



“ **BUILDING  
ON SUCCESS** ”

Special EU Programmes Body

Annual Report and Accounts 2004



“ BUILDING ON SUCCESS ”

# SEUPB

Annual Report and Accounts for the period ended 31 December 2004.

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# FOREWORD

## Building on Success



I am delighted to present my first Annual Report as Chief Executive of the Special EU Programmes Body. I joined the organisation in the Autumn of 2004 so much of the outstanding work highlighted within this report is attributed to Nuala Kerr, Deputy Chief Executive, and the marvellous staff in our Belfast, Omagh and Monaghan offices.

Main photograph: Silent Valley Nature Trail, funded by PEACE II through Mourne Heritage Trust.



When I arrived to take up my post in September 2004 I found an organisation that was dedicated and committed to the Programmes it manages, namely the PEACE II Programme and the INTERREG IIIA Programme.

Prior to 2004 both Programmes had enjoyed a commendable degree of success, even though the INTERREG IIIA Programme had been only opened for business for a few months before the beginning of 2004.

But with the many successes enjoyed by both Programmes comes many challenges and both PEACE II and INTERREG IIIA Programmes faced many tests throughout the year.

In June, at the request of the two governments, the European Council asked

the EU Commission to consider the possibility of extending PEACE II for a further two years to bring it in line with other EU Structural Funds.

As a result, the PEACE II Programme embarked upon a series of widespread public consultation events in order to gather views and opinions on the structure and direction of any extension to the Programme, which, I am pleased to report, has now been confirmed.

Both Programmes were also set challenging spend targets for the year, otherwise known as N+2. The INTERREG IIIA Programme had to spend €44.5m by the end of the year 2004, and PEACE II €366.4m. I am pleased to report that both Programmes exceeded the targets. Funding, of course, makes a great impact on local communities and

economies but the success of both Programmes can be attributed directly to the projects they fund and the dedication and enthusiasm of those who run and support such projects.

I would like to take this opportunity to thank Nuala Kerr and my colleagues for making me feel welcome in my new position, for their support throughout the year and for continuing and building upon the Special EU Programme Body's many achievements and successes since it was formed five years ago.



**Pat Colgan**

Chief Executive  
Special EU Programmes Body



# BACKGROUND

The Special EU Programmes Body's principal functions are to manage certain EU Structural Funds, such as the EU Programme for Peace and Reconciliation (PEACE II), INTERREG IIIA Programme and other Community Initiatives and to support a range of development and regeneration programmes in the North and South of Ireland.

The SEUPB is a North/South Implementation Body sponsored by the Department of Finance and Personnel in Northern Ireland and the Department of Finance in Ireland. The Body was

established on 2nd December 1999 under the Good Friday Agreement 1998 and the British Irish Agreement establishing implementation bodies. The Body reports to the North/South Ministerial Council.

## **PEACE II Programme**

The PEACE II Programme aims to help Northern Ireland become a more stable and prosperous society and to promote reconciliation in Northern Ireland and the

Border Region of Ireland. By the time the Programme closed at the end of 2004, it had provided around €707m (£456m) for projects. The Programme has five main themes; Economic Renewal; Social Integration, Inclusion and Reconciliation; Locally-based Regeneration and Development Strategies; Outward and Forward Looking Region and Cross Border Co-Operation.

### **Northern Ireland Regional Partnership Board**

The Special EU Programmes Body is also responsible for the secretariat for the Northern Ireland Regional Partnership Board, which was set up to ensure that partnership working continues beyond the life of the PEACE II Programme.

The Board is tasked with promoting partnership working at a local level, the sharing of best practice, and assisting different districts and organisations to work together.

### **INTERREG IIIA Programme**

The INTERREG IIIA Ireland/Northern Ireland Programme, an EU wide initiative, is designed to support cross border co-operation, social cohesion and economic development between the regions of the European Union. The Ireland/Northern Ireland INTERREG IIIA Programme covers all of Northern Ireland and the six border counties of Ireland. The €182m (£121m) programme aims to address the economic and social disadvantages which can result from the existence of a border, by promoting the creation of cross border

networks involving, and also benefiting, local communities.

The Programme has a number of Measures under which applications can be made; however, preference is given to projects which lead to job creation, improvement of the economic competitiveness of an area, creation of development plans and the promotion of equal opportunities for men and women.

# Background

- 1: Pictured at the site of Mersey Street Residents' Association's PEACE II funded 'Youth Development pilot project' in East Belfast, are Gordon McCullough (NICVA) and Pat Colgan, Chief Executive, Special EU Programmes Body. The project was funded through Community Foundation for Northern Ireland.
- 2: Pictured is Lough Scolban, part of the EU Water Framework Directive (WFD) linking the North South SHARE project, funded by INTERREG IIIA through the Department of Environment, Health & Local Government and the Department of the Environment.



The Special EU Programmes Body also has oversight of other Community Initiatives, including LEADER +, URBAN II and EQUAL and contributes to the development of such programmes through partnership activity with government departments, North and South.

## **Common Chapter**

The Special EU Programmes Body is charged with monitoring and promoting the implementation of the Common Chapter. The National Development Plan for Ireland (2000-2006) and the Northern Ireland Structural Funds Plan (2000-2006) each contain a chapter of agreed text that appears in both plans.

This sets out a strategic framework for building upon North/South and wider co-operation across a broad range of sectors and activities. This develops from previous work set out in the 1994/1999 plans and recognises the benefits that may be secured throughout the island of Ireland through closer economic co-operation.



### **Our Values**

As an organisation the Special EU Programmes Body is committed to undertake our business on the basis of the following values which all staff strive to uphold.

### **Inclusiveness**

In all aspects of our work we will aim to act in a manner which offers equality of opportunity and accessibility. We will act fairly and openly towards any one person or any organisation. We wish to encourage participation from all and respect for diversity.

### **Transparency and Openness**

We adopt a policy of transparency and openness and will keep personnel, customers and the general public aware of our policies and actions through the exchange and dissemination of information and consultation.

### **Working Positively Together**

We will continue to work in partnership with stakeholders and customers to respond to their needs and ensure that issues are identified and addressed.

### **Respect for People**

The Special EU Programmes Body is committed to showing respect for all people with whom we come into contact during the course of our business.

### **Ready to Learn, Share and be Innovative**

At all times we will be open to new ideas and concepts and willing to consider new ideas and challenging ways of working, whilst retaining quality deliverables. The Special EU Programmes Body encourages sharing of ideas and suggestions to improve both personal and corporate performance, through open two-way communication.

## **Mission Statement:**

To develop co-operation, understanding and action between people and organisations in Ireland and Northern Ireland through consultation and implementation of EU social, economic, reconciliation and cultural programmes.

# Background



## **STATEMENT BY THE NORTH SOUTH MINISTERIAL JOINT SECRETARIES**

The North South Ministerial Committee Joint Secretaries, Peter Smyth and Tim O'Connor, praised the contribution that is being made by the Special EU Programmes Body to the promotion of peace and reconciliation.

"It is increasingly clear that the Programmes being administered by the SEUPB are making a real difference at ground level, both within Northern Ireland and at cross-border level," the Joint Secretaries said.

The Joint Secretaries also noted that SEUPB Programmes and Projects involved a wide range of stakeholders at public, private and community levels and a very intensive process of consultation.

"This ensures", the Joint Secretaries said "that the work of the Body is highly focussed on the real needs of the people and communities it is intended to assist and, therefore, more likely to be sustainable".



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The Joint Secretaries praised the strong level of commitment and leadership demonstrated by Chief Executive, Pat Colgan, and Deputy Chief Executive, Nuala Kerr, and the management team and staff of the Body, working in collaboration with the two Departments of Finance and the NSMC.

“The contribution of Pat, Nuala and their team - and indeed others who had worked in the start-up phase of the organisation - is greatly appreciated by the two Governments and the NSMC”, the Joint Secretaries said.

The Joint Secretaries noted that the Body had to design and deliver Programmes at the same time as it was building up its own organisation and that it had handled the complexities and challenges involved with great skill and dedication.

Looking to the future, the Joint Secretaries welcomed the Extension to the PEACE II Programme that had been negotiated by the two Governments with the EU Member States and the Commission and looked forward to the continued important contribution that could be made by the SEUPB to the ongoing work of

consolidating peace, reconciliation and co-operation, building on the valuable experience it had accumulated over the last five years.

- 1: Pictured at the 'New Europe, New Faces' event in St George's Market, Belfast, is Jack O'Connor, Director, Community Initiatives and Maja Cetojevic from Slovica, Slovenia.
- 2: The Walking Festival, part of the Cross-Border 'Green Box' Tourism Initiative, funded by INTERREG IIIA through the Irish Central Border Area Network (ICBAN).

# HIGHLIGHTS OF 2004

2004 witnessed more milestones for the Special EU Programmes Body and the PEACE II and INTERREG IIIA Programmes in particular.

Main photograph: Participants from the Sperrins Hot Air Balloon Festival Association, funded by PEACE II through Sperrins Tourism Ltd., take to the skies.



PEACE II's highlights included;

- An extensive public consultation process throughout Northern Ireland and the Border Region on the possible two-year extension of the Programme, as well as securing the extension.
- Meeting financial spend targets (known as N+2) for the Programme by committing €866m (£588m) to 5120 projects.
- Publication of two major studies about the PEACE II Programme:
  - Attitudinal Survey
  - Telling the Story of PEACE II

INTERREG IIIA's highlights included;

- Achieved in May a commitment of €100m (£67.8m) which was a huge milestone for the Programme, and €142m (£96.3) within 9 Steering Committees by the end of 2004.
- The first N+2 target of €44.58m (£30.2m) was achieved and a strategy developed for subsequent years.
- A €3m (£2m) reallocation to Priority 1's Measure 1: Business and Economic Development and €1m (£0.6m) to Priority 2's Measure 1 D. Roads, approved by Monitoring Committee in November from Rural Development Initiative Priority 1 Measure 4.

- A Development Officer was appointed for the Programme in March.
- A Communications Strategy was developed to enhance the flow of information with all of the Implementing Agents, including production of branded materials, a DVD and relaunch of the newsletter.



# PERFORMANCE

The PEACE II Programme continued to build on the progress of previous years with the early months of 2004 reflecting a steady increase in applications; however with the Programme moving towards full commitment, the number of applications, as expected, slowed significantly since October 2004. A total of 9,869 applications were received by the end of December 2004, reflecting an increase of 2,835 from December 2003. By 31 December 2004 the Programme had funded 5,120 projects.

Main photograph: Altnaveigh House Cultural Society, funded by PEACE II through Newry and Mourne Local Strategy Partnership.



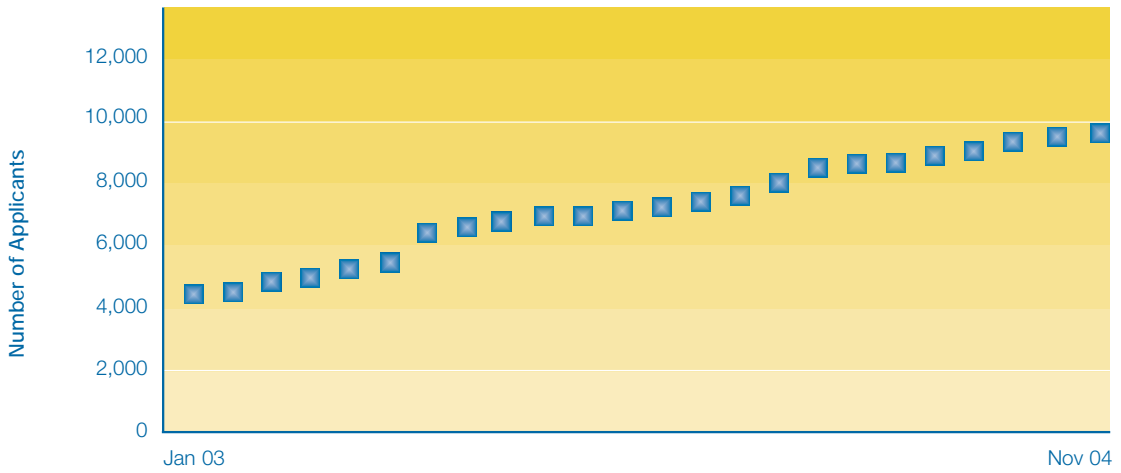
The INTERREG IIIA Programme made significant progress during 2004 with an initial slow level of activity increasing throughout the year in all Priorities.

