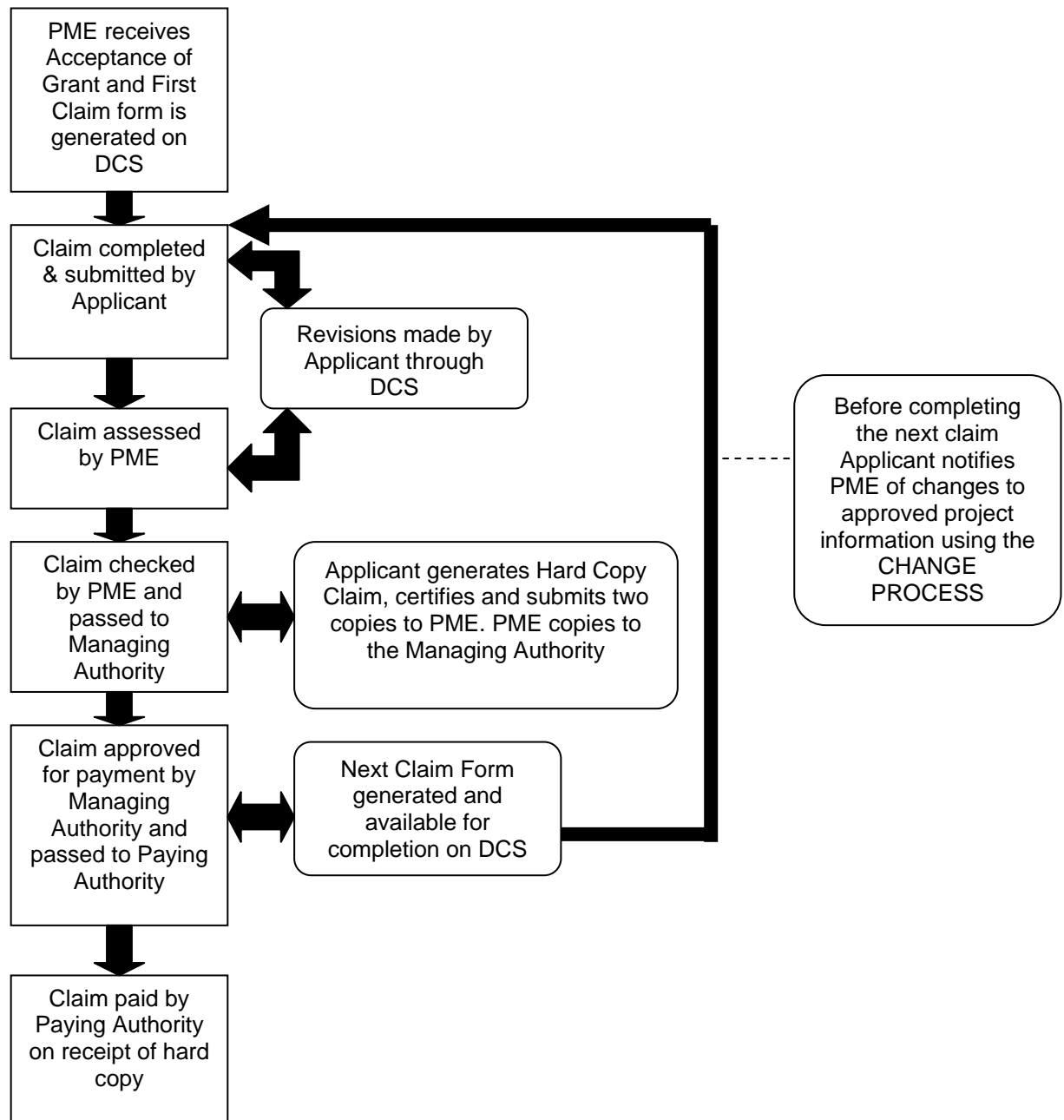
<p>East of Scotland East of Scotland European Partnership Enterprise Way Carnegie Campus South Dunfermline KY11 8PY</p> <p>Telephone: 01383 622537 Facsimile: 01383 622624 Website: http://www.esep.co.uk</p>	<p>Western Scotland Strathclyde European Partnership 94 Elmbank Street Glasgow G2 4DL</p> <p>Telephone: 0141 572 4400 Facsimile: 0141 572 4499 Website: www.wsep.co.uk</p>
<p>South of Scotland South of Scotland European Partnership Dumfries Enterprise Park Tinwald Downs Road Dumfries DG1 3SJ</p> <p>Telephone: 01387 251360 Facsimile: 01387 252733 Website: www.sosep.co.uk</p> <p>St Mary's Mill Level Crossing Road Selkirk TD7 5EW</p> <p>Telephone: 01750 725104</p>	<p>Highlands & Islands Highlands & Islands Partnership Programme Castle Wynd Inverness IV2 3EB</p> <p>Telephone: 01463 228900 Facsimile: 01463 228989 Website: www.hipp.org.uk</p>
<p>Objective 3 Scottish ESF Objective 3 Partnership 2nd Floor, Caithness House 127 St Vincent Street Glasgow G2 5JF</p> <p>Telephone: 0141 582 0401 Facsimile: 0141 582 0478 Website: www.objective3.org</p>	<p>European Structural Funds – Scotland Website: https://sedsh10.sedsh.gov.uk</p> <p>Scottish Executive – Public Procurement Website: www.scotland.gov.uk/procurement</p> <p>Scottish Executive – State Aids Website: www.stateaidscotland.gov.uk</p>

