



## **European Union**

European Regional  
Development Fund  
Investing in your future

### **INTERREG IVA Programme**

### **Guidance Note on Payments**

### **G7/IIVA**

#### **1.0 The Normal Pattern of Payments**

- 1.1 For the 2007-2013 Programming period, EC Regulation 1083/2006 Article 56(4) states that:

*“The rules on the eligibility of expenditure shall be laid down at national levels subject to the exceptions provided for in the specific regulations for each Fund. They shall cover the entirety of the expenditure declared under the operational programme.”*

Therefore, the normal pattern of payments for public sector organisations is to make payment when the equivalent value of goods or services is received.

- 1.2 The principle is reflected in the provisions outlined in Managing Public Money Northern Ireland (HM Treasury, October 2007). SEUPB, as Managing Authority, acts in accordance with those provisions.

#### **2.0 Payment outside the Normal Pattern**

- 2.1 Managing Public Money Northern Ireland states that:

*“Advance payments to contractors should be exceptional, and should only be considered if a good value for money case can be made for them.”*

(Paragraph A.4.6.4)

2.2 The Guidelines also provide examples of exceptions, such as:

- service and maintenance contracts which require payment when the contract commences, provided that the service is available and can be called on from the date of payment; and
- payments for activities carried out by, or on behalf of, a public sector funder, for example, grant in aid to NDPBs or grants to small voluntary or community bodies where the recipient needs working capital to carry out the commitment for which the grant is paid.

### **3.0 Provision of Advance Payment**

3.1 A Lead Partner in the INTERREG IVA Programme may request an advance payment by submitting detailed information in writing to the JTS.

3.2 The Lead Partner is responsible for the administration of the grant including the eligibility of subsequent expenditure, and the repayment of the advance.

3.3 Submission of a Request by a Lead Partner

The formal request in writing must provide a good value for money case and clearly state the amount of the advance requested. This request must be accompanied by the following information in support of the need for an advance;

- a detailed cash flow forecast for the project assuming reimbursement of grant claims quarterly in arrears. The JTS will review the annual accounts of the Lead Partner to examine income and expenditure, assets and liabilities.
- the latest audited and management accounts with evidence that there are no reserves available to the project.
- endorsement by the Chief Executive (or equivalent) and the Board of the applicant organisation;
- proposal for repayment of any advance at the earliest opportunity.

3.4 Consideration of the Request by the JTS

The JTS will consider each request for payment in advance on its own merits and in doing so will be bound by any requirements which may be contained in bi-lateral Service Level Agreements between the SEUPB and the relevant Accountable Department(s). Assessment of the need for the advance payment will be based on *all* the facts and circumstances associated with the application including, but not exclusively, the project application form and assessment material, and the findings of the pre-contracting check. All project applications are subject to a pre-contract check in accordance with Guidance Note G11 – Guidance on Pre-Contract Checks. The pre-contracting check list is included in Annex A.

The JTS will be responsible for undertaking an assessment of the financial viability of the project. Where it is considered that financial constraints lead to a medium or high risk that the project will not be completed, the JTS will consider payment of an advance. All advances will be recovered prior to the payment of the final claim.

The JTS will communicate approval or rejection of the request for advance payment as soon as possible. In the event of rejection, the JTS will provide the applicant with reasons for the rejection and the opportunity to discuss the outcome.

If the application is successful the JTS will agree a schedule of repayment with the project based on the level of need combined with an evaluation of cash flow forecasts. Once agreed, the repayment schedule will be monitored on an on-going basis until the amount of the advance has been fully recovered.

#### **4.0 Conditions**

4.1 The following conditions will also apply to advance payments:

- The payment of an advance must be used solely in support of the project and can not be used to fund any non project related activity of the organisation.
- Any income generated from a credit balance on the separate bank account will be offset against eligible project expenditure.
- Should the organisation encounter any financial difficulties which could put delivery of the project at risk then the JTS must be informed immediately.
- In the event that a request for an advance is declined, the Lead Partner will continue to be bound by the terms of the Letter of Offer.

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

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