During 2004 nine Steering Committee meetings were held and a total of 294 applications processed; 131 of these were approved, 45 of these were approved subject to Economic Appraisal, 31 applications were deferred and 87 were rejected.

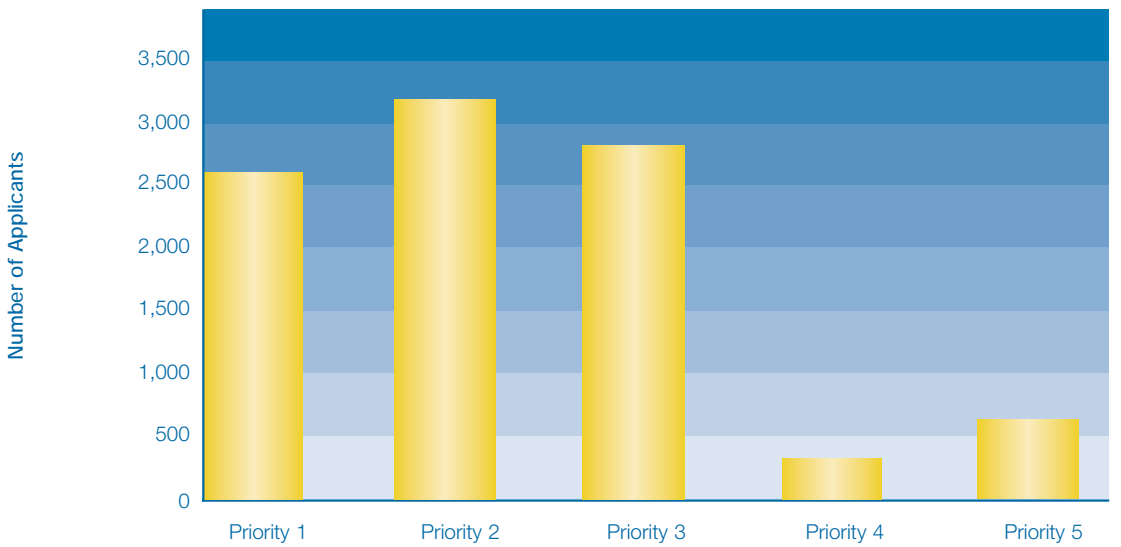
The total amount of funding committed to projects in 2004 was €82.31 million. Overall 221 applications have been approved by Steering Committee and 210 have been rejected. During 2004 it was critical that applications were processed quickly as many projects approved in 2004 were expected to contribute to meeting the N+2 target of €44.58 million.



**Table: PEACE II. Number of Applications: January 2003 to November 2004.**



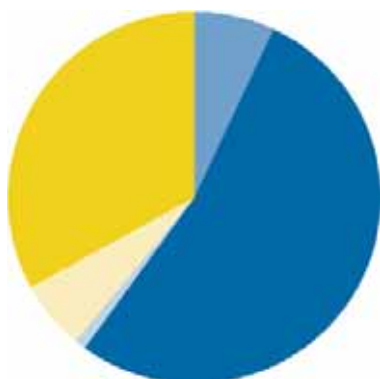
**Table: PEACE II. Number of Applications received under the Programme's measures.**



- Priority 1:** Economic Renewal
- Priority 2:** Social Inclusion and Reconciliation
- Priority 3:** Locally Based Regeneration
- Priority 4:** Outward & Forward Looking
- Priority 5:** Cross Border Co-operation

# Performance

**Table: PEACE II. Status of Applications received under the Programme.**



Approved and accepted	53%
Approved	7%
Being Processed	6%
Rejected	33%
Other	1%

To complete a busy year for the PEACE II Programme, the PEACE II Monitoring Committee met on three occasions and Bi-laterals were also held with the Programme's Implementing Bodies.

In February 2004, the Programme also rolled out a series of Training Seminars following simplification to the Programme announced in the autumn of 2003 and in October the Programme participated in a PEACE Seminar - 'Beyond Sectarianism' - The Churches and Ten Years of the Peace Process.

Throughout the year the INTERREG IIIA Programme held two Monitoring Committee meetings, ten Multi-Lateral Meetings and nine Steering Committee meetings. 294 applications were presented to INTERREG IIIA Steering Committee with 131 of these applications approved and €82.31m (£55.8m) funds committed.

The key issue for the INTERREG IIIA Programme was the meeting of the N+2 target of €44.5m (£30.2m). The Special EU Programmes Body developed

an N+2 strategy which involved close monitoring of the performance of all Programme Measures.

The Special EU Programmes Body also appointed an N+2 Officer to assist with the fund management of the INTERREG IIIA Programme by the Implementing Agents in accordance with EU Regulations 1260/1999 and 438/2001.

The N+2 Officer was responsible for ensuring the timely drawdown of funds from the Commission in accordance with procedures as well as the financial management of N+2 and the preparation of reports. Three verification officers were also seconded for a short period to work alongside Special EU Programmes Body personnel in assisting with the verification of expenditure prior to the drawdown from the Commission. This ensured that the N+2 target for INTERREG was met in accordance with EU regulations.

Information Guidance Notes on the INTERREG IIIA Programme were circulated and over 9,000 Programme Information Guides were distributed.

The INTERREG IIIA Programme participated in many measure and project launches throughout the year, including the launch of Measure 2.2, Cross Border Waste Awareness Programme, which was launched in September 2004.

The ICBAN Strategy Launch was held in December in the historic setting of Castle Leslie, Glaslough, and The North West Region Cross Border INTERREG IIIA Partnership organised an event with in March to raise awareness of the Programme in the area and to announce funding to successful applicants.

Both Programmes took part in activities to promote the enlargement of the EU. The Special EU Programmes Body took part in the EU Commission's Accession Event in Belfast's St George's Market, April, as well as the Business to Business Event in the Odyssey Arena in Belfast.

# LEAD

The Special EU Programmes Body took its PEACE II and INTERREG IIIA Programme messages to an international audience in September when the Body was invited by the European Union's Committee of the Regions to take part in an event that involved over 30 offices in Brussels representing EU regions.

- 1: PEACE and INTERREG share their experiences and successes with an international audience at Open Days in Brussels.
- 2: The Midas Project, a joint initiative of Dundalk Institute of Technology, University of Ulster and Dream Ireland Ltd Belfast, funded by INTERREG IIIA through East Border Region.

Main photograph: Mount Pleasant Equestrian Centre, funded by PEACE II through Mourne Heritage Trust.



Both Programmes took part in exhibitions and seminars, organised jointly by the Northern Ireland Executive in Brussels and the Irish Regions Office as part of a series of 'open days'. The Deputy Chief Executive of the SEUPB spoke at the seminars and a PEACE funded project

also spoke at one of the meetings. The audience at the seminars heard about the positive impact the PEACE II Programme had on Northern Ireland and the Border Region and the exhibition highlighted the work of a small number of funded projects, from both Programmes.

DVD presentations of both Programmes were presented at the event highlighting the work and showcasing a number of projects from both Programmes.



# CONSULT

Consultation and listening to the views of projects and others is an important aspect of delivering both the PEACE II and INTERREG IIIA Programmes.

In January 2004 a conference on the PEACE II Mid Term Evaluation and the Distinctiveness Criteria reports (commissioned by the Special EU Programmes Body and carried out by Justice Associates) was held in Dundalk. The target audience was both Implementing Bodies and funded projects. The format

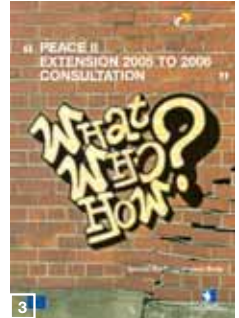
of the event allowed for groups to discuss the recommendations contained within each report.

Following the European Council's decision in June 2004 to examine the possibility of extending the PEACE II Programme, the SEUPB embarked upon a large public consultation process with

- 1:** Shaun Henry, Director, PEACE II and Nuala Kerr, Deputy Chief Executive of the Special EU Programmes Body, roll out the public consultation events for the PEACE II extension.
- 2:** Mid Term Evaluation report for PEACE II.
- 3:** PEACE II Extension - public consultation document.

Main photograph: Construction site in Derry City, the second part of a four site cross border development called the North West Technology Zone, funded by INTERREG IIIA. The sites will be high tech and linked by a high capacity telecoms link.





# Consult.



- 1: Consultation in action at the PEACE II's Making a Difference conference in December 2004.
- 2: Pictured at the December conference with Pat Colgan, Chief Executive of the Special EU Programmes Body are Celeste McCallion, NISRA, and Gordon McCullough, NICVA Research Unit.
- 3: Cross Border Dental Outreach Skills Centre, funded by INTERREG IIIA through Co-operation and Working Together (CAWT). Pictured is Dr Andrew Bolas, Deputy Principal Oral Surgeon, HSE North Western Area.
- 4: PEACE II Monitoring Committee meeting.

the aim of gathering views and opinions on the possible extension to the Programme. A consultation committee was established and a public consultation document was launched in July and circulated to all Programme stakeholders. A separate information sheet was also produced and was distributed via the Programme's newsletter, INFORM, to an audience of over 5,000 projects.

Over 350 people attended public consultation events, publicised widely through press advertising in Monaghan, Belfast, Derry and Enniskillen and Dundalk and a further 150 people attended consultation events hosted by Implementing Bodies. Over 250 delegates attended

a conference, 'PEACE II - Making A Difference', in Belfast in December to hear the findings of two independently researched PEACE II studies. The Northern Ireland Statistics and Research Agency's PEACE II Attitudinal Survey and the Northern Ireland Council for Voluntary Action's PEACE II Geographical Survey, were launched at the conference. The Geographical Survey reported on the impact that the PEACE Programme has had on the specific areas of Strabane, East Belfast and Cavan. The Attitudinal Survey considered the attitudes of participants within funded projects over a period of time against the attitudes of the Northern Ireland population as a whole. See page 32 and 33 for further outline details of the reports' findings.

The INTERREG IIIA Programme consulted regularly with Implementing Agents through a series of Bi Lateral and Multi lateral meetings. These were necessary for sharing of information on the Programme and projects and setting processes in place, as well as updates for shared learning.

A training programme was devised and implemented for the INTERREG Steering Committee Members where all the decisions on projects for the Programme are made. As this was the first N+2 target for the Programme, this was indeed a steep learning curve but aided by the consultation throughout 2004 with the Central Payments Unit (CPU).



# CO-OPERATE

Both Programmes communicated directly with their target audiences through their respective news letters. Three editions of the PEACE II's newsletter, INFORM, were published during the year and two editions of INTERREG IIIA's magazine, INTERviews were released.

Main photograph: Craigavon Watersports Centre, funded by PEACE II through Craigavon Local Strategy Partnership.



Both newsletters keep the target audiences up-to-date with Programme developments and are a useful tool for sharing stories and experiences. The newsletters were distributed to funded projects, Implementing Bodies, Implementing agents and local and government officials and departments and EU officials.

The Body's website continued to be kept up to date with latest information and news regarding the SEUPB, PEACE II and INTERREG IIIA. The site played a key role within the public consultation process on the extension to the PEACE II Programme and included a downloadable copy of the public consultation document. Through a specially designed part of the

site, people were able to email their views and opinions on the shape that the extension should take. Programmes' latest reports, publications and documents were also added to the site, enabling users to download the most recent information about PEACE and INTERREG and their activities.



# CROSS BORDER

Working together on a cross border basis is an important element of PEACE II and the cornerstone of INTERREG IIIA.

Main photograph: Ulster Gliding Club, funded by PEACE II through Causeway Coast and Glens Heritage Trust.



Forging links between communities across the border and encouraging tolerance for diversity are as important to both Programmes as the economic and social regeneration they help to deliver.

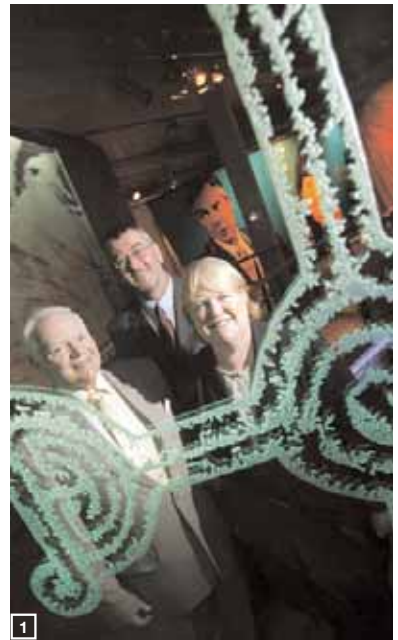
Over the past number of years we have all seen the enormous benefits that result from cross border co-operation. EU funding has enabled communities separated by years of conflict and cross border road closures to be brought together for the benefit of everyone.