PART B COMPLETING & SUBMITTING A EUROPEAN STRUCTURAL FUNDS CLAIM

INTRODUCTION

1. In order to complete and submit a claim you must have received and accepted an Offer of Grant for the project application submitted through European Structural Funds - Scotland.
2. The trigger for starting off the claim process is when the PME receives your acceptance of grant and instructs the system to generate the first claim form. Subsequent claim forms will then be generated on approval of the previous claim for payment.
3. The claim form within DCS will be pre-populated on the basis of the data detailed in Part One (Data Capture) of the approved application, any subsequent approved changes and cumulative reporting from previous claims. Applicants will only be required to provide the update information for the relevant claim period.
4. Updates to Part Two (Compliance) of the application will have been addressed in advance of the first claim being submitted. It is anticipated that this will be addressed by letters and appropriate reports submitted to the PME during the application decision making process. This includes submission of the Public Procurement Questionnaire as appropriate.
5. Compliance with the Publicity Regulations will be checked as part of monitoring visits and a comprehensive portfolio of appropriate materials and press cuttings that should be submitted by the Final Claim.
6. You will still be required to submit two certified hard copies of each claim, which should be the same version number as the one checked and uploaded. As with the application the PME will advise you when this is appropriate.
7. You will not receive payments until the hard copy has been received and passed by the Paying Authority.
8. Remember to log out completely when part way through editing a claim or else it will be locked for both you and others to access for a twenty minute timeout period.
9. Please remember that system updates to centrally held information are an overnight process, for example:
 - Advising of project changes.
 - Transfer of completed claims.
 - Generation of subsequent claims.

THE PROCESS – First Claims and Regular Quarterly Claims



COMPLETING THE CLAIM FORM

1. This section of the guidance will take you through the on-line part of the claim form section by section.
2. The claim is accessed through the link on the PME website or the European Structural Funds – Scotland Internet site <https://sedsh10.sedsh.gov.uk> which you will already be familiar with for submitting the application.
3. Please remember to notify any requests for change to approved project information before you start to complete a claim using the CHANGE PROCESS.
4. Applicants are also advised to have all working papers completed and available when completing a claim which ensure that the process is primarily a data entry exercise and minimise the potential for a timeout period.
5. From the bar along the top of the HOME page you select CLAIMS and a list of individual Claim Forms you have permission to access will appear on the screen.
6. Each section of the form is accessed by clicking on one of the labelled index tabs displayed down the left-hand side of the screen. This document provides guidance for completing the fields displayed in each of those sections.
7. There is also a **HELP** button on every screen that will provide a brief summary of this guidance.
8. Also please remember to use the **SAVE** button on each screen or else your data will not be recorded.
9. Please remember to **VALIDATE** the Claim Form, as you will not be able to **SUBMIT** unless it has been validated.
10. In some screens you may see a warning message prompting you to double-check some update information. These warning messages will not prevent validation but may be a trigger for the CHANGE PROCESS. Please use the SUMMARY – Section 4 screen to respond to warning messages.
11. As far as possible the guidance will be the same for ERDF, ESF, EAGGF and FIFG. Essential differences are highlighted within the guidance text.
12. Please also refer to the separate document European Structural Funds – Scotland: Guidance to Assist Registration on the Data Capture System, Part E.

