



# Special EU Programmes Body Annual Report 2012



Special EU Programmes Body  
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**Special EU Programmes Body  
Annual Report and Accounts  
for the year ended 31st December 2012**

Laid before the Northern Ireland Assembly  
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31st January 2014

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# Contents

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Chief Executive's Foreword	2
The Role of the Special EU Programmes Body	7
Achievement against Corporate Objectives (2011-2013)	9
Programme Overview	11
• PEACE III	11
• INTERREG IVA	17
• INTERREG IVB & IVC (Transnational and Interregional)	24
Communicating the Message in 2012	27
• Major Information Activity, PEACE III Programme	27
• Major Information Activity, INTERREG IVA Programme	28
• Korean Visit, October 2012	29
• Joint Committee on the Implementation of the Good Friday Agreement	29
Looking Forward, New Programmes 2014-2020	30
Annual Accounts	33
Appendix	71





# Chief Executive's Foreword

2012 marked another significant chapter in the delivery of the European Union's Cross-border Programme for Territorial Co-operation 2007-2013 (INTERREG IVA) and the Programme for Peace and Reconciliation 2007-2013 (PEACE III).

We are halfway through the programming period and the PEACE III Programme is almost fully committed. The 14 Peace Partnerships within Northern Ireland and the Border Region of Ireland are delivering upon the second phase of their funding awards. Collectively the Partnerships have been awarded approximately €90 million, which is being used to support the peace and reconciliation objectives of thousands of local projects across the region.



The work of the Peace Partnerships was celebrated during a major conference we organised on the 13th November at Belfast City Hall. Called 'Creating Trust, Overcoming Division' the event attracted over 200 delegates and showcased the various local community based projects and initiatives funded by the PEACE III Programme, through the Peace Partnerships.

This year also saw the completion of some high profile capital build projects including the 'Castle Saunderson International Scout Centre' in Cavan. The centre was officially launched by the President of Ireland, Michael D. Higgins, during a special event involving scouts from across the UK, Ireland and further afield. A truly cross-border facility, the new centre will encourage greater levels of interaction from young people of different ethnic, religious and cultural backgrounds.

Towards the end of the year the newly built, PEACE III supported 'Skainos' project officially opened its doors. A new urban village, in one of the most deprived wards of Greater Belfast, the multi-million pound facility offers a wide-range of support services to local people, from crèches to employment training and care for the elderly. Skainos, which means 'tent' or 'dwelling place' in Hebrew, will also support a number of cross-community outreach activities designed to foster greater levels of mutual understanding in the local area.

The last funding call for the INTERREG IVA Programme, launched at the start of the year, has met with a great deal of success. A more streamlined application process has allowed some really ground-breaking projects to secure funding over the past few months. These projects are ready to hit the ground running and will serve to enhance the overall objectives of the programme.

For example, a significant level of assistance has been awarded to projects under the enterprise theme of the programme. The existing Tradelinks initiative, which provides support to small to medium sized enterprises and micro-business, on a cross-border basis, was offered over €1 million to allow it to continue this support.

Financial assistance was also offered to a new 'PLATO Programme' to help small to medium sized enterprises (SME's) grow and develop. Primarily a networking programme, PLATO invites large businesses to act as a 'Parent Company' offering advice and guidance to groups of smaller businesses, on a cross-border basis.

Towards the end of the year I took part in the official launch of the £12 million North West Science Park in Derry-Londonderry. The project will involve the construction of a 50,000 sq ft science park facility at Fort George and a 20,000 sq ft extension to the CoLab facility at Letterkenny Institute of Technology.

The impact that the INTERREG IVA Programme is having within the region was highlighted during European Territorial Co-operation Day on the 20th September. To mark this event we organised a major conference in Dundalk which featured testimonies from over nine different projects under the themes of 'Smart', 'Sustainable' and 'Inclusive' growth, contained within the EU's 2020 strategy.

This well attended event also incorporated an interactive exhibition of 13 other projects showcasing the diversity of European Territorial Co-operation supported initiatives that are being carried out across the UK and Ireland.

A significant level of assistance within the INTERREG IVA Programme remains to be allocated, before it is fully committed. This will present a challenge for the SEUPB in the coming year and will involve the Body's continued collaboration with the relevant Government Departments in Northern Ireland and Ireland. This collaboration is vital to ensure that viable and sustainable projects receive funding.

The SEUPB is accountable to the North South Ministerial Council (NSMC) and as such provides it with regular progress reports for the implementation of the PEACE III and INTERREG IVA Programmes. The fourteenth NSMC meeting with the SEUPB was held on the 4th May 2012. The meeting was attended by Brendan Howlin TD, Minister for Public Expenditure and Reform, Sammy Wilson MP MLA, Minister for Finance and Personnel, and OFMDFM Junior Minister Martina Anderson MLA.

Throughout 2012 the SEUPB appeared before a number of different Northern Ireland Assembly and Oireachtas/ Government of Ireland Committees. On the 5th July I met with the Joint Committee on the Implementation of the Good Friday Agreement. I was invited to appear in front of the Assembly Committee of the Department of Finance and Personnel on the 22nd February and again on the 13th June. These appearances gave me an opportunity to discuss the progress and challenges in implementing both the PEACE III and INTERREG IVA Programmes.

I was also invited to participate in a delegation to South Korea by the NSMC



and the Department for Foreign Affairs and Trade for Ireland in October. The purpose of the visit was to brief representatives of the Government in South Korea about the Irish Peace Process, the institutional arrangements that were put in place on foot of the Good Friday Agreement and to explain the work of the SEUPB. My input was to describe the role that EU funding has played in the Northern Ireland Peace Process through the PEACE Programmes.

Throughout the year the SEUPB has encouraged greater levels of participation in the Transnational INTERREG IVB and Inter-regional INTERREG IVC Programmes. In doing so, it has acted as a catalyst for building many new and innovative partnerships across Europe that will enrich the region.

We were also instructed by the UK and Ireland to develop a new INTERREG and PEACE Programme for 2014-2020. A very important first stage in this process took place in 2012 when we sought the views of the general public on the content, delivery and implementation of these new programmes. Over 1,000 people took part in the consultation events that were organised as part of the process and over 170 written submissions were received. The response to the consultation exercise provided strong evidence of the keen interest in European programmes that exists across the region.

Work on the development of the new programmes will continue throughout 2013, with a view to commencement of the new programmes in 2014. Finalisation of the preparation of new programmes is subject to the eventual final ratification of the draft regulations and the Multi-Annual Financial Framework that is being negotiated between the European Council, the European Parliament and the European Commission.

We would not be able to operate without the continued support of our Monitoring and Steering Committee members, who give of their time freely. I would like to take this opportunity to thank them for their work throughout the year and I look forward to continuing this relationship in 2013.

I would also like to express my gratitude for my colleagues and staff within the SEUPB. I commend their dedication and professionalism as we move ever closer to the end of the current programming period.