Both Programmes are having a major and positive impact on cross border working and have funded a number of innovative actions along the border region, improving cross border co-operation, social

cohesion and economic development. In June representatives from nine council areas on both sides of the border launched two far-reaching projects, funded by INTERREG IIIA.

The East Border Region Tourism and East Border Region Business Environmental Working Groups secured a total funding allocation of €4.2m (£3m) which will contribute to the economic development of the East Border region over the next four years.

1: Pictured are Jim McCammick, Chairman of the East Border Region INTERREG IIIA Partnership, Nuala Kerr, Deputy Chief Executive of the Special EU Programmes Body and Jack O'Connor, Director Community Initiatives.



# ACTION

PEACE II and INTERREG IIIA continued to enjoy a high profile within the media during 2004. In order to assist projects and funders comply with EU Regulation 1159/2000, which deals with the recognition of EU funding, the Special EU Programmes Body issued 'Branding Guidelines' so that a uniformed approach for EU funding acknowledgement could be standardised by projects, funders and others using the EU and Programme logos.

- 1: Branding guidelines issued by the SEUPB to ensure compliance of EU Regulation 1159/2000.
- 2: Karl Harron's Glass Studio, Newtownards, formed part of Craftmark's 'Craft Map', a directory of craft studios from Drogheda to Portaferry, funded by PEACE II.

Main photograph: Beyond Borders, funded by INTERREG IIIA through the Community Partnership.



Both Programmes were proactive in highlighting their many successes and promoting activities within the media throughout the year.

In November the INTERREG-funded 'Tradelinks' Programme was launched. A partnership initiative delivered by Enterprise NI, the network of local

Enterprise Agencies and the Border County Enterprise Boards, Tradelinks is also funded the International Fund for Ireland, Invest NI and the County Enterprise Boards.

Tradelinks' principal aim is to directly assist 600 micro businesses on both sides of the border to identify and

address barriers to cross border trade and development. Using a portfolio of business development support programmes, it is designed to assist small businesses to become more sustainable and competitive and to generate greater added value, earnings and wealth within their local communities.



# DELIVER

In January 2004, the Programme staged its largest event ever at Belfast's City Hall. Entitled 'PEACE II: Celebrating Success', the event highlighted the work of a small number of projects in peace building and reconciliation.

Main photograph: Emergency Medical and Rescue Team, funded by INTERREG IIIA through Co-Operation and Working Together (CAWT).



Implementing Bodies were asked to nominate examples of best practice under a number of categories reflecting the Programme's priorities and measures. Seventeen groups were chosen by an independent panel and highlighted during the event. Over 230 people attended the showcase event and, such was the geographic spread of the highlighted projects, that the event attracted the greatest amount of media interest for one single PEACE II event.

The highlighted projects spanned the range of the Programmes' measures and included a sample of projects that had received 'small grants' funding. A congratulatory message, recognising the success of the Programme and the projects it funds, was delivered on behalf of the EU Commission at the event.

The Drake Music Project is a fantastic example of delivering to all of the INTERREG area. It provides physically disabled children with the opportunity to compose and perform their own music, through series of workshops. It uses highly innovative means of building the skills and enhancing the inclusion of children and adults with disabilities.

The impact and benefits of the project is huge in terms of the improved self-esteem and confidence of the participants. Drake encourages both the educational and social development of the participants through their 'joined-up' activities with other groups and organisations. It supports the participation of a group, which would otherwise find it difficult to participate in cross border activity of other types.



1: The INTERREG IIIA Programme marks the important milestone of €100m funding at the Drake Music Workshop in Newry. Pictured are workshop participants 3 year old Mícheál Fitzpatrick and mum Joan.



# Deliver



Through the 9 Steering Committees over €82m was committed for INTEREG IIIA, 294 applications processed with 131 of these approved, 45 of these were over the threshold €400k so had to proceed for an independent economic appraisal. Overall by the end of 2004, 189 projects with a value of €118.48m was approved, with €25m at economic appraisal.

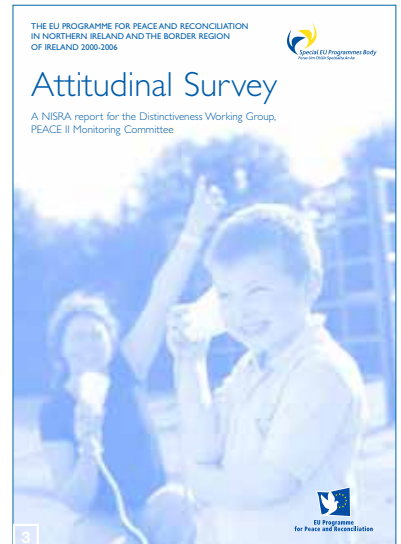
## PEACE II - ATTITUDINAL SURVEY

The research was commissioned by the Distinctiveness Working Group on behalf of the PEACE II Programme Monitoring Committee. The survey was conducted by MORI Ireland Ltd during June and July 2004. It focused on attitudes of respondents to a range of issues related to contact, trust and relations between the two main religious communities in the eligible region.

The study included people who had and people who had not directly participated in the PEACE II Programme as two

separate groups in both Northern Ireland and in the six Border Counties of Ireland. The survey was analysed by comparing the responses of participants with those of the population in Northern Ireland and, similarly, participants compared with the population in the Border Region of Ireland. The survey findings generally indicated more positive responses from PEACE II participants in comparison with responses from the population in both Northern Ireland and the Border Region of Ireland.

Amongst its many findings, the report also stated that PEACE II participants are much more likely than the population to have a number of neighbours from the other community, and to have more contact with the other community at work and community meetings and events. Likewise, participants are more likely than the population to have friends from the other community, and to visit those friends in their home or have those friends to their own home.





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## TELLING THE STORY OF PEACE II

This report was commissioned by the PEACE II Distinctiveness Working Group with the aim of capturing the story of the impact of the PEACE II Programme on the ground. Three very different areas and contexts were chosen to be examined in detail;

Urban - East Belfast

Rural - Strabane

Border - Cavan

The main findings of the report concluded that PEACE II has acted as a catalyst for change and engagement. For example, the Programme has facilitated the development of services, infrastructure, training and engagement that would otherwise not have happened. It was also responsible for creating the environment where applicants had to think about other communities and the needs that exist there.

There was also recognition that the PEACE II Programme aided in building skills, capacity and confidence and that a positive impact could be achieved by the funding of projects. However, there was a sense amongst respondents to the research that in terms of creating a stable and peaceful society, which promotes reconciliation, that the programme contributed to first steps in a longer process.



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- 1: Hosted by UTV's Mike Nesbitt, the PEACE II's first ever Celebrating Success event was held in the splendour of Belfast's City Hall.
- 2: Pictured with Nuala Kerr, Deputy Chief Executive of the Special EU Programmes Body are representatives of the exemplar projects highlighted during the Celebrating Success event.
- 3: PEACE II Attitudinal Survey launched in December 2004.
- 4: Telling the Story of PEACE II published in December 2004.

# INFORMATION

The Special EU Programmes Body has embraced the principles of public service delivery, highlighting the importance of accessibility, co-operation and new ideas.

Main photograph: Vital Signs, funded by INTERREG IIIA through Irish Central Border Area Network (ICBAN).



### Access to Information

In accordance with the terms of the British-Irish Agreement establishing Implementation Bodies, a Code of Practice on access to information will be drawn up as soon as practicable by the Ministers North and South with responsibility for freedom of information. In the meantime, the Special EU Programmes Body has facilitated access to information on the Operational Programmes and the Body. The Body also undertook a wide range of publicity activities and consultation exercises to promote the Operational Programmes, its Equality Scheme and the functions of the Body.

In going forward the Special EU Programmes Body has established

a dedicated web site for the SEUPB and is promoting access to information in a number of accessible formats on request. Pending the introduction of the Code of Practice, it will aim to adopt best practice in providing access to information in a timely fashion.

### Standards of Service

The Special EU Programmes Body has embraced the principles of public service delivery, highlighting the importance of accessibility, co-operation and new ideas. The Body has established standards of service in line with best practice.

The Body is implementing standards of service in line with 'Service First - the new charter programme', that focus on

the quality of output and will lead to the achievement of a Charter Mark as recognition for the level of service provided.

### Payment of Creditors

The Special EU Programmes Body is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment Of Commercial Debts (Interest) Act 1998 as amended by the Late Payments in Commercial Debts Regulations 2002, and the Late Payment in Commercial Transactions Regulations 2002. The performance of the Special EU Programmes Body is reported in the Accounts.



# FINANCE

The Special EU Programmes Body is a North South Implementation Body sponsored by the Department of Finance and Personnel in Northern Ireland and the Department of Finance in the Republic of Ireland.



The Body was established on the 2nd December 1999 under the Good Friday Agreement 1998 and the British Irish Agreement establishing Implementation Bodies, which is underpinned by the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British Irish Agreement Act 1999. Reporting to the North/South Ministerial Council, the Special EU Programmes Body's principal functions are to administer certain EU Structural Funds, PEACE, INTERREG and other Community Initiatives to support a range of development and regeneration programmes in the North and South of Ireland.

These accounts have been prepared in accordance with:

- The financial arrangements of Part 7 of Annex 2 to the British-Irish Agreement establishing Implementation Bodies;
- A direction by the Department of Finance and Personnel and the Department of Finance, as provided for in the Body's Financial Memorandum, and

- The Annual Report and Accounts Guidance provided by the Department of Finance and Personnel and the Department of Finance.



# Finance

## Business Overview

An overview of The Special EU Programmes Body's activities is given in the Annual Report.

## Results for the year

The results of The Special EU Programmes Body are set out in detail on page 42. The surplus for the year was €13,912 (Stg £9,443) - 2003 deficit €20,895 (Stg £14,452)

## Fixed Assets

Details of the movement of fixed assets are set out in note 9 to the accounts. During the year the main expenditure on fixed assets was in relation to improving the Information Technology and controls of the organisation.

## Research and Development

There was no significant expenditure in this area.

## Change In Accounting Policy

During the year there has been a change in accounting policy in relation to the presentation of the Central Payments Unit. It has been considered appropriate to include the income and expenditure of the Unit within the results for the year instead of accounting for them through creditors. 2003 has been restated accordingly.

Full details can be found at note 1.9 to the accounts.

## Important Events

### Occurring After the Year End

There have been no important events since the year end that impact on these accounts.

## Charitable Donations

The Special EU Programmes Body made no charitable donations during the financial year.

## Board Members

The functions of the body are exercised by the Chief Executive. There were no board members during the financial year.

## Payment to Suppliers

The Special EU Programmes Body is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment Of Commercial Debts (Interest) Act 1998 and the Irish Prompt Payments Act, 1997. Unless otherwise stated in the contract, payment is due within 30 or 45 days, as appropriate, of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later.

The Body operates a 30-day prompt payment rule across all of its offices regardless of the jurisdiction where the bill originated. Regular reviews conducted to measure how promptly the Special EU Programmes Body paid its bills found that 97.46% (2003 - 95.5%) of bills were paid within this standard.

The Body also makes payments under the EIB Interest Rate Subsidy Scheme, for which a 15 days prompt payment rule is operated. This rule has been met for all payments made during 2004.

The Body has entered into Terms and Conditions for Payment of Grant with Accountable Departments in order to make payments to projects via the Centralised Payment Unit. This requires the Body to make payments to projects within 10 working days of receipt of a valid claim. This has been achieved for 98.03% (2003 - 96%) of payments made during the year, analysed as follows:

	No. of Invoices	Late	% on time
PEACE II	8,039	143	98.22%
INTERREG IIIA	491	25	94.91%
<b>Total</b>	<b>8,530</b>	<b>168</b>	<b>98.03%</b>

### Health & Safety Policy

The Body has developed a written Health and Safety Policy and circulated to all staff. The policy reflects the legal requirements to be fulfilled on health and safety in both jurisdictions in order for the Body to attain a high standard of health and safety within the organisation.