13. The following guidance is in the same sequence as the index tabs displayed down the left-hand side of your on-screen application form.

ERDF

- ACTIONS
- CLAIM
- BANK ACCOUNTS
- DECLARATION
- SUMMARY
- FUNDING PACKAGE
- OUTPUTS
- RESULTS

ESF

- ACTIONS
- CLAIM
- BANK ACCOUNTS
- DECLARATION
- SUMMARY
- FUNDING PACKAGE
- OUTPUTS
- RESULTS
- BENEFICIARY PROGRESS
- TARGET GROUP
- EMPLOYMENT PROFILE
- AGE PROFILE
- GENDER PROFILE
- ETHNIC PROFILE
- INDUSTRIAL SECTOR
- QUALIFICATIONS

ACTIONS

1. Actions

1.1 The ACTION buttons in this screen are virtually the same as for applications and show as yellow when they can be used. The ACTION buttons for use by applicants are:

- **Validate** – This identifies any errors in the claim form and is cross-referenced to individual sections. A validated claim form may include warning messages to alert you to sections that may be subject to the Change Process.
- **Submit** – This allows you to submit a validated claim form to the PME.
- **Print** – which allows you to print pdf format hard copies of the claim form (Note: this will only produce the signature pages after the PME has Checked the Claim.)
- **Permissions** – This allows the claim owner to assign access permissions for the claim.
- **Delete** – This allows the claim owner to delete a claim form.
- **Ownership** - This allows the claim owner to assign the ownership of claims to a name from the list of registered users against the organisation. Note that the system assigns initial ownership of the first claim to the application owner; this action may be used to transfer ownership for claims to someone in your Finance department.

2. Details

2.1 This section is pre-populated and shows the following:

- Programme Management Executive
- Claim Number
- Current Version
- Claim Status
- Created by
- Updated by

3. Change Process

3.1 The Claim Form on DCS will initially reflect the application Part One (Data Capture) that was approved and issued with an Offer of Grant. Please read through the whole claim form before starting to complete it.

3.2 **If you need to make changes to any of the sections in Part One (Data Capture) you must notify the PME and receive agreement to the alterations before completing and submitting a claim.**

3.3 This section allows you to alert the PME to the need for change and start the change process. Please refer to separate guidance **Process for the Notification of Changes to Approved Projects** for how to proceed.

3.4 The validation report also highlights sections that may be subject to the Change Process.

3.5 Keep the message in this section short and to the point. The change process allows you to expand and provide details of the changes required.

3.6 Please allow sufficient time before the next claim submission date for changes to be received, assessed and approved.

CLAIM – Section 1

1. This screen shows the **Claim Details** information that has been pre-populated from the approved application.
2. On the first claim, the **From** date will show the start date taken from the approved application and can be edited to show the Offer of Grant Acceptance date and/or for ERDF allow for the inclusion of eligible costs defrayed before the project start date. On subsequent claims, the system inserts the date following the end of the previous claim period. You cannot edit this date.
3. You are able to **edit** are the **Claim Period** end date and **Final Claim** tick box:
 - The **To** date should be no more than three months after the **From** date unless otherwise agreed with the PME.
 - Please remember to activate the Final Claim tag at the appropriate time.
4. Please check that the **Contact Details** are correct and up to date. Updates to contact details should be notified through the Change Process.
5. Any other changes to this screen must be agreed through the Change Process.

BANK ACCOUNTS – Section 2

1. You are advised to edit this screen after you have completed the DECLARATION screen, which calculates the amount to be paid into the bank account. **When editing this screen you will need to use the magnifying glass icon to insert the amount payable otherwise the claim will not validate.**
2. This screen should confirm the bank account(s) to which payments should be made in an individual claim period.
3. The starting point for the information in this screen will be the details included in the approved application and confirmed in the Acceptance of Grant.
4. You cannot alter existing bank account details and/or add additional bank accounts without appropriate justification and agreement with the PME, which should be notified through the Change Process.

DECLARATION – Section 3

1. Declaration of Eligible Expenditure – 3.1

- 1.1 The pre-populated information in these screens show the **Eligible Costs** detailed in the approved application Part One (Data Capture) and any declared expenditure in previous claims.
- 1.2 The EDIT facility in this section is restricted to completing the **Declaration this Claim** column relevant to the current claim period.

1.3 In this screen you **cannot**:

- Add new categories of expenditure.