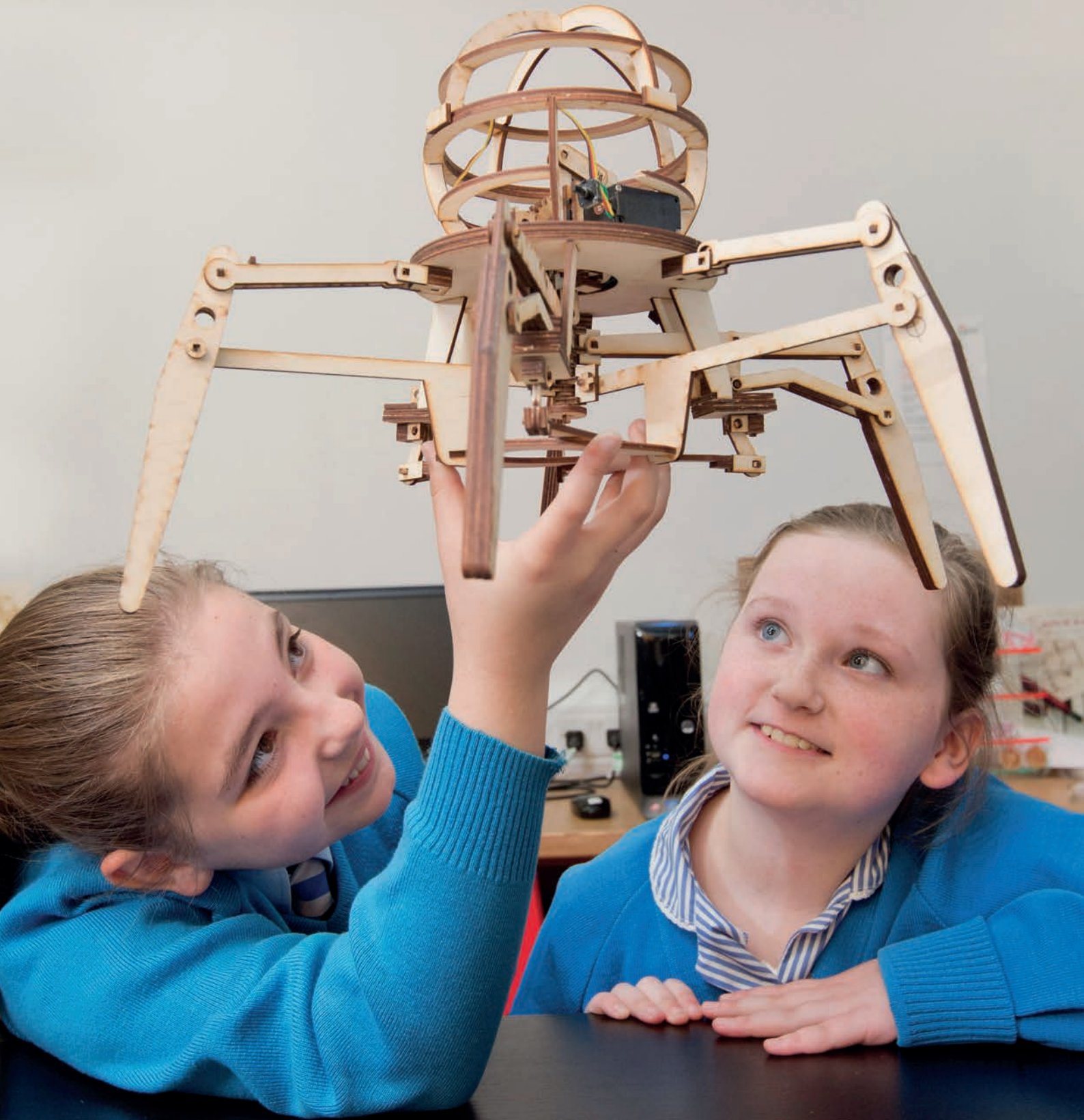


Pat Colgan  
Chief Executive  
Special EU Programmes Body









*Star of the Sea pupils Ciara Benson (left) and Aoife Major were among the first visitors to Fab Lab in Belfast. Picture by Brian Morrison.*

# The Role of the Special EU Programmes Body

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## Our mission

“To effectively manage and implement funding programmes on behalf of the two governments and the European Union aimed at delivering social and economic improvements to the people in Northern Ireland and Ireland through cross-border, transnational and inter-regional co-operation.”

As an agent of both governments the SEUPB has acted as the Managing Authority for both PEACE II and INTERREG IIIA Programmes 2000-2006. Both programmes have now been closed and the SEUPB is awaiting payment of the final claims from the European Commission.

Since the beginning of 2007, the SEUPB has had the role of Managing Authority, Certifying Authority and provided the Joint Technical Secretariat (JTS) for the PEACE III and INTERREG IVA Programmes. In its capacity as Managing Authority, the SEUPB Chairs both of the Monitoring Committees for these two programmes.

The SEUPB has a broad role to support North/South participation in INTERREG IVB Transnational Programmes which are relevant to Northern Ireland. Alongside this the SEUPB has an advisory and signposting role for North/South participation in the INTERREG IVC Inter-regional programme.

The SEUPB will play a significant role in the development of future European Territorial Co-operation Programmes for the new programming period 2014-2020. The Member States have requested that the SEUPB develop the new Operational Programmes. This will involve comprehensive consultation, by the SEUPB and its Sponsor Departments, with a wide range of external stakeholders to maximise the effectiveness of all future programmes.



## Our Vision

“The SEUPB will work as a trusted agent of both governments and the European Commission in the management and delivery of programmes that contribute to the economic and social well being of the region. Its work will be imbued by the values of openness, transparency and accessibility.”

## Our Role Explained

The Special EU Programmes Body (SEUPB) is a North/South Body, established under the Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland (the Agreement) and came into effect on 2nd December 1999.

The Agreement stipulates that the SEUPB will implement the policies directed by the North South Ministerial Council (NSMC) as specified by the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999, as amended.





Participants in the EU PEACE III funded Belfast Interface games project designed to promote respect for diversity.



# Achievement against Corporate Objectives (2011-2013)

## Corporate Objectives

## Key Outputs

- |   |   |
|---|---|
| 1. 'To ensure the efficient and effective delivery of the PEACE III and INTERREG IVA Programmes ensuring programme objectives are met and impact is maximised in the regions.'              | <ul style="list-style-type: none"><li>• Monitoring Committee meetings for the PEACE III Programme took place in April and October 2012.</li><li>• Monitoring Committee meetings for the INTERREG IVA Programme took place in April and October 2012.</li><li>• 6 Steering Committees were held for PEACE III and 9 Steering Committees were held for INTERREG IVA in 2012.</li><li>• Annual Implementation Reports for both Programmes were submitted in line with European Commission timeframes.</li><li>• Both the PEACE III and INTERREG IVA Programmes met the revised cumulative N+2 targets as well as SEUPB Business Plan targets for 2012.</li></ul> |
| 2. 'To promote North/South Co-operation in all Transnational and Inter-regional Programmes and maximise opportunities for all on the Island of Ireland to participate in these programmes.' | <ul style="list-style-type: none"><li>• By the end of 2012 there are 54 project partners participating in 67 different projects across Europe.</li></ul>  |
| 3. 'Advise the North/South Ministerial Council and the two Governments on the preparation of any future EU Programmes related to the remit of the SEUPB'.                                   | <ul style="list-style-type: none"><li>• The SEUPB has been invited to develop new Cross-Border Territorial Co-Operation Programmes for 2014-2020.</li><li>• The SEUPB has co-ordinated a series of public consultation events and meetings in 2012, which were attended by over 1,000 participants.</li></ul>   |
| 4. 'Within a framework of governance and accountability implement effective administration, Communication, Finance, IT and HR strategies to enhance the business performance of the SEUPB.' | <ul style="list-style-type: none"><li>• Major information events for the PEACE III and INTERREG IVA Programmes took place in 2012.</li><li>• Financial targets of Business Plan 2012 achieved within the required tolerance level of 98.5%.</li><li>• Maintained Staff Absence levels of less than 2%.</li><li>• Successful implementation of an Electronic Records Document Management System (ERDMS) for the SEUPB.</li><li>• A series of workplace efficiencies were undertaken in line with the Efficiency Savings Delivery Plan for 2011-2013.</li></ul>   |





Participants in the EU PEACE III funded Speedwell Trust Initiative which brings both Catholic and Protestant primary level schoolchildren together through a number of shared activities.

# Peace III Programme (2007-2013) Overview

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The EU Programme for Peace and Reconciliation for Northern Ireland and the Border Region of Ireland, or PEACE III, has a total value of €333 million. It builds upon the work of the previous PEACE Programmes and is designed to reinforce progress towards a peaceful and stable society.

The current programme has a specific emphasis on reconciling communities and contributing towards the creation of a shared society. By the end of 2012 the PEACE III Programme had approved funding for a total of 218 projects, representing a value of €344 million. The Programme has deliberately been 'over programmed' in anticipation of slippage in project expenditure. (This action is reflective of prudent programme management).

Throughout the year the PEACE III Programme has continued to provide support for a number of large-scale capital build and regional focused peace building initiatives. This support has been offered in parallel with a large volume of smaller grants, delivered via the network of Peace Partnerships across Northern Ireland and the Border Region of Ireland.

The PEACE III Programme also continues to provide high levels of financial support to projects that acknowledge and deal with the past as well as those which support key institutional capacities.

The following case studies highlight the type of work that is being supported through the European Union's PEACE III Programme.





## Castle Saunderson Scouting Project

This year saw the completion of the £3.2 million PEACE III supported Castle Saunderson scouting project, which was officially opened by the President of Ireland, Michael D. Higgins, on the 18th August.

The project has created a 30 acre multi-activity centre, just outside Cavan, capable of accommodating up to 1,000 people at any one time. Match-funding for the project was provided by the Department for Social Development in Northern Ireland and the Department of the Environment, Community and Local Government in Ireland.

The centre has been funded under the 'Creating Shared Spaces' priority of the PEACE III Programme and has been specifically designed to encourage greater levels of interaction from young people of different religious, ethnic and cultural backgrounds. In addition to attracting young people from a scouting background, the new facility will host visits from young people from a wide-range of youth based organisations and schools on a cross-community and cross-border basis.



*The President of Ireland Michael D. Higgins is pictured at the official launch of the Castle Saunderson project alongside representatives of Scouting Ireland.*

“ Today we are truly looking to the future at this jamboree of younger citizens; those who will be the leaders, the decision makers and the creative thinkers of the Ireland in which our children and grandchildren will live and grow and hopefully leave their own unique footprint. ”

**– President of Ireland, Michael D Higgins.**





## Skainos Project

The PEACE III Programme provided over £6 million of assistance to another major capital build project which was opened towards the end of the year. The project is called 'Skainos', which means dwelling place or tent in Hebrew. It has created what has been described as a new urban village in the very heart of East Belfast.

The new facility was officially opened by the First and deputy First Minister alongside the Minister for Social Development on the 23rd November. The facility took twelve years to develop and its design incorporates the first ever vertical garden on the island of Ireland.

Skainos offers a wide range of support services for local people including a crèche, adult education and employment skills training, counselling, elderly care facilities as well as space for social economy businesses. All of this support is provided on a cross-community basis and is helping to make a real impact in one of the most deprived wards of Greater Belfast.