### Disabled Employees

The Body has developed a policy in relation to Disability. The Body is committed to the implementation of this policy to achieve equality of opportunity for its staff, applicants and potential staff, and to meeting the requirements of the Disability Act 1995.

The Body will treat all staff, or applicants for employment, with disabilities, with dignity and respect and will provide a working environment free from unlawful discrimination, victimisation or harassment on the grounds of disability.

The Body aims:

- to promote a positive working environment within which people with disabilities are readily accepted;
- to examine the working environment and practices in order to ensure, where practicable, the removal of barriers to the full participation of staff with disabilities in the life of the Body;
- to provide a safe working environment;
- to ensure the development of skills and potential of staff with disabilities, for example through training and staff development, and

- to provide access to the full range of recruitment and career development opportunities for people with disabilities.

### Employee Involvement

Throughout the year employees were kept involved in the full workings and plans of the Body through formal and informal meetings, courses and briefings.

### Statement of Responsibilities

#### *Special EU Programmes Body's Responsibilities*

The Department of Finance and Personnel and the Department of Finance have directed the Special EU Programmes Body to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction at the appendix to these accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the Body's state of affairs at the year end and of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

In preparing the accounts the Body is required to:

- Observe the accounts direction issued by the Finance Departments, including the relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;

- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed and disclose and explain any material departures in the accounts, and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Body will continue in operation.

### Chief Executive's Responsibilities

The Chief Executive's responsibilities as the Accountable Person for the Special EU Programmes Body, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Financial Memorandum of the Body.

# Finance

## **SPECIAL EU PROGRAMMES BODY STATEMENT ON INTERNAL CONTROL**

As accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Body's policies, aims and objectives, set by the Ministers, whilst safeguarding the public funds and the Body's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Body's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 December 2004 and up to the date of approval of the annual report and accounts and accords with DFP guidance.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control.

We have carried out appropriate procedures to ensure that we have identified the Body's objectives and risks and determined a control strategy for each of the significant risks.

As a result, risk ownership has been allocated to the appropriate staff and the Body has set out its attitude to risk to the achievement of its objectives.

I have ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. A full risk and control assessment has been carried out for the year ended 31 December 2004. Risk management has been incorporated more fully into the corporate planning and decision making process of the Body.

I receive periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

Following the identification of the Body's key objectives and risks, further work has been done to bring about more consistency in the way in which the Body treats risks.

During the year ended 31 December 2004, the Body has:

- Regularly reviewed and updated the record of risks facing the organisation;
- Operated a system of key performance and risk indicators;
- Operated an Audit Committee, including a review of its membership and role in line with best practice;
- Developed and maintained an organisation-wide risk register, and
- Arranged for reports from the Directors of the Body on internal control activities.

The Body has a Service Level Agreement with the Department of Finance and Personnel's Internal Auditor, who operates to standards defined in the Government Internal Audit Manual. Regular reports are received which include the HIA's independent opinion on the adequacy and effectiveness of the Body's system of internal control together with recommendations for improvement.

Results have been favourable, and all recommendations are being implemented.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the Body who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

During 2004, the Body carried out a review of the composition of the Audit Committee. In light of developments in Corporate Governance Best Practice, a decision has been made by the existing members to reconstitute the Committee. In 2005, the Body has taken steps towards recruiting non-executive members to the Committee, including the Chairperson.



Pat Colgan  
**Chief Executive Officer**  
**23 March 2006**

**The Certificate of the Comptrollers and Auditors General to the Northern Ireland Assembly, The House of Commons and the Houses of the Oireachtas.**

We have audited the accounts on pages 42 to 65. Our audit has been carried out pursuant to the provisions of the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 which require us to audit and certify, in co-operation, the accounts presented to us by the Body.

**Respective responsibilities of the Body, Chief Executive and the Auditors**

The responsibilities of the Body and the Chief Executive, including those pertaining to the preparation of the accounts and the regularity of financial transactions are set out in the Statement of Responsibilities on page 39. It is our responsibility to audit the accounts. As a result of our audit we express an opinion on the accounts.

We review whether the statement on page 40 reflects the Body's compliance with applicable guidance on corporate governance and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information we are aware of from our audit of the accounts. We also report if, in our opinion, the Foreword or other information in the Annual Report is not consistent with the accounts.

**Basis of Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the accounts. It also includes an assessment of the significant estimates and judgements made by the Body and the Chief Executive in the preparation of the accounts, and of whether the accounting policies are appropriate to the Body's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the Westminster Parliament and Dáil Éireann and the financial transactions conform to the authorities which govern them. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the accounts.

We have obtained all the information and explanations which were necessary for the purposes for our audit.

**Opinion**

In our opinion

- Proper accounting records have been kept by the Body and the accounts, which are in agreement with them, give a true and fair view of the state of the affairs of the Body at 31 December 2004 and of its transactions, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the accounts direction issued under the governing legislation, and
- In all material respects the expenditure and income have been applied to the purposes intended by Westminster Parliament and Dáil Éireann and the financial transactions conform to the authorities which govern them.



**J M Dowdall CB**  
**Comptroller and Auditor**  
**General for Northern Ireland**  
106 University Street  
Belfast  
BT7 1EU  
28 March 2006



**John Purcell**  
**Irish Comptroller and Auditor General**  
Dublin Castle  
Dublin 2  
Ireland  
28 March 2006

# Finance

## SPECIAL EU PROGRAMMES BODY

### Income and expenditure account for the year ended 31 December 2004

INCOME	Notes	2004 €	2003 Restated €	2004 £	2003 Restated £
Grant from Departments	2	30,027,920	19,731,671	20,377,114	13,647,769
Interim Funding from Departments		-	(358,130)	-	(247,706)
Other Operating Income	4	38,678	46,900	26,249	32,439
Capital Grant Release	15	401,738	406,934	272,621	281,463
<u>Central Payments Unit</u> Grant Received from Accountable Departments	3	124,921,904	58,758,006	84,772,704	39,831,448
<u>EU Commission</u> Claims Receivable	3	32,849,281	790,778	22,291,705	557,340
<b>TOTAL INCOME</b>		<b>188,239,521</b>	<b>79,376,159</b>	<b>127,740,393</b>	<b>54,102,753</b>
<b>EXPENDITURE</b>					
Depreciation	9	(401,738)	(406,934)	(272,621)	(281,463)
Staff Costs	5	(1,456,362)	(1,522,049)	(988,295)	(1,052,753)
Other Operating Costs	7	(1,230,025)	(1,017,406)	(834,701)	(703,707)
Programme Costs	8	(28,784,876)	(17,692,361)	(19,533,579)	(12,237,243)
Interim Funding paid to projects		-	292,337	-	202,200
Interest repayable to Department of Finance and Personnel	3	(24,480)	(48,585)	(16,612)	(33,605)
<u>Central Payments Unit</u> Payments Made to Projects	3	(156,381,418)	(57,866,535)	(106,121,305)	(40,030,255)
Exchange gains / (losses)	3	53,290	(1,135,521)	36,163	19,621
<b>TOTAL EXPENDITURE</b>		<b>(188,225,609)</b>	<b>(79,397,054)</b>	<b>(127,730,950)</b>	<b>(54,117,205)</b>
Surplus / (Deficit) for the year transferred to General Reserve		13,912	(20,895)	9,443	(14,452)

All amounts above relate to continuing activities. The body has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 45 to 65 form part of these accounts.

**SPECIAL EU PROGRAMMES BODY**  
**Balance Sheet as at 31 December 2004**

<b>Fixed Assets</b>	<b>Notes</b>	<b>2004</b> €	<b>2003</b> €	<b>2004</b> £	<b>2003</b> £
Tangible Assets	9	555,057	820,642	391,343	578,388
Intangible Assets	9	51,710	88,624	36,458	62,462
		<b>606,767</b>	<b>909,266</b>	<b>427,801</b>	<b>640,850</b>
<b>Current Assets</b>					
Debtors	10	45,298,562	9,023,749	31,937,751	6,359,939
Cash at bank and in hand		38,996,014	32,651,432	27,494,139	23,012,734
<b>Total Current Assets</b>		<b>84,294,576</b>	<b>41,675,181</b>	<b>59,431,890</b>	<b>29,372,673</b>
<b>Current Liabilities</b>					
Creditors - amounts falling due within one year	11	(84,231,402)	(41,618,378)	(59,387,350)	(29,332,639)
<b>Net Current Assets</b>		63,174	56,803	44,540	40,034
<b>Total Assets less Current Liabilities</b>		<b>669,941</b>	<b>966,069</b>	<b>472,341</b>	<b>680,884</b>
Creditors - amount falling due after more than one year	12	-	(2,960)	-	(2,084)
		<b>669,941</b>	<b>963,109</b>	<b>472,341</b>	<b>678,800</b>
<b>Financed by:</b>					
<b>Capital and Reserves</b>					
General Reserve	14	78,329	53,843	47,392	37,949
Capital Grant Reserve	15	591,612	909,266	424,949	640,851
		<b>669,941</b>	<b>963,109</b>	<b>472,341</b>	<b>678,800</b>

The accounts approved by the Chief Executive on 23 March 2006.



Chief Executive Officer.

The notes on pages 45 to 65 form part of these accounts.

# Finance

## SPECIAL EU PROGRAMMES BODY

### Cash Flow Statement for the year ended 31 December 2004

	Notes	2004 €	2003 €	2004 £	2003 £
<b>Net cash inflow from operating activities</b>	<b>16.1</b>	<b>6,393,877</b>	<b>6,348,729</b>	<b>4,510,518</b>	<b>4,470,417</b>
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(128,666)	(140,704)	(90,898)	(93,920)
Exchange gain on acquisition of fixed assets		-	600	-	62,235
<b>Net cash inflow before financing</b>		<b>6,265,211</b>	<b>6,208,625</b>	<b>4,419,620</b>	<b>4,438,732</b>

<b>Financing</b>					
Capital funding received		88,186	104,341	59,842	72,169
<b>Net cash inflow from financing</b>		<b>88,186</b>	<b>104,341</b>	<b>59,842</b>	<b>72,169</b>
<b>Increase in cash/bank balances</b>	<b>16.2</b>	<b>6,353,397</b>	<b>6,312,966</b>	<b>4,479,462</b>	<b>4,510,901</b>

The notes on pages 45 to 65 form part of these accounts.

## SPECIAL EU PROGRAMMES BODY

Notes to the Accounts for the year ended 31 December 2004

### ACCOUNTING POLICIES

#### 1.1. Accounting Convention

The accounts have been prepared in accordance with the historical cost convention.

Without limiting the information given, the accounts are prepared on an accrual basis and comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the Republic of Ireland Companies' Acts 1963 to 2005, the accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel and Department of Finance, insofar as those requirements are appropriate.

#### 1.2. Fixed Assets

Fixed Assets are valued at their cost to the body. Intangible assets comprise purchased software.

Fixed assets are depreciated from the month following their dates of acquisition, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter.

The estimated useful lives of the main categories of fixed assets are:

Fixtures and Fittings	7 years
Computer Equipment	3 years
Office Equipment	5 years
Leased assets	The shorter of the term of the lease and the useful economic life of the asset.
Intangible assets	3 years

#### 1.3. Pension Costs

During the year some of the staff employed by the Body were on secondment from Government departments and authorities.

Secondees from the Northern Ireland Civil Service continue to be members of the Principal Civil Service Pension Scheme (NI). Secondees from the Southern Civil Service continue to be members of the Irish Principal Civil Service Pension Scheme.

Pension costs are paid by the Special EU Programmes Body as charged by the Government Bodies.

A pension scheme specifically for all of the North/South Implementation Bodies is currently being developed by the Finance Departments.

The terms of the scheme are expected to be in line with the Northern Ireland Principal Civil Service Pension Scheme. Details are given in Note 5 to the accounts.

Until the actual terms and conditions of the scheme are determined, and an actuarial valuation is available, no provision has been made for the cost of providing for the future benefits of staff. The sponsor Departments are expected to satisfy the arrears of employer contributions to the scheme.

# Finance

## 1.4. Value Added Tax

The Special EU Programmes Body is not in a position to reclaim VAT. Therefore VAT is included as expenditure and where appropriate capitalised in the value of Fixed Assets.

## 1.5. Debtors

The Special EU Programmes Body does not pay for services in advance unless specifically required and therefore very few items are prepaid.

## 1.6. Stock

Stock is stated at the lower of cost and net realisable value.