In this screen you **should not**:

- Redistribute expenditure across categories.
- Declare expenditure in excess of the amount approved for an individual category.

These can only be done through the Change Process.

1.4 In this screen you are reporting against the generic expenditure headings as in the approved application.

1.5 Underlying that is the assumption that the allocation of costs within the headings will be in line with the detailed breakdown and methodology provided with Part Three (Justification) of the approved application.

1.6 Any significant alterations to this information should be notified to and agreed with the PME through the Change Process.

1.7 Please remember to retain an analysis and working papers for each claim. You are not required to provide the analysis with individual claims but appropriate evidence should be available on request.

1.8 You will be asked to provide a detailed analysis for the total project expenditure as part of the final claim, which should reflect the same methodology, approved in the application.

2. Grant Calculation – 3.2

2.1 This section is automatically generated from the section above and information elsewhere in the system.

2.2 You cannot edit this section.

2.3 This section does take account of:

- ESF 30% Advance Payment, which is included in **Approved Grant From Previous Claims** and will already have been paid.
- The capping of claims when you reach 90% of declared expenditure for ERDF and 80% for ESF.
- Eligible Revenue as in the approved application and claim funding package.

SUMMARY – Section 4

1. This screen is free text for you to provide a concise and precise summary of how the project is progressing in qualitative terms.
2. The text in this screen is limited to 225 words.
3. This screen should also be used to:
 - Justify NIL claims.
 - Explain any variances in the OUTPUTS, RESULTS and/or BENEFICIARY PROGRESS sections.
 - Explain **No Progress To Report** tag.
 - Respond to warning messages.
4. Please keep this section fresh and relevant to the individual claim period. Do not repeat summary information from previous claim forms unless it is relevant.

FUNDING PACKAGE – Section 5

- 5.1 Eligible Public Match Funding
- 5.2 Eligible Private Match Funding
- 5.3 Eligible Revenue
- 5.4 Total

1. The pre-populated information in these screens reflects the **Funding Package** detailed in the approved application Part One (Data Capture) and any declared funding in previous claims.
2. In these sections the EDIT facility is restricted to completing the **Total This Claim** column during the current claim period.
3. **Remember to allocate the funding proportional to the expenditure declared for the claim period.**
4. In this screen you **cannot**:
 - Add new categories of funder.
 - Redistribute funding between funders.
 - Declare funding in excess of the amount approved for an individual funder for sections 5.1 and 5.2.

These can only be done through the Change Process.

5. In section 5.3 you can report revenue in excess of the amount approved. This will act as a trigger for the PME to seek confirmation of a reduction in grant requirement that should be done through the Change Process.
6. Revenue reported in section 5.3 will automatically be deducted from the eligible costs and grant payable as appropriate.
7. Section 5.4 is automatically calculated on the basis of the information reported in sections 5.1, 5.2 and 5.3.

OUTPUTS & RESULTS – Sections 6 & 7

1. The pre-populated information in these screens show the **Outputs** and **Results**:
 - Approved targets from the application Part One (Data Capture).
 - Reported achievements in previous claims.
 - Achievements in the current claim period.
 - Cumulative achievements to date.
2. Some sections may contain multiple pages, indicated by blue numbers at the bottom of the screen.
3. The detailed definitions of the outputs and results are in the Guidance for the Completion of European Structural Funds Grant Applications (Parts One and Two) - Part E Performance Indicators.
4. The EDIT facility in these screens is restricted to reporting any achievements during the current claim period.
5. If there have been no achievements since the last claim please remember to use the **No Progress To Report** check box otherwise the claim will fail validation. Please explain why there has been no progress in the SUMMARY – Section 4 screen.
6. You cannot add new categories of outputs or results through this screen. This can only be done as part of the Change Process.
7. Any variance in outputs or results targets must be highlighted in the Summary at Section 4 and revised through the Change Process if they exceed approved totals.
8. Please remember that it is part of the compliance requirements that applicants maintain accurate beneficiary and financial records for each project. It is the responsibility of the applicant to ensure that all delivery arrangements are being met and that all beneficiaries receiving support are eligible under the specific delivery arrangements for the priority and measure
9. Access to these records will be requested by the PME as part of the project monitoring process. Any beneficiaries found to be ineligible for support will have to be removed from the project and all associated costs stripped out from the claims.
10. Each section should be completed for beneficiaries / companies joining the project during this claim period. The information should be entered only once for each beneficiary / company to prevent double counting.