*Pictured (l-r) at the official launch of the Skainos project are Pat Colgan, Chief Executive of the SEUPB, deputy First Minister Martin McGuinness MLA, Reverend Gary Mason from the East Belfast Mission and First Minister Peter Robinson, MLA.*

“ The project expresses our desire to create a genuinely shared space on the Newtownards Road. It is a flagship development specifically designed to serve the needs of the community. ”

– Glenn Jordan, Director with Skainos.



## Small Wonders II

A PEACE III funded cross-community childcare facility, close to an interface area of North Belfast, was officially launched in September of this year. In receipt of over £700,000 worth of assistance, the project completely transformed a derelict church into a modern childcare facility with the capacity to accommodate up to 31 daytime and 32 afterschool placements.

The project was developed by the Shankill Women's Centre and includes a fully equipped IT suite for use by the local women to enhance their computer skills and employment prospects. A full-time community outreach worker is also employed under the project to promote greater levels of cross-community contact between the neighbouring Catholic and Protestant communities through shared use of the new facility.



*Pictured (l-r) at the official launch of the Small Wonders II project are DSD Minister Nelson McCausland, MLA, Pat Colgan, Chief Executive of the SEUPB, Betty Carlisle MBE and Minister of State Fergus O'Dowd, TD.*

“ *Small Wonders II has created a welcoming facility where children from all backgrounds can come together to learn and play in a safe and secure environment. It also helps women gain the skills they need to secure employment and has helped create real and meaningful relationships with people from Catholic and Protestant communities who would not have interacted before.* ”

**– Tracy Harrison,  
Centre Manager.**



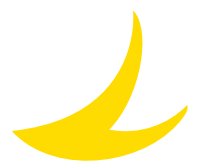
## Teaching Divided Histories

The PEACE III Programme has provided £469,200 worth of assistance for a new youth focused project which aims to overcome division through a shared understanding of our history. Called 'Teaching Divided Histories', it is being led by the Nerve Centre in Derry-Londonderry in partnership with the British Council, the Curriculum Development Unit of the City of Dublin and the CCEA.

The project brings together post-primary teachers from across Northern Ireland and the Border Region of Ireland to develop a range of education programmes that use a multi-media approach to explore common experiences of conflict and peace building. These teachers are trained in the use of film, digital photography, animation and webcasting for use within the classroom.

“ *This project is all about giving teachers and pupils the skills they need in the use of multi-media to help creatively explore different experiences of shared past. In doing so, young people gain both a deeper understanding of our history and real skills that will help them to succeed at GCSE level and move beyond some of the divisions of our past.* ”

– **Emma McDermott, Project Manager.**



## Heroes of the Great Siege

The Apprentice Boys of Derry were awarded over £2million worth of assistance to create a new visitor's centre and renovate an existing memorial hall in Derry-Londonderry. The funding will be used to create a new interpretative facility that will educate people about the Great Siege of 1689 and enhance the cross-community outreach work, already undertaken by the Apprentice Boys.

A core element of the project will be the development of new teaching materials on the history of the Great Siege, for primary and secondary schools, which will link in with both the Northern Ireland and Ireland educational syllabuses. These teaching materials will be complemented by information packs aimed at tourists as well as people living across the city, who may have little or no engagement with the Apprentice Boys of Derry.



*Pictured (l-r) alongside some traditional Celtic dancers are Shaun Henry, Director with the SEUPB, DSD Minister Nelson McCausland, MLA, Mayor of Derry Councillor Kevin Campbell, DETI Minister Arlene Foster, MLA and the General Secretary of the Apprentice Boys of Derry, William Moore.*

“ This new centre will greatly assist the Apprentice Boys to continue with their outreach work with all communities and promote a greater understanding of the ethos, history and culture celebrated by the Association. ”

**– William Moore, General Secretary for the Apprentice Boys of Derry.**



## INTERREG IVA Programme (2007-2013) Overview

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The Cross-border Programme for Territorial Co-operation for Northern Ireland, the Border Region of Ireland and Western Scotland (INTERREG IVA) has a value of €256 million. Building upon previous INTERREG Programmes for the region it has been created to support strategic cross-border co-operation for a more prosperous and sustainable region.

By the end of 2012 the Programme had approved approximately €261 million to 85 different projects. A new funding call launched at the start of the year met with a great deal of success, attracting 91 new applications for funding. The total funding requested was approximately €212 million, with €30 million remaining available under the Programme. Of the 91 applications received, 13 moved to the second stage of the assessment process towards the end of the year. The final funding decision on these projects is currently being made.

The diversification of the regional economy and stimulation of innovation within the private sector, particularly amongst small to medium sized businesses is critically important in the current climate.

A number of enterprise focused projects have been supported under the EU's INTERREG IVA Programme. These projects and initiatives have helped meet one of the core priorities of the programme, namely the creation of a more prosperous cross-border region.



## Tradelinks II

Approximately £3 million in funding has been awarded to the Tradelinks II Programme, which supports business development on a cross-border basis. Offering a wide-range of support services the programme is managed and delivered by the six Border County Enterprise Boards and Enterprise Ireland.

One such company to receive this support is 'Aruna' sauces owned by Sarah Nic Lochlainn and Sarajit Chanda from Ardee, County Louth. Under the Programme, the couple were offered the services of four different business development tutors who provided market research of the 'dining-in' sector, website design support as well as additional sales and marketing advice.

The last element of this support, led to an introduction of the 'Aruna' brand to LMI Foods Ltd, which helped to secure a lucrative listing in food distribution outlets including SPAR, Vivo and Dunnes.



*Sarah Nic Lochlainn and Sarajit Chanda co-founders of Aruna Sauces are pictured in their restaurant 'Fuchsia House', in County Louth.*

“*The training and business mentoring advice we received from Tradelinks has been excellent. It helped us to make some crucial contacts, develop our website and gave us a better understanding of the export market.*”

**– Sarah Nic Lochlainn**



## Tradelinks II

Damien Jackson and Declan Campbell of Dungannon based SlideRax have also used the business support services available under the Tradelinks II Programme. Like most successful entrepreneurs they started their business on the back of a great idea.

Declan's personal experience with the difficulties of using conventional roof racks was the catalyst for the invention of an innovative product that has set new standards in the industry. During the start-up phase of the business Damien and Declan contacted the Dungannon Enterprise Centre for some advice and guidance. The centre put them in touch with the Tradelinks Programme whose mentors helped them to develop the first ever 'SlideRax' prototype.



*Damien Jackson, owner of SlideRax received support under the EU INTERREG IVA supported Tradelinks II Programme.*

“ *The Tradelinks Programme was really helpful. Not only did they help us to develop a working prototype but they gave us invaluable market research and marketing support. The mentors helped us to create our website and also put us in touch with some distributors in the UK and Ireland.* ”

**– Damien, owner of SlideRax**



## ICE Project Heats Up Business Growth

Another EU supported business development project called ICE or 'Innovation for Competitive Enterprises' was awarded approximately €2.5 million. It has helped many different companies in Northern Ireland, the Border Region of Ireland and Western Scotland to enhance their business processes, create new products and increase their profitability.

MIM Northern Ireland, based in Londonderry, is one of these companies and took full advantage of the support offered under the Programme. Set-up in 1994, the company specialises in the installation of production machinery for a range of different business sectors.

After attending an innovation seminar at the University of Ulster Magee where the ICE programme was discussed, John Deery, MIM NI's Chief Executive, decided to complete the ICE application and was quickly accepted onto the programme.

In order to help him build upon his businesses strengths the ICE mentor suggested that he diversify his existing product offering. Other business improvement suggestions included the recruitment of a full-time sales person; the creation of a business-lead tracker system; and the successful completion of public sector recognised business accreditations.



*John Deery, Chief Executive of MIM Northern Ireland which received mentoring support from the EU INTERREG IVA financed ICE Project.*

“ *The mentoring we received from the ICE programme gave us a different perspective on how we went about our day-to-day work. We had been very successful to date, but this outside perspective helped us to explore new business development avenues that have given us that extra edge.* ”

**– John Deery.**



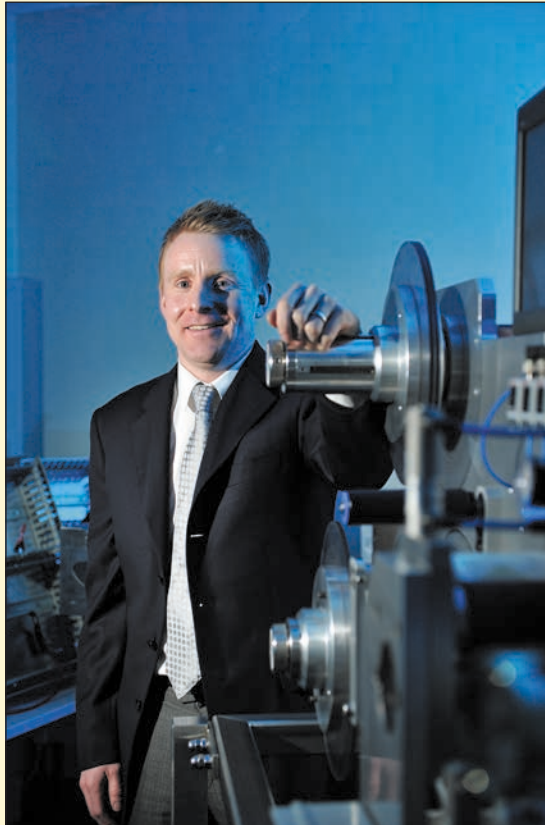


## ICE Project Heats Up Business Growth

Another firm to have received support under the ICE project is Sligo based SL Controls, which specialises in 'Manufacturing Equipment Systems Integration and Systems Support,' or put simply the creation of product lines involved in all types of manufacturing.

