



**European Union**

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## **INTERREG IVA Programme**

### **Guidance Note on Pre Contract Checks**

#### **G11/IIVA**

#### **1.0 Introduction**

- 1.1 The pre-contract check is an integral part of the project assessment process. It consists of an evaluation of the capacity of the partners to deliver the products or services which comprise the project, and that they have the managerial and financial management capacity to implement the project within the agreed timetable. This evaluation will be undertaken in the context of the general conditions of grant as well as any special conditions applying to the project. The pre-contract check will be completed in advance of the issue of a formal letter of offer and will provide the information on which to form a view on whether the lead partner is considered competent to successfully deliver the proposed project.

#### **2.0 Conduct of the pre-contract check**

- 2.1 Following initial approval by the steering committee the Systems Review Team located within the Financial Control Unit of the Joint Technical Secretariat will undertake a pre-contracting check of the lead partner, and other partners where appropriate. The primary tool in carrying out that check will be the completion of an

evaluation checklist of the financial and corporate governance processes and procedures which have been established by the lead partner / partners to implement the project. The checklist attached in Annex 1 sets out the areas to be reviewed during the checking process.

2.2 The checklist will be completed during a site visit to the premises of the lead partner (and partners where appropriate). The Systems Review Team will obtain appropriate documentary evidence of processes and procedures currently in place and any necessary assurances from the project's nominated officers on the administrative, accounting and record keeping arrangements to be put in place in support of the project.

### **3.0 Approval by the Controller.**

3.1 Following the site visit the completed checklist and associated copy documentation will be reviewed by the Head of the Financial Control Unit (Controller) who will be responsible for determining whether the lead and other partners have the management skills and capacity to manage the proposed project and deliver the project outcomes.

3.2 The Controller's finding will fall into one of 3 categories:

- 1. Approval without condition.** Where the result of the check is satisfactory and no further action is required.
- 2. Approval with condition.** Where minor issues have been identified the project may be required to address specific issues prior to the Letter of Offer being issued, or specific conditions may be attached to the LOO.
- 3. Rejection.** Where serious issues are identified the Controller will deem the project to have failed to pass the pre-contract check.

This guidance note is approved by the Department of Finance in Ireland and the Department of Finance and Personnel in Northern Ireland.

**Issued: January 2010**

**Annex 1**

**LEAD-PARTNER PRE-CONTRACT CHECKLIST**

<b>PRE-CONTRACTING CHECK DETAILS</b>	
<b>ORGANISATION NAME</b>	
<b>DATE OF PRE-CONTRACTING CHECK</b>	
<b>MONITORING OFFICER(S)</b>	
<b>LOCATION OF VISIT</b>	
<b>KEY CONTACTS</b>	
<b>PROJECT NAME</b>	
<b>PROJECT REFERENCE</b>	
<b>BRIEF PROJECT DESCRIPTION</b>	

**LEAD PARTNER ORGANISATION DETAILS****LEAD PARTNER NAME****LEGAL CONSTITUTION**

Review current legal instruments governing the organisation.

**AUDIT COMMITTEE ARRANGEMENTS**

Review minutes of most recent audit committee

**CORPORATE GOVERNANCE ARRANGEMENTS**

Review scheme of delegation and accountability arrangements

**PREVIOUS AUDIT ACTIVITY (Internal and External)**

Review audited accounts and external auditors statement

**ORGANISATION STRUCTURE**

<p><b>Review current organisation structure chart including associated organisations</b></p>	
<p><b>AIMS AND OBJECTIVES</b></p> <p>Review Memorandum and Articles of association where appropriate.</p>	
<p><b>LEAD PARTNER FINANCIAL ARRANGEMENTS</b></p> <p>Review sources of funding and relationship with funders.</p>	
<p><b>FINANCIAL STANDING</b></p> <p>Review audited accounts and assess the financial standing of the organisation. This should include an opinion on the audited accounts for the previous three years.</p>	
<p><b>PARTNER DETAILS</b></p>	
<p><b>OTHER PARTNERS</b></p> <p>Detail all parties to the consortium and their organisation status.</p>	