BENEFICIARY PROGRESS (ESF APPLICATIONS) – Section 8

1. The pre-populated information in this screen refer to the **Project Profile** of the approved application Part One (Data Capture) and any reported achievements in previous claims.
2. The EDIT facility in these screens is restricted to reporting any achievements during the current claim period.
3. If there have been no achievements since the last claim please remember to use the **No Progress To Report** tag otherwise the claim will fail validation:
 - **8.1 – Total Beneficiaries and Companies** will validate against the update information provided in the subsequent screens.
 - **8.2 – Beneficiary Progress** is not validated.
4. In this screen please note that only whole numbers should be entered.
5. Definitions to assist the completion of this screen and subsequent beneficiary related screens.

New Beneficiary

- Individuals who have not previously participated in an ESF project and that remain new throughout the life of the project.

Continuing Beneficiary

- Individuals continuing with training and/or support from a previous ESF project.
- These individuals remain as continuing and should only be recorded once in the **Beneficiary Progress** screen to avoid double counting.

Number of Hours

- This should be the total number of hours up to the end date of the quarter (claim period).
- If at final claim the actual hours vary by more than 20% above or below the projected hours in the approved application an explanation should be provided in the **Summary** screen.

TARGET GROUP (ESF APPLICATIONS) – Section 9

EMPLOYMENT PROFILE (ESF APPLICATIONS) – Section 10

AGE PROFILE (ESF APPLICATIONS) – Section 11

GENDER PROFILE (ESF APPLICATIONS) – Section 12

ETHNIC PROFILE (ESF APPLICATIONS) – Section 13

INDUSTRIAL SECTOR (ESF APPLICATIONS) – Section 14

QUALIFICATION – Section 15

1. The following guidance applies to each of the screens listed above.
2. The pre-populated information in these screens refer to the equivalent screens in the approved application Part One (Data Capture) and any reported achievements in previous claims.
3. In these screens you cannot:
 - Add new categories of beneficiary.
 - Exceed the approved targets.

These will need to be notified through the Change Process.

4. If you exceed the approved targets and/or wish to add in additional categories of target group these will need to be notified through the Change Process **before** starting to complete the claim.
5. The EDIT facility in these screens is restricted to reporting any achievements during the current claim period.
6. In these screens please note that only whole numbers should be entered and the percentages are calculated automatically by the system.
7. Any variances in actual performance against targets should be explained in the SUMMARY – Section 4 screen.
8. Each section should be completed for beneficiaries/companies joining the project during a claim period. The information should be entered only once for each beneficiary/company to prevent double counting. Section 7 - Results should be recorded only once for each beneficiary during the claim period in which they were achieved.

9. Please ensure that any information recorded at Section 6 - Outputs and Results – Section 7 is reflected in the appropriate section of the form for example:
 - Section 6 - Output 'No of beneficiaries who are women' should match the total number of women recorded in Section 12 – Gender.
 - Section 7 - Result 'No. of leavers/completers gaining a full/part qualification' should match total number recorded in Section 15 – Qualification.
10. The total in each individual section must match the Total Number of Beneficiaries/Companies declared in Section 8.1 or the claim will not validate.
11. At Final Claim stage, Section 15 should match the Total Number of Beneficiaries recorded in Section 8.1. If this is not the case the Final Claim will fail validation.