Wanting to build upon his businesses profitability, Keith Moran, Managing Director with SL Controls, contacted the INTERREG IVA funded ICE Programme, after seeing an advert in his local paper. Upon being accepted onto the programme Keith and his team were given detailed exporting advice for their unique product offering called, 'DiVOM'.

The support Keith received was offered over a 12 month period and included professional advice on a wide-range of licensing issues as well new measurement systems to help monitor and track the company's revenue streams.



*Keith Moran, Managing Director with SL Controls who received support from the EU INTERREG IVA funded ICE project.*

“ *The guidance we received from the ICE Programme has helped bring us up to the next level. It has made a tangible impact on our bottom line and will allow us to enhance our current business offering.* ”

**– Keith Moran,  
Managing Director  
with SL Controls**







## North West Science Park

Over £12 million worth of funding from the EU's INTERREG IVA Programme has been awarded to the North West Regional Science Park. The project will involve the construction of a 50,000 sq ft science park facility at Fort George in Londonderry and a 20,000 sq ft extension to the CoLab facility at Letterkenny Institute of Technology. Project partners include the Northern Ireland Science Park (NISIP) Foundation Ltd, Letterkenny Institute of Technology and the North West Region Cross Border Group (NWRCBG).

Match-funding for the project has been provided by the Department of Finance and Personnel in Northern Ireland and the Department of Jobs, Enterprise and Innovation in Ireland.

Upon completion the project will provide an 'Innovation Eco System' that will enable new and existing technology-based businesses to enhance their competitiveness. It will also help to maximise investment in the EU INTERREG IVA supported Kelvin project which has significantly increased the telecommunications infrastructure of the North West.



*Pictured (l-r) are Pat Colgan, Chief Executive of the SEUPB, deputy First Minister Martin McGuinness, MLA, Joe McHugh TD, DSD Minister Nelson McCausland and Eugene McMenamin, Chair of the NWRCBG at the £12m EU INTERREG IVA funding announcement of the NW Science Park in Derry-Londonderry.*





## The Life Aquatic – IBIS Project

A new environmental focused project, in receipt of over £6 million in funding, was launched in June. Called IBIS (Integrated Aquatic Resource Management between Ireland, Northern Ireland and Western Scotland), the project will develop freshwater and marine natural assets across all three regions.

The project was officially launched in Carlingford and will include a series of detailed studies on Atlantic salmon, European eel, sea trout, mussels and the impacts of climate change on Marine Protected Areas. Project partners include the Loughs Agency, the University of Glasgow and Queen's University, Belfast.

A significant part of the project funding allocation relates to the development of a world class research and training facility in Western Scotland. Upon completion, this new research, teaching and residential facility will provide specialised training to a new generation of aquatic resource practitioners.



*Pictured (l-r) at the launch of the cross-border aquatic resource management IBIS project are Derick Anderson, Chief Executive of the Loughs Agency, Pat Colgan, Chief Executive of the SEUPB, Minister of State Fergus O'Dowd and Howard Platt from the Northern Ireland Environment Agency.*

## INTERREG IVB & IVC (Transnational and Interregional)

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The SEUPB has a key role to play in the facilitation of North and South involvement in the Transnational and Interregional Programmes (namely INTERREG IVB and IVC) and also carries out the First Level of Control for all Northern Ireland partners working within these programmes.

Under INTERREG IVB the relevant Programmes include the North West Europe Programme; the Atlantic Area Programme; and the Northern Periphery Programme (the SEUPB acts as the Northern Ireland Regional Contact point for this programme).

During 2012 the SEUPB supported the Northern Periphery Programme (NPP) Annual Conference, which was held in Derry-Londonderry on 15 November. The aim of the conference was to look at the programme area beyond 2013, provide insights and best practice from the programme and to begin to develop ideas and themes for potential future co-operation.

At the end of 2012, 54 projects with 67 partners from Northern Ireland were involved in the transnational and interregional programmes with 35 of these projects involving joint North/South participation.





## Powering up EU support with the Batterie Project

Batterie is a 14 strong collaboration project bringing together partners from across the five Atlantic Area Regions including the UK, Ireland, France, Spain and Portugal. Led by 'Action Renewables' from Northern Ireland it looks at innovative ways to integrate alternative fuels and smart technology into international air, road, rail and sea transport networks.

One of the current outputs of BATTERIE is an interactive web based 'journey planning tool'. The tool, being developed by South West College, will enable an individual to plan a journey across the Atlantic Area using alternative fuels such as an electric vehicle. Each region will conduct a pilot journey to trial and inform the web based journey planning tool.

In Northern Ireland and Ireland the project is working very closely with eCars and is supported by the Department of the Environment and the Department for Regional Development. The project will also produce a number of guideline policy reports for policy-makers.



*(l-r) Regional Development Minister Danny Kennedy is joined by, Environment Minister Attwood and Terry Waugh from Action Renewables at the launch of the BATTERIE project.*





Extraction training for Fire & Rescue staff as part of the EU's INTERREG IVA funded 'Driving Change' project which has been designed to help reduce the number of fatalities from road traffic accidents, on a cross-border basis.

# Communicating the Message

## Major Information Activity – PEACE III Programme

“ *Creating Trust, Overcoming Division* ”

**PEACE III Conference, Belfast City Hall.**

The work of the Peace Partnerships was recognised during a major conference held on the 13th November in Belfast City Hall. Attended by over 200 delegates, the event featured presentations from project representatives involved in anti-racism, anti-sectarianism and leadership development work. These areas of work acted as the main themes of the conference and were discussed in-depth within three separate workshops.

An interactive exhibition, featuring project examples from all the Peace Partnerships across the region, was co-ordinated alongside the main conference. This exhibition served to highlight the breadth of work supported under the programme and gave the exhibitors an opportunity to share examples of best practice and innovation.

Young people were also represented by youth advocacy organisation Public Achievement who conducted a short survey with the delegates to assess their attitudes towards peace building. This survey focused on the main challenges to peace building, the best ways to encourage cross-community understanding and the funding priorities for any future PEACE Programme.

“ *Today's conference is about raising awareness and promoting understanding of the vital work being delivered under the PEACE III Programme – it is about the projects and the people who make them happen. The collective knowledge and expertise acquired by Peace Partnerships and the SEUPB has become an essential resource to communities across the Border Region of Ireland.* ”

**– Minister of State, Brian Hayes TD.**



*Local broadcaster William Crawley acts as Master of Ceremonies for the PEACE III Conference, held at Belfast City Hall on 13th November.*



## Major Information Activity – INTERREG IVA Programme

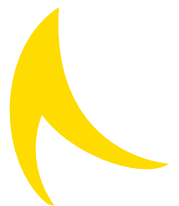
The SEUPB co-ordinated a major cross-border conference, on the 20th September in Dundalk, as part of a week-long series of events that took place across Europe to mark 'European Cooperation Day'. The all-Island conference was organised in partnership with the Southern & Eastern Regional Assembly and the BMW Regional Assembly.

It featured case studies from a diverse range of projects supported under Europe's INTERREG IVA, IVB and IVC Programmes and reflected the core themes of the EU's '2020' strategy, in relation to the promotion of 'smart', 'sustainable' and 'inclusive' growth.

The SEUPB secured RTÉ European Editor Tony Connelly, to act as the event MC, and oversee a lively panel debate on 'Future Opportunities under European Territorial Cooperation' in the afternoon conference session. Around 150 delegates attended the event which included an interactive exhibition made up of 13 different INTERREG supported projects.



*INTERREG Programme Manager Maria-Jose Duval-Tedin, RTE Europe Editor Tony Connelly and Gerry Finn, Director of BMW Regional Assembly at the European Territorial Cooperation Day Conference held in Dundalk On 20th September.*



## Korean Visit, October 2012

In October Pat Colgan was invited by the North South Ministerial Council and the Department of Foreign Affairs and Trade of Ireland to take part in a delegation to South Korea. The visit arose on foot of discussions that were held in Seoul in October 2011 between the Tánaiste and Minister of Foreign Affairs and Trade of Ireland, Mr. Eamon Gilmore, and the Minister of Unification of the Republic of Korea Mr. Yu Woo-ik.

Representatives of the Korean Ministry of Unification subsequently visited Ireland and as a result of these contacts a visit was arranged for a delegation of officials from Ireland to visit Seoul. The delegation consisted of representatives of the North South Ministerial Council and representatives of two of the North South Bodies set up under the Good Friday Agreement, SEUPB and InterTrade Ireland. The visit took place from Monday 15th October to Thursday 18th October.