## 1.7 Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease and are charged to the income and expenditure account.

Rentals are charged to the profit and loss account over the term of the lease.

## 1.8 Currencies

The Body's transactions are effected in the currencies of each part of Ireland. The Financial Statements are presented in both currencies, each representing an aggregation of all transactions for the year in each part of Ireland translated at the average respective exchange rates during the year. At the year end assets and liabilities are translated at the rate existing at that time.

All exchange differences are taken to the Income and Expenditure account, with the exception of those arising in relation to the Central Payments Unit. These have been allocated to the Government Departments and included within Creditors (Note 11).

## 1.9 Central Payments Unit

The Body operates a Central Payments Unit that has been established to make payments to projects funded under PEACE II, Interreg IIIA and URBAN on behalf of Accountable Government Departments in Ireland and Northern Ireland. Service Level Agreements are in place between the Body and each Department.

Funds are drawn from the Departments and held in dedicated bank accounts. Payments are made to projects on the basis of suitably authorised vouchers received mostly from Implementing Bodies and Government Departments.

The Unit has been in operation since 2002. In previous years, it had been considered appropriate not to show the funds drawn from the Departments and the related payments made within the Income and Expenditure Account. Instead, the movements were accounted for through the balance sheet within Creditors (as they related to funds repayable to the Departments). This was on the basis that the funds remained the property of the relevant Departments, and that they would account for the relevant expenditure in their own accounts.

The Body has reviewed this policy and considered it to be more appropriate to show the movements on the face of the Income and Expenditure Account. In respect of PEACE II and URBAN, funds drawn from Departments are held within creditors, and released to the I&E in line with expenditure (payments made to projects). The balance of unspent funds remaining within creditors as 'Amount Repayable to Government Departments'.

For INTERREG IIIA, payments made to projects are again shown within expenditure on the I&E. Income to cover these payments is split between 75% EU Commission 'Claims Receivable', and 25% match funding from Departments. As with PEACE II and URBAN, any unspent funds received from Departments are shown within creditors.

In terms of Accountability for the funds, whilst the Body's Accounting Officer is responsible for the integrity of the systems and controls of the Unit, the Departments remain accountable for the funds, although they may require the Body's Accounting Officer to accompany their Accounting Officer to any hearing of the Public Accounts Committee.

The Agreements also state that the funds may not be used at the discretion of the Body, but only for the purposes of making payments to projects under the relevant Accountable Department, Programme, Measure and Implementing Body.

The Body carries out this function in its role as Managing Authority for the PEACE II Programme and INTERREG IIIA Community Initiative, and on behalf of the Department for Social Development that is Managing Authority for the Urban Community Initiative.

The amounts repayable to Government Departments at 31 December 2004 are shown within Creditors (note 11). Detailed balances are shown in the Annexes to these accounts.

The account in the balance sheet and the related Annexes are shown on a cash basis, as this is the relevant means of accounting for this unit. The transactions in relation to Measures for which the Body acts as Implementing Body/Agent are removed from these results to be included in the main accounts on an accruals basis. It should therefore be noted that balances payable to Departments by CPU (cash basis) will not agree directly to those payable by the Body (accruals basis).

# Finance

## 2. GRANT FROM THE DEPARTMENTS

	DFP	DOF	OTHER NI DEPTS	TOTAL 2004	TOTAL 2003	TOTAL 2004 STG£	TOTAL 2003 STG£
	€	€	€	€	€		
<b>Grant receivable:</b>							
Administration and Expenses	1,500,272	1,186,113	-	2,686,385	2,625,750	1,822,996	1,816,148
Programme for PEACE & Reconciliation II	11,863,570	8,314,836	5,818,865	25,997,271	13,715,638	17,641,892	9,486,670
INTERREG IIIA Programme	276,368	204,652	-	481,020	182,242	326,423	126,051
EIB Interest Rate Subsidy Scheme	737,685	125,559	-	863,244	3,208,041	585,803	2,218,900
Capital funding	37,577	37,000	-	74,577	101,814	50,608	70,422
<b>TOTAL</b>	<b>14,415,472</b>	<b>9,868,160</b>	<b>5,818,865</b>	<b>30,102,497</b>	<b>19,833,485</b>	<b>20,427,722</b>	<b>13,718,191</b>
<b>Split as follows:</b>							
Grants credited to income & expenditure account	14,377,895	9,831,160	5,818,865	30,027,920	19,731,671	20,377,114	13,647,769
Grants credited to Capital Grant Reserve	37,577	37,000	-	74,577	101,814	50,608	70,422
<b>TOTAL</b>	<b>14,415,472</b>	<b>9,868,160</b>	<b>5,818,865</b>	<b>30,102,497</b>	<b>19,833,485</b>	<b>20,427,722</b>	<b>13,718,191</b>

In general terms, contributions are made towards Programme costs in the following manner;

	DFP	DOF
PEACE II	80%	20%
INTERREG IIIA	60%	40%

although certain costs are funded on an equal basis by the two departments.

### 3. OPERATIONAL ANALYSIS

In terms of the areas of activity, the results for the year can be analysed as follows:

	PEACE II	INTERREG IIIA	EIB Interest Rate Subsidy Scheme	Central Payments Unit	Adminis-tration	TOTAL
	€	€	€	€	€	€
<b>Income</b>						
Grant Receivable	25,997,271	481,020	863,244	-	2,686,385	30,027,920
Grants from Accountable Departments	-	-	-	124,921,904	-	124,921,904
Other Operating Income	-	-	-	-	38,678	38,678
Capital Grant Release	-	-	-	-	401,738	401,738
Claims Receivable	-	1,443,057	-	31,406,224	-	32,849,281
	<b>25,997,271</b>	<b>1,924,077</b>	<b>863,244</b>	<b>156,328,128</b>	<b>3,126,801</b>	<b>188,239,521</b>
<b>Expenditure</b>						
Depreciation	-	-	-	-	(401,738)	(401,738)
Staff Costs	-	-	-	-	(1,456,362)	(1,456,362)
Other Operating Costs	-	-	-	-	(1,230,025)	(1,230,025)
Programme Costs	(25,997,271)	(1,924,077)	(863,528)	-	-	(28,784,876)
Interest repayable to Department of Finance and Personnel	-	-	-	-	(24,480)	(24,480)
Payments made to Projects	-	-	-	(156,381,418)	-	(156,381,418)
Exchange Gains	-	-	-	53,290	-	53,290
	<b>(25,997,271)</b>	<b>(1,924,077)</b>	<b>(863,528)</b>	<b>(156,328,128)</b>	<b>(3,112,605)</b>	<b>(188,225,609)</b>
<b>Surplus / (Deficit)</b>	<b>-</b>	<b>-</b>	<b>(284)</b>	<b>-</b>	<b>14,196</b>	<b>13,912</b>

# Finance

## 3. OPERATIONAL ANALYSIS (Cont'd)

	PEACE II	Interreg IIIA	EIB Interest Rate Subsidy Scheme	Central Payments Unit	Adminis-tration	TOTAL
	STG£	STG£	STG£	STG£	STG£	STG£
<b>Income</b>						
Grant Receivable	17,641,892	326,423	585,803	-	1,822,996	20,377,114
Grants from Accountable Departments	-	-	-	84,772,704	-	84,772,704
Other Operating Income	-	-	-	-	26,249	26,249
Capital Grant Release	-	-	-	-	272,621	272,621
Claims Receivable	-	979,267	-	21,312,438	-	22,291,705
	<b>17,641,892</b>	<b>1,305,690</b>	<b>585,803</b>	<b>106,085,142</b>	<b>2,121,866</b>	<b>127,740,393</b>
<b>Expenditure</b>						
Depreciation	-	-	-	-	(272,621)	(272,621)
Staff Costs	-	-	-	-	(988,295)	(988,295)
Other Operating Costs	-	-	-	-	(834,701)	(834,701)
Programme Costs	(17,641,892)	(1,305,690)	(585,997)	-	-	(19,533,579)
Interest repayable to Department of Finance and Personnel	-	-	-	-	(16,612)	(16,612)
Payments made to Projects	-	-	-	(106,121,305)	-	(106,121,305)
Exchange Gains	-	-	-	36,163	-	36,163
	<b>(17,641,892)</b>	<b>(1,305,690)</b>	<b>(585,997)</b>	<b>(106,085,142)</b>	<b>(2,112,229)</b>	<b>(127,730,950)</b>
<b>Surplus / (Deficit)</b>	<b>-</b>	<b>-</b>	<b>(194)</b>	<b>-</b>	<b>9,637</b>	<b>9,443</b>

#### 4. OTHER OPERATING INCOME

	2004 €	2003 €	2004 STG£	2003 STG£
Interest Receivable	38,678	46,900	26,249	32,439

#### 5. STAFF COSTS

(a) The average weekly number of employees (full time equivalent) was:			2004	2003
Senior Management			4	5
Programme Delivery			18	15
Administration			18	12
<b>Total</b>			<b>40</b>	<b>32</b>

Administration includes Finance, Human Resources, Central Payments Unit, Communications and general administration.

(b) The costs incurred in respect of these employees were:	2004 €	2003 €	2004 STG£	2003 STG£
Wages and Salaries	1,402,408	1,388,698	951,682	960,518
Social Security Costs	135,096	124,740	91,677	86,279
Other Pension Costs	20,986	23,393	14,241	16,180
	<b>1,558,490</b>	<b>1,536,831</b>	<b>1,057,600</b>	<b>1,062,977</b>
Funded via PEACE II Programme	(56,656)	(14,782)	(38,447)	(10,224)
Funded via INTERREG IIIA	(45,472)	-	(30,858)	-
<b>TOTAL</b>	<b>1,456,362</b>	<b>1,522,049</b>	<b>988,295</b>	<b>1,052,753</b>

# Finance

## 5. STAFF COSTS (Cont'd)

(c) Number of employees at the end of the year whose emoluments (including pension contributions) fell within the following bands (this represents the annual emoluments.):

	2004	2003
€40,000 - 49,999	3	4
€50,000 - 59,999	2	4
€60,000 - 69,999	2	1
€70,000 - 79,999	2	-
€80,000 - 89,999	-	-
€90,000 - 99,999	1	1

(d) Members of staff appointed by the Body are eligible for a new pension scheme which will apply to all Implementation Bodies. The terms of the new scheme are expected to be analogous to the Northern Ireland Principal Civil Service Pension Scheme. At 31 December 2004, the Body employed 40 members of staff who will be eligible for the new scheme when it becomes available. The average length of eligible service was 32 months.

(e) The Chief Executive, Pat Colgan, was appointed on 27 September 2004. The actual emoluments of the Chief Executive during the year were as follows:

	2004 €	2003 €	2004 STG£	2003 STG£
Salary	26,753	-	18,155	-
	<b>26,753</b>	<b>-</b>	<b>18,155</b>	<b>-</b>

From 1 January to 26 September 2004, Mrs Nuala Kerr was Acting Chief Executive.

The actual emoluments of the Acting Chief Executive for the year ended 31 December 2004 were as follows:

	2004 €	2003 €	2004 STG£	2003 STG£
Salary	90,990	82,088	61,746	56,778
Pension Contributions	13,092	13,133	8,884	9,084
	<b>104,082</b>	<b>95,221</b>	<b>70,630</b>	<b>65,862</b>

## 5. STAFF COSTS (Cont'd)

The actual emoluments of the previous Chief Executive, Mr John McKinney, during the year were as follows:

	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>€</b>	<b>€</b>	<b>STG£</b>	<b>STG£</b>
Salary	-	285,760	-	197,651
Pension	38,530	-	26,147	-
Taxable benefits	-	16,531	-	11,434
	<b>38,530</b>	<b>302,291</b>	<b>26,147</b>	<b>209,085</b>

Upon leaving SEUPB, pending the introduction of the North South Pension Scheme, Mr McKinney was entitled to payments equivalent to what is payable under Principal Civil Service Pension Scheme (Northern Ireland). The amount payable to him upon resignation from the Body was a lump sum of £84,824. This is included in gross salary costs shown above. This amount will be repaid to SEUPB by the scheme when it is introduced, and subsequently repaid to the Departments.

In 2004, Mr McKinney was entitled to receive payments under this pension arrangement and again, these amounts will be repaid to SEUPB by the scheme when it is introduced, and subsequently repaid to the Departments.

Mr McKinney's gross salary for 2003 also includes an ex-gratia payment of £20,000. This was as instructed by the Sponsor Departments.