CERTIFICATION OF CLAIMS

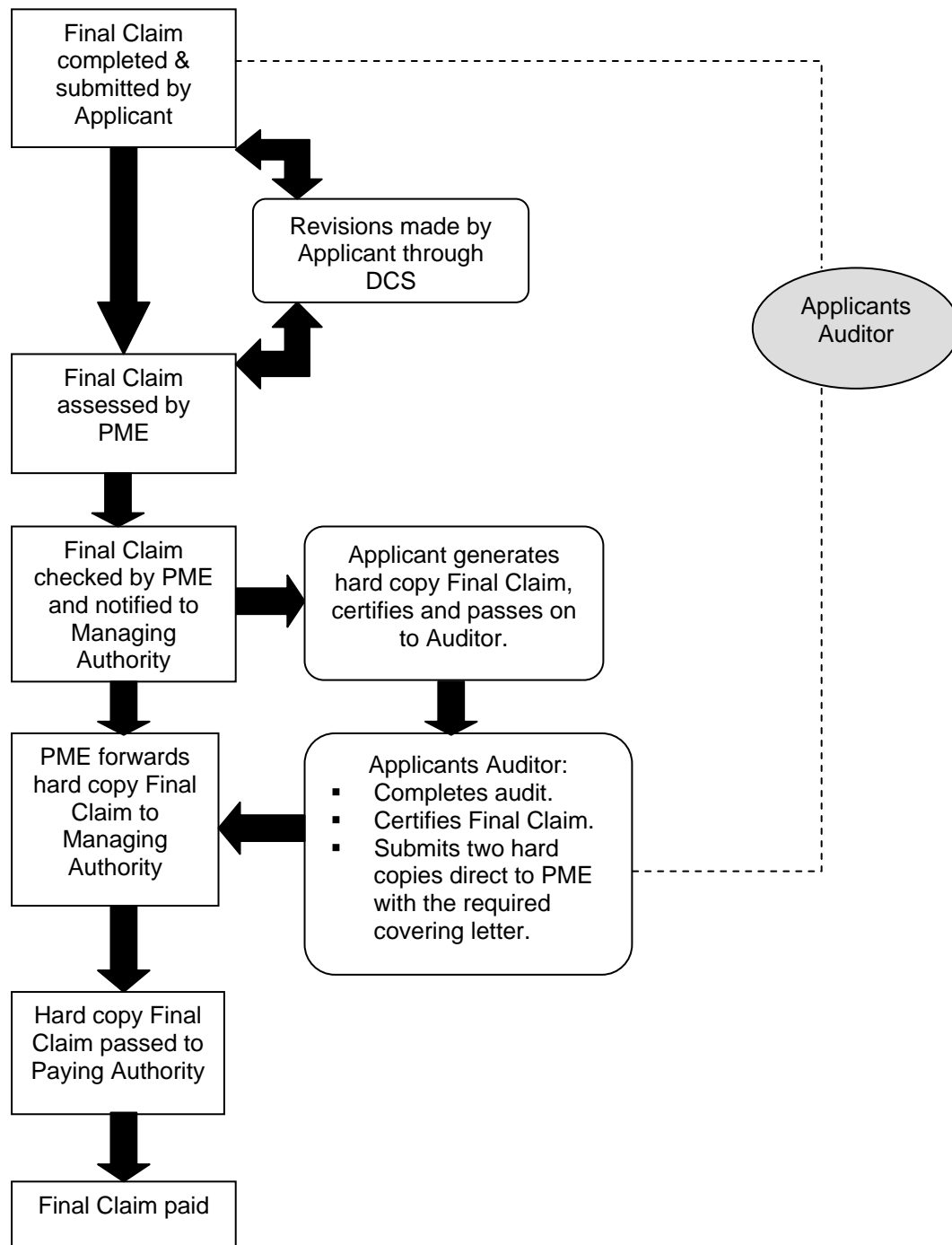
1. The additional page for certification does not appear on the screens and will only be included in the printed version once the PME has updated the claim status to **uploaded**. It is the same process, as you will have followed for applications.
2. The two signed hard copies you send in to the PME:
 - Must be the same version they have **uploaded** on-line.
 - Must show claim status as **uploaded**.
 - Will be passed by the PME to the Scottish Executive – Managing Authority and then the Paying Authority for payment.
3. This will also apply to the Final Claim Certification by Auditors, which will not appear on the screen. Advice on that part of the process is in Part C of this guidance.
4. The same procedure will activate the Auditors certification page for the Final Claim.

PART C FINAL CLAIM AUDIT AND ASSOCIATED FEES

INTRODUCTION

1. It has been agreed that for all projects approved on or after 1 April 2004 where the amount detailed in the grant offer is £50,000 or more the Final Claim will require independent certification by auditors.
2. The audit fees associated with the independent certification can be included in the eligible costs of approved projects.
3. In cases where an increase in grant is awarded during project implementation, which exceeds the threshold, the revised value should be applied and audit fees included in the increased grant request.
4. Certified Final Claims should be submitted by the Auditor directly to the appropriate PME with a covering letter and not via the applicant.
5. The part of the guidance is in four sections:
 - Section 1 – The Process
 - Section 2 - Guidance for Applicants.
 - Section 3 – Guidance for Accountants/Auditors.
 - Section 4 – Guidance on claiming final claim audit fees.