The purpose of the visit was to brief representatives of the Government in Korea on the Irish Peace Process, the institutional arrangements that were put in place on foot of the Good Friday Agreement and to explain the work of two of the Bodies set up under the aegis of the Agreement. In the case of SEUPB this involved a detailed description of the PEACE Programmes and some information also on the INTERREG Programmes.

## Shared Future: Building and Sustaining Peace, the Northern Ireland Case Study

At the end of April Pat Colgan was invited to speak alongside Senator George Mitchell and UN Ambassador Mehmet Levent Bilman at an International Conference in Dublin, organised by the Department of Foreign Affairs and Trade. The event, which explored issues relating to sustained peace building, was also attended by representatives from the Foreign Ministries of the 56 OSCE (Organisation for Security and Co-operation in Europe) countries.

## Joint Committee on the Implementation of the Good Friday Agreement

On the 5th July the SEUPB was invited to give a presentation to the Joint Committee on the Implementation of the Good Friday Agreement, on the progress of the PEACE III and INTERREG IVA Programmes. This meeting, which took place in the Oireachtas, was attended by members of the Irish Parliament as well as the NI Assembly. It gave the SEUPB an opportunity to highlight the success of the programmes, to date and the projects they provide assistance to.





## Looking Forward, New Programmes 2014-2020

Both the PEACE III and INTERREG IVA Programmes will end in 2013. A new programming cycle will start in 2014 and end in 2020. In preparation for this the SEUPB was requested by the Department of Finance and Personnel in Northern Ireland and the Department of Public Expenditure in Ireland to develop the content for a potential PEACE IV and INTERREG V Programme.

An important first stage in the development of these Programmes is consultation with stakeholders. During 2013 the SEUPB launched a public consultation process on the 28th August, which ran until Tuesday 20 November 2012. The purpose of this exercise was to provide an overview of the draft EU Cohesion Policy Regulations and to seek the views of key stakeholders and members of the general public on the content, implementation and possible delivery mechanisms for the new programmes.

From August to November the SEUPB coordinated a series of consultation seminars across the eligible area including Northern Ireland, the Border Region of Ireland and Western Scotland. Over 1,000 people attended these events.

A 'Programme Development Steering Group' made up of representatives from the Member States, social partners, the community and voluntary sector and local government was also established to observe and support the development of the new Programmes.

During 2013, the SEUPB will continue the drafting of the new Operational Programmes, with a view to ensuring the necessary approvals to allow for the Programmes to commence as early as possible in 2014.



*Pat Colgan, Chief Executive of the SEUPB speaks at one of a series of public consultation events held across Northern Ireland, the Border Region of Ireland and Western Scotland.*





*A view of the vertical garden, which is part of the EU PEACE III funded Skainos project.*

# Annual Accounts

## Year Ended 31 December 2012

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### Foreword to the Accounts

#### Background Information

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 Public Expenditure & Reform (formerly Department of Finance) in Ireland. SEUPB 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 such as PEACE and INTERREG , and thereby to support a range of development and regeneration programmes in Northern Ireland, the border regions of Ireland, and Western Scotland.

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 Public Expenditure & Reform as provided for in SEUPB's Financial Memorandum; and

- The Annual Report and Accounts Guidance provided by the Department of Finance and Personnel and the Department of Public Expenditure & Reform.

#### Business Overview

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

#### Income and Expenditure

The Income and expenditure of The Special EU Programmes Body is set out in detail on page 43. The surplus for the year was €0.6k (Stg £0.5k) - 2011: €1.3k (Stg £1.1k)

#### Fixed Assets

Details of the movement of fixed assets are set out in Note 8 to the accounts. During the year the main expenditure on fixed assets was in relation to IT hardware and software.

#### Research and Development

There was no significant expenditure in this area.

#### Important Events Occurring After the Year End

There have been no important events since the year end that have had an 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 SEUPB are exercised by the Chief Executive. There are no board members.

The Chief Executive holds no other directorships or interests which would conflict with his management responsibilities.

### 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, as amended by the Late Payment of Commercial Debts Regulations 2002, and the Irish Prompt Payment of Accounts Act, 1997 as amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2013.

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 SEUPB 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 98.0% (2011 - 98.8%) of bills were paid within this standard.

In December 2008, Public Bodies were instructed to support businesses through making every effort to make payments to suppliers within 10 days of receipt of a valid invoice. During 2012 SEUPB paid 73% of its invoices within 10 days. (2011: 85%)

SEUPB 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 SEUPB to make payments to projects within 8 working days of receipt of a valid claim.

This has been achieved for 99.8% (2011 - 95%) of payments made during the year, analysed as follows:

	No. of Invoices	Late	% on time
PEACE III	1,991	3	99.85%
INTERREG IVA	759	2	99.74%
Total	2,750	5	99.82%

### Health & Safety Policy

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

### Disabled Employees

The SEUPB's Disability Action Plan 2011-2013 is a statement of the Special EU Programmes Body's commitment to fulfil its statutory obligations in compliance with Section 49A of the Disability Discrimination Act 1995.

The plan outlines measures that SEUPB will take to ensure that equality of opportunity is achieved not only for its own employees but also applicants and future employees. The plan is reviewed and updated every three years in line with the SEUPB Corporate Planning timetable.



The SEUPB is committed to treating 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.

Specifically, SEUPB will aim to:

- Promote a positive working environment within which people with disabilities are readily accepted;
- Examine the working environment and practices to ensure that barriers impacting on the ability of staff with disabilities to participate fully in the life of the SEUPB, are removed where practicable;
- Provide a safe working environment;
- Ensure the development of skills and potential of staff with disabilities, through training and staff development; and
- Provide access to the full range of recruitment and career development opportunities to people with disabilities.

### Employee Involvement

Employees have been kept informed of developments through formal and informal means and have undertaken a number of initiatives relating to recruitment policy; training provision; premises and facilities management.



Pat Colgan  
Chief Executive Officer

25 October 2013





## Statement of Accountable Person's Responsibilities

The Department of Finance and Personnel and the Department of Public Expenditure & Reform have directed the Special EU Programmes Body to prepare a statement of accounts for each year ended 31 December in the form and on the basis set out in the accounts direction at the appendix to these financial statements.

The accounts are prepared on an accruals basis and must give a true and fair view of the SEUPB's state of affairs at the year end and of its income and expenditure, total recognised gains and losses, and cash flows for the calendar year.

In preparing the accounts the SEUPB is required to:

- \* Observe the accounts direction issued by the Sponsor 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 financial statements; and
- \* Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the SEUPB will continue in operation.

The Chief Executive's responsibilities as the Accounting Officer 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.

## Statement on Internal Control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the SEUPB's policies, aims and objectives, whilst safeguarding the public funds and the SEUPB's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland and Public Financial Procedures.

The Financial Memorandum between the SEUPB and its sponsor departments sets out in detail the responsibilities of the Accounting Officer, (the Chief Executive), within a financial and business framework. The SEUPB must operate within the standards and guidance on accounting and financial procedures, as set out in the Managing Public Money (NI) manual. Service Level Agreements are in place to govern the relationship between the SEUPB and Accountable Departments, including the responsibilities of all parties.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all 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 and prioritise the risks to the achievement of the SEUPB's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Special EU Programmes Body for the year ended 31 December 2012 and up to the date of approval of the annual report and accounts, and accords with the Finance Departments' guidance.

### Capacity to handle risk

I have carried out appropriate procedures to ensure that I have identified the SEUPB'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 SEUPB 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 2012. Risk management has been incorporated fully into the corporate planning and decision making process of the SEUPB. The Management team must report to me regularly on key risks identified that may affect their area of work.

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.

### The risk and control framework

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

During the year ended 31 December 2012, the SEUPB has:

- Regularly reviewed and updated the record of risks facing the organisation;
- Operated a system of key performance and risk indicators;
- Operated an Audit & Risk Committee, in line with best practice;
- Maintained an organisation-wide risk register; and
- Arranged for reports from the Directors and Managers of the SEUPB on internal control activities.

There are three directorates within the SEUPB which operated during 2012 with a staffing complement of 65 posts. A staffing review was undertaken by the Department of Finance and Personnel and the Department of Public Expenditure and Reform during the second half of 2012. The report contains a recommendation that the staffing complement be reduced to 60 in 2013 and to 57 in 2014. SEUPB's business plan for 2013 contains a commitment to implement the first of these recommendations. A decision on staff numbers for 2014 has not yet been taken. The SEUPB will implement the outcome of any determination made by the Ministers and review the achievement of business plan objectives in line with resources available. SEUPB will also monitor any business risks that may arise from a reduction in staffing numbers.