## 6. PERFORMANCE AGAINST KEY FINANCIAL TARGETS

SEUPB successfully operated within its budget allocation for the year.

SEUPB successfully managed the achievement of expenditure targets to 31 December 2004 under the PEACE II Programme and INTERREG IIIA Community Initiative.

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## 7. OTHER OPERATING COSTS

	2004 €	2003 €	2004 STG£	2003 STG£
Travel and Subsistence	75,788	88,223	51,430	61,021
Revenue Expenditure	207,919	217,093	141,095	150,156
Office Premises Expenses	366,709	335,245	248,851	231,878
Consultancy	183,341	134,056	124,416	92,722
Temporary Agency Staff	65,234	91,992	44,268	63,628
Training & Conferences	27,828	32,942	18,884	22,785
Subscriptions	4,243	2,819	2,879	1,950
Publicity and Advertising	70,446	94,735	47,805	65,525
Incidentals	7,967	22,029	5,407	15,237
Hospitality	3,965	4,220	2,691	2,919
Finance Lease Interest	1,440	1,440	977	996
Exchange Gains and Losses	103,863	(89,179)	70,482	(61,682)
Audit fees - External	43,084	37,933	29,237	26,237
- Internal	29,490	43,858	20,012	30,335
Common Chapter	11,779	-	7,993	-
Regional Partnership Board	26,929	-	18,274	-
<b>TOTAL</b>	<b>1,230,025</b>	<b>1,017,406</b>	<b>834,701</b>	<b>703,707</b>

## 8. PROGRAMME COSTS

	2004 €	2003 €	2004 STG£	2003 STG£
PEACE II North	17,682,435	10,903,734	11,999,398	7,541,766
PEACE II South	8,314,836	2,827,164	5,642,494	1,955,459
INTERREG IIIA North	1,105,471	424,942	750,178	293,919
INTERREG IIIA South	818,606	304,026	555,512	210,285
EIB Interest Subsidy Scheme	863,528	3,232,495	585,997	2,235,814
<b>TOTAL</b>	<b>28,784,876</b>	<b>17,692,361</b>	<b>19,533,579</b>	<b>12,237,243</b>

## 9. FIXED ASSETS

(a) Tangible Fixed Assets	Leasehold Improvements €	Office Equipment €	Computer Equipment €	Fixtures & Fittings €	TOTAL €
<b>Cost or Valuation</b>					
At 31 December 2003	1,045,843	93,609	292,250	143,261	1,574,963
Additions	1,333	1,487	60,262	10,189	73,271
Permanent diminution in valuation	(23,214)	-	-	-	(23,214)
<b>At 31 December 2004</b>	<b>1,023,962</b>	<b>95,096</b>	<b>352,512</b>	<b>153,450</b>	<b>1,625,020</b>
<b>Depreciation</b>					
At 31 December 2003	460,650	50,458	188,059	55,154	754,321
Provision for year	211,845	18,716	74,087	20,279	324,927
Permanent diminution in valuation	(9,285)	-	-	-	(9,285)
<b>At 31 December 2004</b>	<b>663,210</b>	<b>69,174</b>	<b>262,146</b>	<b>75,433</b>	<b>1,069,963</b>
<b>Net Book Value</b>					
<b>31 Dec 04</b> €	<b>360,752</b>	<b>25,922</b>	<b>90,366</b>	<b>78,017</b>	<b>555,057</b>
STG£	<b>254,348</b>	<b>18,276</b>	<b>63,712</b>	<b>55,007</b>	<b>391,343</b>
<b>Net Book Value</b>					
<b>31 Dec 03</b> €	<b>585,193</b>	<b>43,151</b>	<b>104,191</b>	<b>88,107</b>	<b>820,642</b>
STG£	<b>412,444</b>	<b>30,413</b>	<b>73,433</b>	<b>62,098</b>	<b>578,388</b>

The net book value of office equipment includes €2,817 (2003 - €7,044) in respect of assets held under finance leases and hire purchase contracts.

# Finance

## 9. FIXED ASSETS (Cont'd)

(b) Intangible Fixed Assets	Software
	€
<b>Cost or Valuation</b>	
At 31 December 2003	214,720
Additions	39,897
Disposals	-
<b>At 31 December 2004</b>	<b>254,617</b>
<b>Depreciation</b>	
At 31 December 2003	126,096
Provision for year	76,811
Disposals	-
<b>At 31 December 2004</b>	<b>202,907</b>
<b>Net Book Value</b>	
<b>31 Dec 04</b>	<b>€ 51,710</b>
	<b>STG£ 36,458</b>
<b>Net Book Value</b>	
<b>31 Dec 03</b>	<b>€ 88,624</b>
	<b>STG£ 62,462</b>

## 10. DEBTORS (amounts due within one year)

	Note	2004 €	2003 €	2004 STG£	2003 STG£
Prepayments and accrued income		264,493	172,630	186,481	121,670
Technical assistance paid in advance to Implementing Bodies	(i)	3,799,549	3,225,390	2,678,872	2,273,255
Grants due from Departments					
- Revenue		84,669	235,657	59,696	166,091
- PEACE II		2,134,383	-	1,504,847	-
- INTERREG IIIA	(iii)	5,830,839	5,269,720	4,111,033	3,714,099
- EIB		528,917	-	372,913	-
Amounts due from EU Commission	(ii)	32,498,316	-	22,912,938	-
Pension Scheme		157,396	120,352	110,971	84,824
		<b>45,298,562</b>	<b>9,023,749</b>	<b>31,937,751</b>	<b>6,359,939</b>

- (i) In line with contracts entered into with Implementing Bodies involved in the delivery of the PEACE II Programme and INTERREG IIIA Community Initiative, initial payments were made to these organisations based on need. This is in line with EU Regulations and Government Accounting for Northern Ireland.

The amounts paid will be converted to actual eligible expenditure during the course of the Programme.

- (ii) The Body acts as Paying Authority for the INTERREG IIIA Community Initiative and is responsible for claiming funds from the EU Commission. To 31 December 2004, total claims for reimbursement of eligible expenditure have been made to the Commission of €33,640,057. Of this total, €32,498,316 was outstanding at 31 December 2004.

- (iii) In its capacity as Paying Authority for INTERREG IIIA the Body received an advance from the EU Commission of 7% of the Programme - €9,408,770 (£6,120,321)

In order to facilitate the requirements of Government Accounting in Northern Ireland, 60% of the initial amount received, together with interest earned, was transferred to the Consolidated Fund.

These funds will be drawn as required by the Body, and at 31 December 2004 amounted to €5,734,657 - (£4,043,220), included within the balance of €5,830,839 - (£4,111,033).

The remainder of this balance relates to funds due from DOF in respect of the INTERREG IIIA Programme.

# Finance

## 11. CREDITORS (amounts falling due within one year)

	Note	2004 €	2003 €	2004 STG£	2003 STG£
Trade Creditors and Accruals	(i)	9,251,714	5,548,160	6,522,920	3,910,345
Staff costs creditors including social security		39,974	52,700	28,184	37,143
Obligations under finance leases	13	2,913	4,005	2,054	2,823
Amounts repayable to EU Commission/Government					
- EIB Interest Rate Subsidy Scheme	(ii)	-	226,680	-	159,764
- INTERREG IIIA Advance	(iii a)	9,679,887	8,855,780	6,824,804	6,241,555
NI Accountable Departments - INTERREG ERDF	(iii b)	18,598,078	-	13,112,575	-
INTERREG ERDF ROI payable to Irish Government Departments	(iii c)	12,800,000	-	9,024,640	-
Amounts repayable to Government Departments					
- Department of Finance		1,534,966	1,205,005	1,082,228	849,288
- Department of Finance and Personnel (incl CPU balance)		2,956,241	2,810,295	2,084,298	1,980,696
- Departments using the Central Payments Unit	(iv)	29,367,629	22,914,852	20,705,647	16,150,390
Other Creditors		-	901	-	635
<b>TOTAL</b>		<b>84,231,402</b>	<b>41,618,378</b>	<b>59,387,350</b>	<b>29,332,639</b>

- (i) Grant income was received during 2005 and 2004 to discharge the year end creditors and accruals.
- (ii) Under an arrangement agreed between the Governments and the European Commission, funds to meet future liabilities under the EIB Interest Rate Subsidy (Sub-programme 5 of PEACE I) were transferred to the Body and held in dedicated bank accounts prior to the closure of the programme on 31 December 2001. Amounts which were transferred to the Body shall either be paid to third parties on behalf of the Governments in relation to agreements entered into prior to 31 December 2001, or repaid to the EU Commission/Governments as unspent EU funds and matching exchequer funds as appropriate.

Where such liabilities have been identified and quantified with reasonable accuracy, provision has been made for the expenditure in the accounts, together with the related income. Otherwise, no income has been recognised in the accounts.

Further funds are required from the Departments at 31 December 2004 in order to meet liabilities relating to that period. As a result, the balance this year is shown within Debtors at Note 10.

- (iii) a) The Body is the Paying Authority for the INTERREG III Programme. In this capacity it received an advance from the EU Commission of 7% of the Programme - €9,408,770 (£6,120,321). Interest relevant to the funds held by the Body of €271,117 (£191,151) has been added to this amount due to the Commission. This results in a total of €9,679,887 repayable to the EU Commission.
- b) Funds are drawn from the Departments and used to facilitate payments to projects during the course of the year. Claims are then submitted for reimbursement of the ERDF element of eligible expenditure incurred.

Upon receipt of these reimbursements from the EU Commission, the Body is required to repay the NI element over to the NI Accountable Departments (via Department of Finance and Personnel). At 31 December 2004 the amount due to the Department was €18,598,078 - (£13,112,575).

- c) For Irish Accountable Departments, the amounts refunded from the Commission remain with the Body as Paying Authority. To facilitate cash flow during the year, additional financing was secured from Department of Finance €8,800,000 (Note 20) and IDA Ireland €4,000,000 (by deferring payment until funds had been received from the Commission early 2005).
- (iv) The Body operates a Central Payments Unit to make payments to projects on behalf of Accountable Government Departments. This was in operation during the year for certain Departments in Northern Ireland and Ireland. The Departments passed funds to the Body in order for payments to be made in line with Terms and Conditions for Payment of Grant. Balances held at the end of the year are shown at Appendices 1.1 to 1.3. The total balance on hand at 31 December 2004 comprises:

	2004 €	2003 €	2004 STG£	2003 STG£
PEACE II	27,544,794	22,914,852	19,420,457	16,150,390
INTERREG IIIA	580,871	-	409,543	-
URBAN	1,241,964	-	875,647	-
<b>TOTAL</b>	<b>29,367,629</b>	<b>22,914,852</b>	<b>20,705,647</b>	<b>16,150,390</b>

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## 12. CREDITORS (amounts falling due within one year)

	Note	2004 €	2003 €	2004 STG£	2003 STG£
Obligations under finance leases	13	-	2,960	-	2,084

## 13. FINANCE LEASE OBLIGATIONS

	2004 €	2003 €	2004 STG£	2003 STG£
Less than one year	2,913	4,005	2,054	2,823
Between two and five years	-	2,960	-	2,084
<b>TOTAL</b>	<b>2,913</b>	<b>6,965</b>	<b>2,054</b>	<b>4,907</b>

## 14. RECONCILIATION OF MOVEMENTS IN GENERAL RESERVE

	2004 €	2003 €	2004 STG£	2003 STG£
At 31 December 2003	53,843	80,568	37,949	52,401
Exchange gains / (losses)	10,574	(5,830)	-	-
Surplus / (deficit) for the year	13,912	(20,895)	9,443	(14,452)
<b>At 31 December 2004</b>	<b>78,329</b>	<b>53,843</b>	<b>47,392</b>	<b>37,949</b>

## 15. RECONCILIATION OF MOVEMENTS IN CAPITAL GRANT RESERVE

	Note	2004 €	2003 €	2004 STG£	2003 STG£
At 31 December 2003		909,266	1,211,257	640,851	787,909
Capital funding receivable during the period	2	74,577	101,814	50,608	70,422
Funding received via technical assistance		22,357	2,528	15,171	1,748
Less amount released to income and expenditure account		(401,738)	(406,934)	(272,621)	(281,463)
Less reduction in previous provision		(12,850)	-	(9,060)	-
Add exchange gain on acquisition of fixed assets translation to year end exchange rate		-	601	-	62,235
<b>At 31 December 2004</b>		<b>591,612</b>	<b>909,266</b>	<b>424,949</b>	<b>640,851</b>