<p><b>DETAILS OF HOW THE PARTNERSHIP RELATIONSHIP WILL BE GOVERNED</b></p> <p>Is there a clearly documented definition of the roles of all partners?  Are the aims and objectives of the partnership clearly defined and communicated?</p> <p>Where relevant, include a copy of the Partnership Agreement(s)</p>	
<p><b>EXPERIENCE/TRACK RECORD OF THE ORGANISATION OR CONSORTIUM</b></p> <p>This should cover management capacity, experience with projects of same scale/nature, experience of EC funding regulations etc.</p> <p>Where relevant this should also refer to the findings of previous Article 4 and Article 10 reviews.</p>	
<p><b>POLICIES AND PROCEDURES</b></p>	

<p><b>DETAILS OF EMPLOYMENT RELATED POLICIES AND PROCEDURES.</b></p> <p>This should cover as a minimum, recruitment, equal opportunities, employment terms and conditions, health &amp; safety, redundancy etc.</p> <p>If applicable check that a Child Protection Policy is in place.</p>	
<p><b>INSURANCE CONSIDERATIONS</b></p>	
<p><b>PROTECTION OF THE ENVIRONMENT</b></p>	
<p><b>PUBLICITY MEASURES</b></p> <p>Review current arrangements and plans to meet EU requirements</p>	
<p><b>DOCUMENT STORAGE AND RETENTION SYSTEMS</b></p> <p>Provide details of the current systems including file maintenance, registration of files, storage, and archiving arrangements.</p>	

<p><b>This should incorporate financial and non-financial audit trail documents.</b></p>	
<p><b>MANAGEMENT INFORMATION SYSTEMS</b></p>	
<p><b>FINANCIAL CONSIDERATIONS</b></p>	
<p><b>VAT REGISTRATION STATUS</b></p> <p><b>Confirm current VAT Status</b></p>	
<p><b>FINANCIAL POLICIES and PROCEDURES.</b></p> <p><b>Review current documented financial policies and procedures to include:</b></p> <ul style="list-style-type: none"> <li><b>Hospitality;</b></li> <li><b>Purchasing/procurement;</b></li> <li><b>Petty cash;</b></li> <li><b>Payroll;</b></li> <li><b>Banking;</b></li> <li><b>Creditor Payments;</b></li> <li><b>Payment authorisation;</b></li> <li><b>Capital Expenditure Approval;</b></li> <li><b>Budget Management;</b></li> <li><b>Accounting policy;</b></li> </ul>	
<p><b>BANK ARRANGEMENTS</b></p>	

<p><b>This should include a description of the proposed set up. E.g. will there be a separate bank account/codification system?</b></p>	
<p><b>CASHFLOW MANAGEMENT ARRANGEMENTS</b></p> <p><b>On the basis of quarterly claims has the organisation sufficient resources available to manage peak cashflow requirements?</b></p> <p><b>What forecasting/budget/project management tools will be used?</b></p>	
<p><b>PAYROLL SYSTEM</b></p> <p><b>Review Payroll system and recording arrangements</b></p>	
<p><b>GRANT CLAIM SYSTEM</b></p> <p><b>This should include a brief description of the system.</b></p> <p><b>It should also cover in detail the types of checks that will be conducted by the Lead Partner in</b></p>	

<p><b>compiling claims from other partners (e.g. verification of eligibility, checking adherence to tendering and publicity regulations etc.</b></p>	
<p><b>ACCOUNTING SYSTEMS</b></p> <p><b>This should cover a narrative description of financial and accounting systems to ensure that expenditure and receipts are properly recorded.</b></p>	
<p><b>PROCUREMENT</b></p> <p><b>What policies and procedures has the organisation established for purchasing and procurement?</b></p>	

<b>GENERAL FINDINGS</b>	<b>SUMMARY OF FINDINGS AND ASSOCIATED ISSUES AND RECOMMENDATIONS</b>
<p><b>Detail of issues or concerns that emerged during the course of the visit.</b></p>	

**OVERALL ASSESSMENT** (should include an opinion on administrative, financial and technical processes).

**Detail of issues which need to be included as pre conditions in the letter of offer and overall assessment of the lead partner to meet the requirement set out in article 13.1 in EC Regulation No 1828/2006**

Completed By: \_\_\_\_\_ Date \_\_\_\_\_

Reviewed By: \_\_\_\_\_ Date \_\_\_\_\_