## Information Assurance

I recognise my responsibility for accurate and secure handling of all information, and the accurate capture and processing of information, particularly where this may be used by third parties, or relied on by other parts of government. In order to discharge this responsibility effectively, the following actions have been taken:

- The Director of Corporate Services has been appointed as the SEUPB's Senior Information Records Officer (SIRO). The SIRO has in turn taken assurance from managers, who have added information considerations to their risk registers, which are reported on a monthly basis.
- An Information Officer has been appointed to assist with the ongoing implementation of the SEUPB's Information Policies and is undertaking an information audit with all staff to assess common areas of good practice, risks, and improvements required.
- The SEUPB's information risks have been assessed against best practice, and the results presented to the Audit & Risk Committee.
- Several of the risks identified were not key to the organisation, and others have now been negated through the implementation of an Electronic Data Management System during 2012.

## Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. 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 SEUPB who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their report to those charged with governance and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Audit and Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Under article 59 of Council Regulation (EC) No 1083/2006, an Audit Authority has been designated by the Member States to take responsibility for verification of the effective functioning of the management control system. A team within DFP in Northern Ireland has been designated to fulfill this role, which is accountable directly to the EU Commission. The Audit Authority has additional specific responsibility for:

- Audits of operations on the basis of an appropriate sample to verify expenditure declared;
- Presentation of an audit plan to the Commission;
- Submission of Annual Control Reports and Audit Opinions to the EU Commission (unqualified audit opinions have been issued for the 11/12 year). These reports are made available to SEUPB, Sponsor Departments, and to the Audit & Risk Committee.

The SEUPB 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 Standards.



Regular reports are received which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the SEUPB's system of internal control together with recommendations for improvement. For 2012 an overall 'satisfactory' annual assurance level has been awarded. All of the individual audits in 2012 resulted in an assurance level awarded of at least 'satisfactory'.

The SEUPB is occasionally subject to further audits undertaken by the European Court of Auditors (ECA), within the context of a Statement of Assurance for the European Regional Development Fund. Such audits will focus on a sample of expenditure certified and submitted to the Commission. The most recent such audit related to PEACE III and took place in early 2011, the findings of that audit has been agreed with the European Commission, and there are no significant issues for SEUPB arising from this audit.

During 2012, the SEUPB's Audit & Risk Committee met four times and considered a range of issues including the systems of internal control in operation within the SEUPB. Throughout 2012 an independent chairman and one further independent member were active members of the Audit & Risk Committee.

The membership of the Audit & Risk Committee during the year was as follows:

#### **Independent Chair**

Bryan Johnston (until 18/04/2012),  
Brendan Mullan (from 02/07/2012)

#### **Independent Member**

John Cowley (until 18/04/2012)

#### **DFP representative**

Maura Young

#### **DPER representative**

Gearoid O'Keeffe

The responsibilities of the Committee as a whole are laid out in its Terms of Reference, and include providing advice to the Accounting Officer on the following:

- the strategic processes for risk, control and governance;
- the accounts, accounting policies and annual report;
- planned activity of internal and external audit; and
- assurances relating to governance and management of the EU Programmes.

To aid in the discharge of these responsibilities, the Committee meets to review its own effectiveness and the independent members also receive the monthly Senior Management Team Meeting minutes. The Committee prepares an Annual Report to summarise its activity during the year. The 'Consortium' (an Intermediate Body consisting of The Community Relations Council and Pobal) is under contract to the SEUPB to distribute and administer a global grant provided by the European Commission and Central Government for particular activities with set objectives (measure 1.2 of the PEACE III Programme). These are delineated in their contract, against which the SEUPB monitor their performance. Moreover, quarterly, the SEUPB Managing Authority also hold bi-lateral meetings with the Consortium to monitor service delivery. In addition, the Managing Authority also conduct 'On the Spot Checks' of Consortium projects and monitor their Technical Assistance budget.





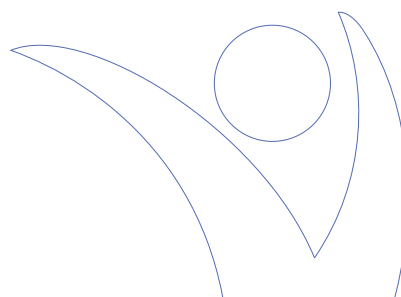
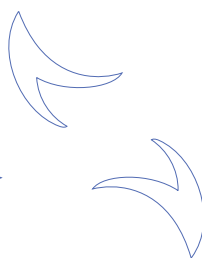
The SEUPB is committed to the prevention of fraud and the promotion of an anti-fraud culture. The SEUPB operates a zero-tolerance attitude to fraud and requires staff, Lead Partners and final beneficiaries to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud. The SEUPB will investigate all instances of actual, attempted and suspected fraud and will seek to recover funds and assets lost through fraud. The SEUPB is placing a clear emphasis on the prevention of fraud and has embarked on a series of exercises to promote an anti-fraud culture within the Programmes.

During 2010 and 2011, a small number of serious issues have arisen in relation to projects funded by the Programmes which are managed by SEUPB. Where appropriate, funding offers have been withdrawn and recovery orders issued, and in some cases investigation is

ongoing. Where appropriate, the PSNI have been informed. Further details can be found in note 23 to these accounts. I am satisfied that the emergence of these cases does not represent any systemic weakness in the SEUPB's internal control framework, however any lessons learned from the specific issues will be incorporated into future systems and procedures. All projects received formal procurement training in 2012, and an extensive suite of training events for projects has been put in place for 2013.

Pat Colgan  
Accounting Officer

25 October 2013



## The Certificate of the Comptrollers and Auditors General to the Northern Ireland Assembly and Houses of the Oireachtas

We have audited the accounts of the Special EU Programmes Body (the body) for the year ended 31st December 2012 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. The accounts comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes and appendix. These accounts have been prepared under the accounting policies set out within them.

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

As explained more fully in the Statement of Responsibilities, the Body is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. The Chief Executive, as Accountable Officer, is responsible for ensuring propriety and regularity in relation to the use of public funds. Our responsibility is to audit and certify the accounts in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) 1999 and the British/Irish Agreement Act 1999. We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require us and our staff to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Body; and the overall presentation of the accounts. In addition we read the Annual Report and the Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our certificate.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Northern Ireland Assembly and the Houses of the Oireachtas and the financial transactions conform to the authorities which govern them.

### **Opinion on Regularity**

In our opinion, in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Houses of the Oireachtas and the financial transactions conform to the authorities which govern them.





### Emphasis of Matter – Ineligible expenditure

Without qualifying our opinion we draw attention to Note 23 which sets out the current status of investigations into seven projects, funded in past years, where ineligible expenditure of £1.2 million has been identified.

- we have not received all of the information and explanations we require for our audit; or
- the information given in the Annual Report is not consistent with the related account; or
- the Statement on Internal Control does not reflect compliance with applicable guidance on corporate governance.

### Opinion on the accounts

In our opinion:

- the accounts give a true and fair view of the state of the Body's affairs as at 31st December 2012 and of its surplus, total recognised gains and losses and cash flows for the year then ended; and
- the accounts have been properly prepared in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British/Irish Agreement Act 1999 and directions issued thereunder.

We have nothing to report in respect of those matters upon which reporting is by exception.

Kieran Donnelly  
Comptroller and Auditor General for Northern Ireland  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

### Opinion on other matters

In our opinion the information in the Foreword for the financial year for which the accounts are prepared is consistent with the accounts.

5 November 2013

Seamus McCarthy  
Irish Comptroller and Auditor General  
Dublin Castle  
Dublin 2  
Ireland

### Matters on which we report by exception

We report by exception if:

- adequate accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or

18 November 2013



## Income and Expenditure Account for the year ended 31 December 2012

<b>INCOME</b>	<b>Notes</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
		<b>€'000</b>	<b>(restated)</b>	<b>£'000</b>	<b>(restated)</b>
			<b>€'000</b>		<b>£'000</b>
Grant from Departments	2	<b>2,501</b>	2,379	<b>2,027</b>	2,064
Other Operating Income	4	<b>2</b>	3	<b>2</b>	3
Capital Grant Release	14	<b>154</b>	149	<b>125</b>	129
Net Deferred Funding for Pensions	12(c)	<b>740</b>	604	<b>600</b>	524
<u>CENTRAL PAYMENTS UNIT</u>					
Grant Received from Accountable Departments	3	<b>25,972</b>	23,324	<b>21,047</b>	20,234
<u>EU COMMISSION</u>					
Claims Receivable from the EU	3	<b>62,935</b>	55,099	<b>51,001</b>	47,800
<b>TOTAL INCOME</b>		<b>92,304</b>	81,558	<b>74,802</b>	70,754
<b>EXPENDITURE</b>					
Depreciation	8	<b>(154)</b>	(149)	<b>(125)</b>	(129)
Staff Costs	5	<b>(2,453)</b>	(2,215)	<b>(1,988)</b>	(1,922)
Other Operating Costs	7	<b>(788)</b>	(768)	<b>(639)</b>	(666)
Interest repayable to Department of Finance and Personnel	3	<b>(1)</b>	(2)	<b>(1)</b>	(2)
<u>CENTRAL PAYMENTS UNIT</u>					
Payments Made to Projects	3	<b>(88,907)</b>	(78,423)	<b>(72,048)</b>	(68,034)
<b>TOTAL EXPENDITURE</b>		<b>(92,303)</b>	(81,557)	<b>(74,801)</b>	(70,753)
<b>Surplus for the year transferred to General Reserve</b>		<b>1</b>	1	<b>1</b>	1

All amounts above relate to continuing activities.