## 16. NOTES TO CASHFLOW STATEMENT

### 16.1 Reconciliation of result for the period to net cash inflow from operating activities

	2004 €	2003 €	2004 STG£	2003 STG£
<b>Result for the period</b>	<b>13,912</b>	<b>(20,896)</b>	<b>9,443</b>	<b>(14,453)</b>
<b>Adjustment for non cash transactions</b>				
Exchange differences on translation of opening cash balances at 31 December 2003	8,815	1,928,375	(1,944)	(114,503)
Exchange differences on translation of opening fixed asset balances at 31 December 2004	-	-	227	(65,782)
Depreciation	401,738	406,933	272,621	281,463
Capital Grant Release	(401,738)	(406,933)	(272,621)	(281,463)
<b>Adjustment for movements in working capital</b>				
Decrease/(increase) in debtors	(36,273,260)	992,181	(25,576,716)	155,333
Increase in creditors	42,644,410	3,449,069	30,079,508	4,509,822
<b>Net cash inflow from operating activities</b>	<b>6,393,877</b>	<b>6,348,729</b>	<b>4,510,518</b>	<b>4,470,417</b>

# Finance

## 16. NOTES TO CASHFLOW STATEMENT (Cont'd)

### 16.2 Reconciliation of the net cash inflow to movement in net debt

	2004 €	2003 €	2004 STG£	2003 STG£
Cash in bank at 31 December 2003	32,651,432	28,266,841	23,012,733	18,387,329
Retranslation to current year exchange rates	(8,815)	(1,928,375)	1,944	114,503
	<b>32,642,617</b>	<b>26,338,466</b>	<b>23,014,677</b>	<b>18,501,832</b>
Net cash inflow	6,353,397	6,312,966	4,479,462	4,510,901
<b>Cash in bank at 31 December 2004</b>	<b>38,996,014</b>	<b>32,651,432</b>	<b>27,494,139</b>	<b>23,012,733</b>

## 17 FUTURE CAPITAL EXPENDITURE

Capital commitments at 31 December 2004 for which no provision has been made:

	2004 €	2003 €	2004 STG£	2003 STG£
Contracted	-	-	-	-
Authorised but not contracted	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 18 CONTINENT LIABILITIES/PROGRAMME COMMITMENTS

There were no contingent liabilities or Programme commitments at 31 December 2004.

## 19 OPERATING LEASE COMMITMENTS

At 31 December 2004 the Body was committed to making the following payments during the next year in respect of operating leases:

	<b>Land and Buildings 2004 €</b>	<b>Other 2004 €</b>	<b>Land and Buildings 2003 €</b>	<b>Other 2003 €</b>
<b>Leases which expire:</b>				
Within one year	-	5,524	-	1,694
Within two to five years	208,679	7,076	208,741	5,846
After five years	-	-	-	-
	<b>208,679</b>	<b>12,600</b>	<b>208,741</b>	<b>7,540</b>
	<b>STG£</b>	<b>STG£</b>	<b>STG£</b>	<b>STG£</b>
Within one year	-	3,895	-	1,194
Within two to five years	147,129	4,989	147,121	4,120
After five years	-	-	-	-
	<b>147,129</b>	<b>8,884</b>	<b>147,121</b>	<b>5,314</b>

# Finance

## 20 RELATED PARTY TRANSACTIONS

The Special EU Programmes Body is a North South Implementation Body sponsored by the Department of Finance and Personnel in Northern Ireland and the Department of Finance in the Republic of Ireland.

The above named departments are regarded as related parties. During the year the Special EU Programmes Body has had various transactions with these departments.

- (1) The Head of Internal Audit for the Department of Finance and Personnel provides Internal Audit Services to Special EU Programmes Body under an arm's length Service Level Agreement. Costs incurred are shown in Note 7 to the accounts.
- (2) Under the terms of his appointment, Mr Pat Colgan was paid relocation expenses of £2,000 in relation to taking up his post with SEUPB. This was in line with his contract.
- (3) For INTERREG IIIA, in Northern Ireland the initial advance from the EU Commission was passed to the Department of Finance and Personnel as required by Government Accounting Regulations. EU funds are subsequently drawn along with Match funding from the Departments during the year.

In Ireland, the EU funds received remain with the Body as Paying Authority. The Body then draws Match funds from the Departments in order to make payments to projects funded under INTERREG IIIA. This system relies on expenditure followed by subsequent drawdown from the Commission in order to 'top up' EU funds on hand.

Due to initial delays in the commencement of INTERREG IIIA there was a corresponding delay in expenditure and so drawdowns were not being made evenly throughout 2004. The majority of the expenditure to meet EU Commission targets took place in the final months of the year. This led to a cash flow issue in that sufficient EU funds were not on hand in order to make payments to meet the targets.

The Department of Finance secured €8,800,000 of temporary cash funding for the Body to facilitate making these payments. The amount was paid out to projects, included in a claim to the EU Commission, received and subsequently repaid to the Department in 2005. At 31 December 2004, the amount is included in Creditors.

## **21 LOSSES AND SPECIAL PAYMENTS**

There have been no losses or special payments during the year.

## **22 FINANCIAL INSTRUMENTS, LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK**

### **22.1 Financial Instruments**

Due to the non-trading nature of its activities and the way the Body is financed, the Body is not exposed to the degree of financial risk faced by business entities. The body has very limited powers to borrow or invest surplus funds, and the financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Body in undertaking its activities.

The Body's financial instruments mainly consist of cash, trade debtors and trade creditors.

### **22.2 Liquidity, Interest Rate and Foreign Currency Risk**

The Body's net revenue resource requirements are financed by resources voted annually by the Assembly or Parliament and the Oireachtas, as is its capital expenditure. It is not therefore exposed to significant liquidity risks. The Body does not access funds from commercial sources and so is not exposed to significant interest rate risk. The Body's transactions are effected in the currencies of each part of Ireland, with recorded gains and losses being taken to the Income and Expenditure Account. The Body's exposure to foreign currency risk is not significant as it receives agreed levels of funding from from its sponsoring Departments, the Department of Finance and Personnel, and the Department of Finance, in sterling and euro respectively, and does not engage in trading activities. However, as the majority of transactions are conducted in sterling, and most funding is received equally from the two Departments, the Body is exposed to foreign currency risk to a limited degree.

In relation to funds drawn from Accountable Departments for the Central Payments Unit, foreign currency risk remains with the sponsor Departments.

## Appendix 1.1

CENTRAL PAYMENTS UNIT YEAR ENDED 31 DECEMBER 2004 - PEACE II						
Accountable Department	Implementing Body	Measure	Funds Held 31/12/04 €	Funds Held 31/12/03 €	Funds Held 31/12/04 STG£	Funds Held 31/12/03 STG£
DARD	RDC	1.7B	97,319	15,014	68,615	10,582
DARD	RDC	2.10	184,207	97,976	129,875	69,054
DARD	RDC	1.10A	108,962	85,131	76,824	60,000
DARD	RDC	1.10B	76,050	79,598	53,619	56,101
DARD	RDC	2.9A	161,995	323,299	114,215	227,861
DARD	RCD	2.9B	191,802	60,293	135,230	42,494
DARD	SEUPB RDC	6.2A	125,387	115,800	88,404	81,616
DFP	LSP	3.1	696,146	690,591	490,818	486,729
DFP	LSP	3.2	947,472	829,289	668,015	584,483
DFP	CO-OP	5.1	1,203,211	728,790	848,324	513,651
DFP	SEUPB	5.2	738,504	1,202,400	520,683	847,452
DFP	CPA	5.3	124,600	241,033	87,849	169,880
DFP	ADM	5.4	469,645	73,740	331,123	51,972
DFP	SEUPB	6TA1	18,438	18,445	13,000	13,000
DFP	SEUPB	6TA2	3,129,548	647,267	2,206,488	456,194
DFP	SEUPB	6TA2B	2,827	134,488	1,993	94,787
DHSSPS	NIPPA	2.5	1,116,656	1,192,998	787,298	840,825
DHSSPS	NIPPA	2.8	301,717	423,556	212,725	298,522
DHSSPS	SEUPB NIPPA	6.2A	98,388	76,375	69,369	53,829
DSD	CFNI	2.3	154,663	355,534	109,045	250,580
DSD	CFNI	2.4A	126,683	1,358,579	89,318	957,527
DSD	CFNI	2.6	156,432	228,625	110,293	161,135
DSD	CFNI	2.7	199,596	246,401	140,725	173,664
DSD	CFNI	2.8	50,813	17,662	35,826	12,449
DSD	SEUPB CFNI	6.2A	-	338,956	-	238,896
DEL	EGSA	1.3	1,916,331	393,457	1,351,109	277,308
DEL	PROTEUS	1.3	857,328	325,826	604,459	229,642
DEL	PLAYBOARD	1.5	58,904	238,371	41,530	168,004
DEL	SEUPB TWN	6.2A	317,542	323,120	223,883	227,735
DE	SELB	2.2	1,292,447	1,823,808	911,240	1,285,420
DE	SELB	2.8	234,910	266,867	165,623	188,088
DE	SEUPB SELB	6.2A	216,509	-	152,649	-
DEL	TWN	1.5	34,598	1,317,209	24,393	928,369
OFM/DFM	CRC	2.1	120,364	(81,863)	84,863	(57,697)
OFM/DFM	CFNI	2.4B	44,748	491,720	31,549	346,565
OFM/DFM	CFNI	2.8	33,504	279,107	23,622	196,714
OFM/DFM	SEUPB CFNI	6.2A	1,172,111	290,766	826,397	204,932
OFM/DFM	SEUPB CRC	6.2A	53,076	66,029	37,421	46,537
DSD	DSD	2.11	1,427,490	4,786,784	1,006,452	3,373,726
DSD	DSD	6.2	32,191	59,591	22,696	42,000
DCAL	DCAL	1.2A	516,779	412,657	364,355	290,841
OFM/DFM	OFM/DFM	2.1	302,115	319,239	213,006	225,000
OFM/DFM	OFM/DFM	4.1	170,133	369,486	119,953	260,413
DENI	DENI	5.5	546,919	265,090	385,605	186,835
DARD	DARD	1.2B	2,412,602	11,356	1,701,005	8,004

Continued...

CENTRAL PAYMENTS UNIT YEAR ENDED 31 DECEMBER 2004 - PEACE II						
Accountable Department	Implementing Body	Measure	Funds Held 31/12/04 €	Funds Helds 31/12/03 €	Funds Held 31/12/04 STG£	Funds Held 31/12/03 STG£
DARD	DARD	1.6	3,218,053	188,300	2,268,888	132,714
DARD	DARD	1.7A	426,541	264,887	300,733	186,692
DARD	DARD	1.9	727,484	221,981	512,913	156,452
DARD	DARD	4.2B	692,620	42,565	488,332	30,000
DARD	DARD	5.6A	11,934	21,969	8,414	15,484
DARD	DARD	5.6B	795,760	115,338	561,051	81,290
DARD	DARD	5.7	116,491	46,206	82,132	32,566
DARD	DARD	6.2A	24,416	25,635	17,215	18,068
DEL	DEL	1.3	572,590	736,324	403,704	518,961
DEL	DEL	1.4	252,951	321,574	178,343	226,645
DEL	DEL	1.5	-	45,403	-	32,000
DFP	INTEREST		328,641	203,092	231,708	143,139
DOF	CO-OP	5.1	2,200	633,455	1,551	446,459
DOF	SEUPB	5.2	(2,957)	187,020	(2,085)	131,812
DOF	SEUPB	4.1	25,253	82,736	17,805	58,312
DOF	SEUPB	6.2A	(721,478)	(183,114)	(508,678)	(129,059)
DOF	INTEREST		41,737	-	29,427	-
DCRGA	ADM/CPA	5.3	372,923	259,384	262,929	182,814
DCRGA	ADM/CPA	5.4	241,428	271,968	170,219	191,683
DCRGA	DCRGA	5.6 A&B	96,852	182,003	68,286	128,276
DES		5.5	223,811	-	157,798	-
DCMNR		5.7	360,100	-	253,889	-
DEHLG		3.3	936,230	-	660,089	-
DEHLG		3.4	54,123	-	38,159	-
DEHLG		4.2A	65,942	-	46,492	-
			<b>31,105,307</b>	<b>25,207,186</b>	<b>21,930,798</b>	<b>17,766,027</b>
Less balances shown separately in the financial statements (to sponsor Department)						
DFP		5.2	(738,504)	(1,202,400)	(520,683)	(847,452)
DFP		6TA1	(18,438)	(18,445)	(13,000)	(13,000)
DFP		6TA2	(3,129,548)	(647,267)	(2,206,488)	(456,194)
DFP		6TA2B	(2,827)	(134,488)	(1,993)	(94,787)
DFP		INTEREST	(328,641)	(203,092)	(231,708)	(143,139)
DOF		5.2	2,957	(187,020)	2,085	(131,812)
DOF		4.1	(25,253)	(82,736)	(17,805)	(58,312)
DOF		6.2A	721,478	183,114	508,678	129,059
DOF		INTEREST	(41,737)	-	(29,427)	-
<b>Balance at 31 December 2004 per Note 11</b>			<b>27,544,794</b>	<b>22,914,852</b>	<b>19,420,457</b>	<b>16,150,390</b>

