



LOWLAND AND UPLAND SCOTLAND 2007 – 2013 (EUROPEAN STRUCTURAL FUNDS) PROGRAMMES

GUIDANCE NOTES FOR GRANT FUND MANAGERS

Please note: The following information is for guidance only. Further more detailed checks will be done via the Article 60(b) visit. This guidance document sets out the minimum information that must be held and the minimum checking that must be undertaken by a Grant Fund Manager (GFM). The information that must be provided as part of a Verification Check undertaken by the IAB is listed at the end of this guidance.

As a GFM you should note the following:

Grant Recipient (SME) Eligibility Status

The GFM must make an assessment of the SME status of the applicant organisation (EC SME Definition is available at http://ec.europa.eu/enterprise/enterprise_policy/sme_definition). Organisations which do not fit within the definition of an SME will not be considered eligible to receive a grant with Structural Funds Support. This assessment should be done as standard and the documentation to confirm this held on file for any future audit. The system for doing this will be assessed by the IAB/SG as part of an Article 60(b) visit.

Purpose/Eligibility of Grant

The GFM must make an assessment of the request for a grant to ensure that the proposed activity adheres to the overall objectives of the approved Structural Funds project. This assessment must also include a check that the proposed activity has not received previous European support. The system for doing this will be assessed by the IAB/SG as part of an Article 60(b) visit.

VAT Status of the Grant Recipient

The GFM must be aware of the grant recipients VAT status. VAT is an eligible item of expenditure but only where the recipient cannot re-claim this VAT. As a consequence if the grant recipient is including VAT as part of their grant request then they must provide confirmation of their VAT status to the GFM. This evidence would be in the form of a letter from either HMRC, their Auditors or their Accountant confirming that they are not VAT registered or exempt from VAT for this type of activity.

Award Approval Documentation to Grant Recipient

The GFM will be obliged to retain the following documents/provide the following information for every grant that is issued via a European Funded Grant Scheme Project:

- the application from the grant recipient requesting an award from the grant scheme;
- evidence on how the application was assessed;
- information on who assesses and authorises the awards;
- information on the aim and objectives of the grant scheme/awards;
- evidence of the notification given to the recipient of the approval of an award;
- bank statement showing defrayment of the grant to the recipient;
- bank statement from the recipient showing receipt of the award; and
- receipted invoices from the recipient along with the bank statements showing defrayment of the invoice amounts.

Further Clarification on how to Verify a Grant:

From the Grant Fund Manager

As the GFM you must be able to provide the IAB with your bank statement showing the grant awarded to any particular recipient being deducted from your account. If the amount on the bank statement is more than the grant amount to be verified i.e. relates to more than one payment, then BACS/Ledger run(s) that show the grant amount to be verified and the total that appears on the bank statement must be provided.

From the Grant Recipient

As the GFM you will need to provide evidence of how the recipient claimed the grant (you must ensure the recipient has defrayed the expenditure before claiming it back through your EU funded project) – this includes keeping records on:

- the recipients bank statement showing the payment of the grant from the GFM;
- the recipients invoice(s) for the services/equipment purchased with the grant; and
- the recipients bank statement(s) showing defrayment of these invoices. (The IAB need only see those items that refer to the grant, all other entries on the recipients bank statement can be blacked out).

European Structural Funds Acknowledgement

As the GFM you must be able to provide evidence on what was done to ensure the recipient was aware that their grant was part funded by either ERDF (European Regional Development Fund) or ESF (European Social Fund). As a minimum all grant applications and award letters must carry the European Logo relevant to the particular fund and the award letter itself should in writing acknowledge the European involvement in the project.

Requirements for the Verification Checks

If an item of expenditure selected as part of the Verification Check is for a grant payment, the evidence required to be sent to the IAB to verify that item is:

- the application from the recipient requesting a Grant*;
- the award letter from the GFM*;
- the GFM bank statement showing the money being paid to the recipient;
- the recipients bank statement showing the money being paid to them; and
- the recipients invoices (from their suppliers) and their bank statements showing the payment of these invoices, again if the amount on the bank statement is more than what is being asked for as part of the Verification Check then BACS/Ledger runs that show the invoice amount and the total that appears on the bank statement must be provided.

* **Please note:** If you are paying the grant in batches to the recipient then we need only see the **application** and **award letter** the first time that particular recipient award is selected.