The notes on pages 47 to 70 form part of these accounts.



## Statement of Total Recognised Gains and Losses for the year ended 31 December 2012

	Notes	2012 €'000	2011 €'000	2012 £'000	2011 £'000
<b>Surplus for the year</b>		<b>1</b>	1	<b>1</b>	1
Experience (losses)/gains on pension scheme liabilities including exchange rate effect	12(d)	<b>(9)</b>	99	<b>(7)</b>	86
Changes in assumptions underlying the present value of pension scheme liabilities		<b>(1,136)</b>	(345)	<b>(921)</b>	(299)
<b>Actuarial (losses)/gains</b>	12(b)	<b>(1,145)</b>	(246)	<b>(928)</b>	(213)
<b>Adjustment to deferred pension funding</b>		<b>1,145</b>	246	<b>928</b>	213
		<b>1</b>	1	<b>1</b>	1
Exchange gains/(losses)		<b>3</b>	3	-	-
<b>Total recognised gain/(loss) for the year</b>		<b>4</b>	4	<b>1</b>	1

The notes on pages 47 to 70 form part of these accounts.



## Balance Sheet as at 31 December 2012

	Notes	2012 €'000	2011 €'000	2012 £'000	2011 £'000
<b>Fixed Assets</b>					
Tangible Assets	8(a)	513	554	418	464
Intangible Assets	8(b)	123	99	100	83
		<b>636</b>	653	<b>518</b>	547
<b>Current Assets</b>					
Debtors	9	54,315	43,483	44,292	36,388
Cash at bank and in hand	10	9,993	5,031	8,149	4,210
<b>Total Current Assets</b>		<b>64,308</b>	48,514	<b>52,441</b>	40,598
<b>Current Liabilities</b>					
Creditors - amounts falling due within one year	11	(64,183)	(48,393)	(52,339)	(40,497)
<b>Net Current Assets</b>		<b>125</b>	121	<b>102</b>	101
<b>Total Assets less Current Liabilities before pensions</b>					
		<b>761</b>	774	<b>620</b>	648
Deferred pension funding	12(b)	7,234	5,223	5,899	4,371
Pension liabilities	12(b)	(7,234)	(5,223)	(5,899)	(4,371)
		<b>761</b>	774	<b>620</b>	648
<b>Financed by:</b>					
<b>Capital and Reserves</b>					
General Reserve	13	125	121	102	101
Capital Grant Reserve	14	636	653	518	547
		<b>761</b>	774	<b>620</b>	648

The accounts were approved by the Chief Executive on 25 October 2013



Pat Colgan  
Chief Executive Officer

The notes on pages 47 to 70 form part of these accounts.



## Cash Flow Statement for the year ended 31 December 2012

	Notes	2012 €'000	2011 €'000	2012 £'000	2011 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	15.1	5,028	(1,236)	3,993	(1,162)
<b>Capital expenditure and financial investment</b>					
Payments to acquire fixed assets		(137)	(160)	(111)	(134)
<b>Net cash outflow before financing</b>		<b>4,891</b>	<b>(1,396)</b>	<b>3,882</b>	<b>(1,296)</b>
<b>Financing</b>					
Capital funding received		137	160	111	134
<b>Net cash inflow from financing</b>		<b>137</b>	<b>160</b>	<b>111</b>	<b>134</b>
<b>Increase/(decrease) in cash/bank balances</b>	15.2	<b>5,028</b>	<b>(1,236)</b>	<b>3,993</b>	<b>(1,162)</b>

The notes on pages 47 to 70 form part of these accounts.



# Notes to the Accounts for the year ended 31 December 2012

## 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 accruals basis and comply with the accounting and disclosure requirements of the Companies Act 2006, the Republic of Ireland Companies Acts 1963 to 2012, 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 by the Department Public Expenditure and Reform, insofar as those requirements are appropriate.

### 1.2 Fixed Assets

Fixed Assets are valued at their cost to the SEUPB. Intangible assets include 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

SEUPB operates a defined benefit pension scheme which is funded annually on a pay as you go basis from monies available to it, including monies provided by The Department of Finance and Personnel (DFP) in Northern Ireland, and the Department of Public Expenditure & Reform (DPER) in Ireland.

Funding is also provided by way of deductions from staff salaries, which are repaid by SEUPB to DFP and DPER. Deductions are included within salaries and wages costs (note 5).

Pension Scheme liabilities are measured on an actuarial basis using the projected unit method.

Pension costs reflect pension benefits earned by employees in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising from changes in Actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from DFP/DPER.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from DFP/DPER.



## Notes to the Accounts for the year ended 31 December 2012 (continued)

From 2012, the Current Service Cost is recognised gross of Members Contributions. Treatment in prior years had been to recognise the Members Contributions separately within the Pensions note. All prior year figures which are impacted by this change have been restated in these accounts.

### 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 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 income and expenditure account over the term of the lease.

### 1.6 Currencies

The SEUPB's transactions are effected in the currencies of each jurisdiction. The Financial Statements are presented in both currencies, each representing an aggregation of all transactions for the year in each jurisdiction 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. The rates of exchange used for 2011 and 2012 are as follows:

	2011	2012
Average rate	£1 = €1.1527	£1 = €1.2340
Year-end rate	£1 = €1.1950	£1 = €1.2263

### 1.7 Central Payments Unit

The SEUPB operates a Central Payments Unit which has been established to make payments to projects funded under relevant EU Programmes on behalf of Accountable Government Departments in Northern Ireland and Ireland. Service Level Agreements are in place between the SEUPB and each Accountable Department.

Funds are drawn from the Departments and held in dedicated bank accounts. Payments are made to projects on the basis of suitably authorised electronic vouchers.

For INTERREG IVA and PEACE III, payments made to projects (as adjusted for accruals and unearned advances) are shown within expenditure on the Income & Expenditure Account. Income to cover these payments is split between the EU Commission 'Claims Receivable', and match funding from Accountable Departments. Any surplus/shortfall in funding received from Departments is shown as deferred/accrued income within debtors/creditors.



## Notes to the Accounts for the year ended 31 December 2012 (continued)

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

The SEUPB carries out this function in its role as Certifying Authority for the PEACE III and INTERREG IVA Programmes.



Notes to the Accounts for the year ended 31 December 2012  
(continued)

2. Grant from the Departments

	DFP	DPER	TOTAL	TOTAL
	€'000	€'000	2012	2011
	€'000	€'000	€'000	€'000
<b>Grant receivable:</b>				
Administration and Expenses	1,346	1,155	2,501	2,379
Capital funding	30	30	60	72
<b>Total</b>	<b>1,376</b>	<b>1,185</b>	<b>2,561</b>	<b>2,451</b>
<b>Split as follows:</b>				
Grants credited to Income & Expenditure account	1,346	1,155	2,501	2,379
Grants credited to Capital Grant Reserve	30	30	60	72
<b>Total</b>	<b>1,376</b>	<b>1,185</b>	<b>2,561</b>	<b>2,451</b>

	DFP	DPER	TOTAL	TOTAL
	£'000	£'000	2012	2011
	£'000	£'000	£'000	£'000
<b>Grant receivable:</b>				
Administration and Expenses	1,091	936	2,027	2,064
Capital funding	25	24	49	60
<b>Total</b>	<b>1,116</b>	<b>960</b>	<b>2,076</b>	<b>2,124</b>
<b>Split as follows:</b>				
Grants credited to Income & Expenditure account	1,091	936	2,027	2,064
Grants credited to Capital Grant Reserve	25	24	49	60
<b>Total</b>	<b>1,116</b>	<b>960</b>	<b>2,076</b>	<b>2,124</b>

## Notes to the Accounts for the year ended 31 December 2012 (continued)

### 3. Operational Analysis

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

		Central Payments Unit €'000	Administration €'000	TOTAL 2012 €'000	TOTAL 2011 (restated) €'000
<b>Income</b>					
Grant Receivable	(i)	-	2,501	2,501	2,379
Grants from Accountable Departments	(ii)	25,972	-	25,972	23,324
Other Operating Income		-	2	2	3
Capital Grant Release		-	154	154	149
Claims receivable from the EU		62,935	-	62,935	55,099
N/S Pension Scheme Funding		-	740	740	604
		88,907	3,397	92,304	81,558
<b>Expenditure</b>					
Depreciation		-	(154)	(154)	(149)
Staff Costs		-	(2,453)	(2,453)	(2,215)
Other Operating Costs		-	(788)	(788)	(768)
Interest repayable to Department of Finance and Personnel		-	(1)	(1)	(2)
Project Payments	(iii)	(88,907)	-	(88,907)	(78,423)
		(88,907)	(3,396)	(92,303)	(81,557)
<b>Surplus/(Deficit)</b>		<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>



Notes to the Accounts for the year ended 31 December 2012  
(continued)

**3. Operational Analysis (continued)**

		Central Payments Unit £'000	Administration £'000	TOTAL 2012 £'000	TOTAL 2011 (restated) £'000
<b>Income</b>					
Grant Receivable	(i)	-	2,027	2,027	2,064
Grants from Accountable Departments	(ii)	21,047	-	21,047	20,234
Other Operating Income		-	2	2	3
Capital Grant Release		-	125	125	129
Claims receivable from the EU		51,001	-	51,001	47,800
N/S Pension Scheme Funding		-	600	600	524
		72,048	2,754	74,802	70,754
<b>Expenditure</b>					
Depreciation		-	(125)	(125)	(129)
Staff Costs		-	(1,988)	(1,988)	(1,922)
Other Operating Costs		-	(639)	(639)	(666)
Interest repayable to Department of Finance and Personnel		-	(1)	(1)	(2)
Project Payments	(iii)	(72,048)	-	(72,048)	(68,034)
		(72,048)	(2,753)	(74,801)	(70,753)
<b>Surplus/(Deficit)</b>		<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>

(i) 'Grant Receivable' includes funding for running costs receivable from SEUPB's Sponsor Departments (DFP & DPER).