## Appendix 1.2

CENTRAL PAYMENTS UNIT YEAR ENDED 31 DECEMBER 2004 - INTERREG IIIA				
Accountable Department	Implementing Agent	Measure	Funds Held 31/12/04 €	Funds Held 31/12/04 STGE
DFP	ICBAN/ERR/NWRCBG	1.1	469,841	331,262
DFP	ICBAN/ERR/NWRCBG	1.2	685,589	483,374
DFP	ICBAN/ERR/NWRCBG	1.3	(7,365)	(5,193)
DFP	SEUPB	4.1	1,405,238	990,763
DFP	SEUPB	4.2	485,110	342,027
DARD	DARD/DCRGA	1.4	-	-
DARD	DARD/DCMNR	2.1E	(455,822)	(321,377)
DHSSPS	DHSSPS/DHC	3.2	367,968	259,436
DETI	DETI/DCMNR	2.1F	(116,261)	(81,970)
DETI	DETI/DCMNR	2.1C	49,185	34,678
DETI	DETI/DCMNR	2.3	135,477	95,518
DSD	CO-OP	3.1	24,005	16,924
DRD	DRD/DOT	2.1 TRANSPORT	-	-
DRD	DRD/DOT	2.1 ROADS	(490,597)	(345,895)
DOE	DOE/DEHLG	2.2	(367,795)	(259,314)
DFP	SEUPB	FEES	(33)	(23)
DFP	SEUPB	INTEREST	63,510	44,778
DEHLG	DOE/DEHLG	2.2 WASTE	(24,553)	(17,311)
DEHLG	DOE/DEHLG	2.2 WATER	-	-
DCMNR	DETI/DCMNR	2.1B	-	-
DCMNR	DETI/DCMNR	2.1C	-	-
DCMNR	DARD/DCMNR	2.1E	(42,903)	(30,249)
DCMNR	DETI/DCMNR	2.3	17,828	12,570
DCRGA	CO-OP	3.1	(34)	(24)
DCRGA	DARD/DCRGA	1.4	75,189	53,012
DHC	DHSSPS/DHC	3.2	(22,814)	(16,085)
DOT	DRD/DOT	2.1D	(1)	-
DOF	ICBAN/ERR/NWRCBG	1.1	225,983	159,329
DOF	ICBAN/ERR/NWRCBG	1.2	77,137	54,385
DOF	ICBAN/ERR/NWRCBG	1.3	42,315	29,834
DOF	SEUPB	4.1	171,740	121,085
DOF	SEUPB	4.2	77,733	54,806
DOF	SEUPB	FEES	(968)	(683)
ROI ERDF FINANCED BY DOF			(61,501)	(43,361)
			<b>2,783,201</b>	<b>1,962,296</b>
Less balances shown separately in the financial statements (to sponsor Department)				
DFP		4.1	(1,405,238)	(990,763)
DFP		4.2	(485,110)	(342,027)
DFP		FEES	33	23
DFP		INTEREST	(63,510)	(44,778)
DOF		4.1	(171,740)	(121,085)
DOF		4.2	(77,733)	(54,806)
DOF		FEES	968	683
			<b>580,871</b>	<b>409,543</b>

## Appendix 1.3

CENTRAL PAYMENTS UNIT YEAR ENDED 31 DECEMBER 2004 - URBAN				
Accountable Department	Implementing Agent	Measure	Funds Held 31/12/04 €	Funds Held 31/12/04 STG£
DSD	NBPB	1.1	185,931	131,091
DSD	NBPB	1.2	378,748	267,037
DSD	NBPB	1.3	123,954	87,394
DSD	NBPB	2.1	187,986	132,540
DSD	NBPB	2.2	187,986	132,540
DSD	NBPB	2.3	61,205	43,151
DSD	NBPB	3.1	58,077	40,947
DSD	NBPB	3.2	58,077	40,947
			<b>1,241,964</b>	<b>875,647</b>

# Finance

## Abbreviations used within the Appendices to the Accounts

### Appendix 2

RDC	Rural Development Council
LSP	Local Strategy Partnership
CO-OP	Co-operation Ireland
SEUPB	Special EU Programmes Body
CPA	Combat Poverty Agency
ADM	Area Development Management
CFNI	Community Foundation for Northern Ireland (Formerly NIVT)
EGSA	Educational Guidance Service for Adults
PROTEUS	Proteus
PLAYBOARD	Playboard
SELB	Southern Education and Library Board
TWN	Training for Women Network
CRC	Community Relations Council
NIPPA	Nippa The Early Years Organisation
NBPB	North Belfast Partnership Board
ICBAN	Irish Central Border Area Network
EBR	East Border Region
NWRCBG	North West Region Cross Border Grouping
DARD	Dept of Agriculture and Rural Development
DFP	Dept of Finance and Personnel
DHSSPS	Dept of Health, Social Services & Public Safety
DSD	Dept of Social Development
DENI	Department of Education
DEL	Dept of Employment and Learning
OFM/DFM	Office of First and Deputy First Minister
DCAL	Dept of Culture Arts and Leisure
DETI	Dept of Enterprise, Trade and Investment
DRD	Dept of Regional Development
DOF	Dept of Finance
DCRGA	Dept of Community, Rural and Gaeltacht Affairs
DCMNR	Dept of Communications, Marine and Natural Resources
DHC	Dept of Health and Children
DOT	Dept of Transport
DEHLG	Dept of Environment, Health and Local Government

# Finance

## Appendix 3

ACCOUNTS DIRECTION GIVEN BY THE NORTHERN IRELAND DEPARTMENT OF FINANCE & PERSONNEL AND THE IRISH DEPARTMENT OF FINANCE, IN ACCORDANCE WITH THE NORTH/SOUTH CO-OPERATION (IMPLEMENTATION BODIES) (NORTHERN IRELAND) ORDER 1999 AND THE BRITISH IRISH AGREEMENT ACT 1999.

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement, the Body shall prepare accounts for the financial period ended 31 December 2000 and subsequent years in accordance with:

- a. the North/South Implementation Bodies Annual Reports and Accounts Guidance;
- b. other guidance which Finance Departments may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other disclosures required by sponsoring Departments;

except where agreed otherwise with Finance Departments, in which case the exception shall be described in the Notes to the Accounts.



Signed by authority of the  
Department of Finance and Personnel

**L O'Reilly**

29 June 2001



Department of Finance

**A Dunning**

29 June 2001

# DETAILS

A principal aim of the Body is to promote Cross Border co-operation through INTERREG IIIA and the Cross Border element of the PEACE II Programme.

Main photograph: The Institute of Technology (IT Sligo) and the North East Institute (NEI) in Northern Ireland's Robotics and Integrated Manufacture for the 21st Century (RIM 21) project funded by INTERREG IIIA through ICBAN.



The Special EU Programmes Body (SEUPB) is an Implementation Body set up under the "Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland establishing Implementation Bodies", signed on 8 March 1999 (the British-Irish Agreement of 8 March 1999). The Agreement was given domestic effect, North and South, by means of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 respectively.

The Body undertakes certain management and operational responsibilities for the post 1999 EU Structural Funds, North and South. The SEUPB is the designated Managing Authority for the PEACE II and Ireland/Northern Ireland INTERREG IIIA programmes. A principal aim of the Body

is to promote cross border co-operation through INTERREG IIIA and the cross border element of the PEACE II Programme.

It is also responsible for monitoring and promoting the implementation of North / South co-operative actions through the Common Chapter in the National Development Plan 2000 - 2006 for Ireland and the Structural Funds Plan 2000 - 2006 for Northern Ireland.

The Body is under the policy direction of, and reports to, the North/South Ministerial Council (NSMC). It is accountable to the NI Assembly and to the Houses of the Oireachtas. The NSMC did not meet in 2004.

The Headquarters of the Body are in Belfast with two regional offices located in Monaghan and Omagh. The Belfast office has responsibility for policy and

corporate issues, while the Monaghan office is responsible for the INTERREG Programme and other Community Initiative Programmes. The Omagh office oversees the delivery aspects of the PEACE Programme while Monaghan monitors and promotes the implementation of the Common Chapter.

The secretariat to the new Regional Partnership Board and the administration of Priority 3 of PEACE II (Locally based regeneration and development strategies) also operates from the Omagh office.

The Body has accepted nominations to be represented on each of the Operational Programme Monitoring Committees, North and South. In total the Body is represented on 14 Monitoring Committees and chairs a further two Committees.



# Details

## Functions and Responsibilities of the Body

### Functions

The functions of the Body, as outlined in the relevant legislation, cover the following areas:

- Special Support Programme for PEACE and Reconciliation (PEACE I);
- Ireland/Northern Ireland INTERREG II Programme 1994-1999;
- EU Programme for PEACE and Reconciliation for Northern Ireland and the Border Region of Ireland 2000-2004 (PEACE II);
- Ireland/Northern Ireland INTERREG IIIA Programme 2000-2006 (INTERREG IIIA);
- Post 1999 Community Initiatives (LEADER+, URBAN and EQUAL);
- The "Common Chapter" on co-operation between Ireland and Northern Ireland.

### Responsibilities

Under the relevant legislation, the Body takes on responsibility for a number of functions in relation to the PEACE and INTERREG Programmes as set out in Annex 1 and 2 of the Agreement:

- Central secretariat, monitoring, research, evaluation, technical assistance and development roles currently exercised jointly in respect of INTERREG and PEACE I by the Finance Departments and the post-1999 Community Initiatives, which includes PEACE II;
- Administration of certain sectoral sub-programmes under the INTERREG and PEACE Programmes namely the Interest Rate Subsidy Scheme and Cross Border Co-operation between public bodies;
- The Body will advise the North/South Ministerial Council on the progress of the negotiations on PEACE II and contribute as appropriate to the negotiations with the Commission;
- Prepare, in consultation with the Finance Departments and other relevant Departments, detailed proposals for the PEACE II Programme and the post-1999 Community Initiatives;
- Grant making and other managerial functions in respect of INTERREG IIIA and of North/South elements of programmes under other Community Initiatives, within the framework of the relevant overall policies of North and South respectively, and subject to the expenditure allocations and specific programme parameters agreed within the two administrations and with the EU Commission; and
- To monitor and promote implementation of the Common Chapter.

### **Strategic Objectives**

The strategic objectives of the Body are defined within the specific functional areas which form the basis of its work. The programmes of work to be undertaken are detailed within the Body's Corporate Plan and Annual Business Plans.

- To bring PEACE I to a timely and satisfactory conclusion.
- To bring the INTERREG II programme to a timely and satisfactory conclusion.
- To ensure the efficient and effective delivery of PEACE II and fully utilise all programme funding.
- To ensure the efficient and effective development and delivery of the INTERREG IIIA Programme in Northern Ireland and the Border Region of Ireland and fully utilise all programme funding.
- To achieve the maximum level of Cross Border co-operative actions in the Community Initiatives.
- To achieve the maximum level of North/South co-operative actions in Ireland and Northern Ireland in the context of the National Development Plan 2000-2006 for Ireland and the Structural Funds Plan 2000-2006 for Northern Ireland.
- To support and enhance the business performance of the Body through the provision of quality management and effective administration of its activities.

### **Attendance at North/South Ministerial Meetings**

There were no North/South Ministerial Meetings

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Front cover photograph: Participants from the Sperrins Hot Air Balloon Festival Association, funded by PEACE II through Sperrins Tourism Ltd., take to the skies.



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