SECTION 1 - THE PROCESS – Final Claims



SECTION 2 - GUIDANCE FOR APPLICANTS

1. In order to comply with Final Claim audit requirements, applicants must do the following:
 - Complete the Final Claim on DCS.
 - Ensure that the **Final Claim** tick box is activated in Section 1.1 – Claim Details - on the **Claim** tab.
 - The status of the claim will now be shown as **Final** at the top of the screen throughout the completion process.
 - Follow the process outlined in the flowchart in the Section 1.
2. When the hard copy of the Final Claim is generated, the section - **Certification by Independent Accountant/Auditor** will be included. This section of the form can not be viewed on the DCS screen.
3. You must then send the signed and dated hard copy of the completed Final Claim including the Certification by Independent Accountant/Auditor section to your auditor.
4. You should make this guidance note available to your auditor in particular Section 3 – Guidance for Accountants/Auditors. In addition you should ensure that the auditor has access to **Guidance Notes for the Completion of European Structural Funds Grant Applications (Parts One and Two) – Part D Eligible Expenditure** which can be accessed from the PME websites.
5. For local authority projects, Audit Scotland's own guidance applies.
6. If content, the auditor should certify that expenditure has been fairly stated and send the duly certified claim with a covering letter, including additional comments if appropriate, direct to the PME.

SECTION 3 - GUIDANCE TO ACCOUNTANTS/AUDITORS CERTIFYING NON-LOCAL AUTHORITY GRANT CLAIMS

1. Independent certification is required for all Final Claims s where certified **cumulative grant claimed** equals or exceeds £50,000 in the Final Claim.
2. For Local Authority projects, Audit Scotland's own guidance applies and will have been issued to auditors by Audit Scotland.
3. The purpose of this note is to explain the administrative arrangements that apply and to offer guidance to facilitate the audit of final claims.

Administrative Arrangements

1. Certification of Final Claims is required before submission to the PME and subsequently the Scottish Executive for payment of grant.
2. The applicant should pass final Claims directly to the auditor.
3. The auditor should certify that expenditure has been fairly stated and forward the duly certified claim with a covering letter, including additional comments if appropriate.
4. On completion of the certification process, the Final Claim and accompanying documentation should be submitted by the auditor directly to the appropriate PME.

Conditions of Grant

5. Each approved project with a Final Claim will have the following:
 - An approved grant application
 - Grant offer documentation consisting of Offer of Grant Schedule and Offer of Grant Acceptance Schedule which may include project specific conditions of grant.
 - Standard Conditions of Grant.
6. This and all other documentation related to an approved project should be readily available for inspection at the applicant's premises. You are strongly advised to make yourself familiar with this documentation.
7. It is a condition of grant that claims, both interim and final, must only include payments actually made (for example retention on contracts or accrued costs may not be claimed until discharged by payment).
8. Auditors should specifically check that certified final claims contain only payments made, they are also asked to ensure that applicants are aware that this condition applies to interim claims and that arrangements are in place to ensure compliance.

Eligible Expenditure

9. Conditions of grant relating to eligible expenditure may be found in statements of standard conditions and in the notes on completion of grant applications.
10. You should ensure that you have access to **Guidance Notes for the Completion of European Structural Funds Grant Applications (Parts One and Two) – Part D Eligible Expenditure** which can be accessed from the PME websites. Although not exhaustive this provides guidance on expenditure that is eligible and ineligible for Structural Funds support.
11. Eligible expenditure should also be considered from the details in the approved application and supporting documentation and Offer of Grant.
12. It is acknowledged that doubts may occur in relation to whether or not specific items of expenditure are eligible. In such cases, auditors should include suitable observations in their covering letter with the certified Final Claim. The Scottish Executive will then decide whether or not the item is eligible.

13. In such cases it may be helpful to stress to applicants that the auditor is not disallowing expenditure, but responding to a specific request that auditors highlight such cases for the Scottish Executive to take a final decision on expenditure eligibility

SECTION 4 - FINAL CLAIM AUDIT FEES

1. Final claim audit fees may be incurred, but cannot be defrayed, in advance of the submission of a final claim.
2. There must be a sufficient portion of eligible expenditure remaining after final claim stage to cover audit fees.
3. In order to claim these costs, you must complete a **Final Claim Audit Fees Pro-forma**, which can be accessed from the PME websites.
4. A designated signatory from the applicant organisation should sign and date the form and attach a copy of the invoice and letter received from the auditor, requesting payment of audit fees, and forward these to the PME for action.
5. The PME will forward these documents to the Scottish Executive for payment.