(ii) 'Grants from Accountable Departments' includes 'match' funding from Accountable Departments, to cover expenditure under PEACE III and INTERREG IV.

## Notes to the Accounts for the year ended 31 December 2012 (continued)

Project Payments (and income recognised to fund such expenditure) of £72,048k (€88,907k) can be analysed by Programme as follows:

	£'000	€'000
PEACE III	40,698	50,221
INTERREG IVA	31,350	38,686
	<b>72,048</b>	<b>88,907</b>

### 3. Operational Analysis (continued)

The expenditure reflected in the SEUPB accounts excludes Scottish 'Match Funding' which does not flow through SEUPB, but rather is funded by the projects themselves via various sources. In both 2011 and 2012 the value of Scottish Match Funding amounted to approximately €800k - €850k.

- (iii) Included within 'Project Payments' are Technical Assistance costs incurred by SEUPB and the Consortium amounting to €4.6m (£3.7m) in 2012, €4.1m (£3.6m) in 2011. These costs are incurred in relation to the management of the PEACE III and INTERREG IV Programmes. In addition to this amount, some Project Lead Partners will be in receipt of grant support to contribute towards their administration costs, as part of their Letter of Offer (e.g. PEACE III Joint Committees, and INTERREG IV Cross Border Groups).

### 4. Other Operating Income

	2012 €'000	2011 €'000	2012 STG£	2011 STG£
Interest Receivable	2	3	2	3





Notes to the Accounts for the year ended 31 December 2012  
(continued)

5. Staff Costs

(a) The average weekly number of employees (full time equivalent) was:	2012	2011
Senior Management	4	4
Programme Management	7	8
Project Assessment & Support (including verification)	35	33
Corporate Services (including project payments & certification)	19	18
<b>Total</b>	<b>65</b>	<b>63</b>

(b) The costs incurred in respect of these employees were:	2012 €'000	2011 (restated) €'000	2012 £'000	2011 (restated) £'000
Wages and Salaries	2,289	1,974	1,855	1,713
Temporary agency staff & secondees	280	391	227	339
Social Security Costs:				
- Current year costs	183	158	148	137
Other Pension Costs:				
- Current service & interest costs	802	649	650	563
	<b>3,554</b>	<b>3,172</b>	<b>2,880</b>	<b>2,752</b>
Funded via PEACE III Technical Assistance	(483)	(416)	(391)	(361)
Funded via INTERREG IVA Technical Assistance	(618)	(541)	(501)	(469)
<b>Total</b>	<b>2,453</b>	<b>2,215</b>	<b>1,988</b>	<b>1,922</b>

The accounting policy for pensions is detailed in Note 1.3.



Notes to the Accounts for the year ended 31 December 2012  
(continued)

<b>(c) The emoluments and pension entitlements of the CEO and key management were as follows:</b>	<b>Emoluments</b>	<b>Real increase in pension earned</b>	<b>Accrued pension</b>	<b>Age</b>	<b>Benefits in kind</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>(years)</b>	<b>£'000</b>
Mr P Colgan (Chief Executive)	80 - 85	2.5 - 5 (including 2.5 – 5 lump sum)	40 - 45 (including 30 - 35 lump sum)	62	nil
Ms G McIntyre (Corporate Services Director)		Consent withheld			
Mr H Keery (JTS Director until 31 March 2012)		Consent withheld			
Mr S Henry (Managing Authority Director)	50 - 55	0 - 2.5 (including 0 - 2.5 lump sum)	40 - 45 (including 30 - 35 lump sum)	48	nil
Ms L McCourt (JTS Director from 2 July 2012)		Consent withheld			
Mr B R Johnston OBE (Chair of Audit Committee until 18th April 2012)	0 - 5	n/a	n/a	n/a	nil
Mr J Cowley (Independent Audit Committee Member until 18th April 2012)	0 - 5	n/a	n/a	n/a	nil
Mr B Mullan (Chair of Audit Committee from 2nd July 2012)	0 - 5	n/a	n/a	n/a	nil

## 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 2012 under the PEACE III and INTERREG IVA Programmes.

Notes to the Accounts for the year ended 31 December 2012  
(continued)

**7. Other Operating Costs**

	2012 €'000	2011 €'000	2012 £'000	2011 £'000
Travel and Subsistence	39	43	32	37
Telecommunications	41	34	33	30
IT & Office Consumables	48	15	39	13
Stationery & Printing	36	30	29	26
Postage	6	7	5	6
Repairs & Maintenance	33	33	27	29
Office Premises Expenses	377	376	305	326
Consultancy & Professional Services	75	93	61	81
Training & Conferences	19	28	15	24
Subscriptions	5	5	4	4
Publicity and Advertising	22	18	18	16
Incidentals	11	13	9	11
Hospitality	2	6	2	5
Audit fees - External	32	30	26	26
- Internal	42	37	34	32
<b>TOTAL</b>	<b>788</b>	<b>768</b>	<b>639</b>	<b>666</b>



Notes to the Accounts for the year ended 31 December 2012  
(continued)

**8. Fixed Assets**

<b>(a) Tangible Fixed Assets</b>	<b>Leasehold Improvements €'000</b>	<b>Office Equipment €'000</b>	<b>Computer Equipment €'000</b>	<b>Fixtures &amp; Fittings €'000</b>	<b>Total €'000</b>
<b>Cost or Valuation</b>					
At 1 January 2012	1,217	63	567	122	1,969
Additions	5	-	63	1	69
Disposals	-	(3)	(70)	(3)	(76)
At 31 December 2012	1,222	60	560	120	1,962
<b>Depreciation</b>					
At 1 January 2012	785	55	505	70	1,415
Provision for year	58	3	39	10	110
Depreciation on disposals	-	(3)	(70)	(3)	(76)
At 31 December 2012	843	55	474	77	1,449
<b>Net Book Value (€)</b>					
<b>31-Dec-12</b>	<b>379</b>	<b>5</b>	<b>86</b>	<b>43</b>	<b>513</b>
<b>31-Dec-11</b>	<b>432</b>	<b>8</b>	<b>62</b>	<b>52</b>	<b>554</b>
<b>Net Book Value (£)</b>					
<b>31-Dec-12</b>	<b>318</b>	<b>4</b>	<b>71</b>	<b>38</b>	<b>431</b>
<b>Currency Translation Adjustment</b>	<b>(9)</b>	<b>-</b>	<b>(1)</b>	<b>(3)</b>	<b>(13)</b>
<b>31-Dec-12 (restated)</b>	<b>309</b>	<b>4</b>	<b>70</b>	<b>35</b>	<b>418</b>
<b>31-Dec-11</b>	<b>361</b>	<b>7</b>	<b>52</b>	<b>44</b>	<b>464</b>

Currency translation adjustment is the difference between the net book value of fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

No assets are held under finance leases or hire purchase contracts.



## Notes to the Accounts for the year ended 31 December 2012 (continued)

### 8. Fixed Assets Continued

<b>(b) Intangible Fixed Assets</b>	<b>Software €'000</b>
<b>Cost or Valuation</b>	
At 1 January 2012	473
Additions	68
Disposals	-
At 31 December 2012	541
<b>Depreciation</b>	
At 1 January 2012	374
Provision for year	44
Disposals	-
At 31 December 2012	418
<b>Net Book Value (€)</b>	
<b>31-Dec-12</b>	<b>123</b>
<b>31-Dec-11</b>	<b>99</b>
<b>Net Book Value (£)</b>	
<b>31-Dec-12</b>	<b>102</b>
<b>Currency Translation Adjustment</b>	<b>(2)</b>
<b>31-Dec-12 (restated)</b>	<b>100</b>
<b>31-Dec-11</b>	<b>83</b>



## Notes to the Accounts for the year ended 31 December 2012 (continued)

### 9. Debtors (amounts due within one year)

	Note	2012 €'000	2011 €'000	2012 £'000	2011 £'000
Prepayments and accrued income	(i)	16,016	15,456	13,061	12,934
Amounts due from Departments		-	6	-	5
Amounts due from EU Commission	(ii)	38,278	28,013	31,214	23,442
Other debtors		21	8	17	7
		<b>54,315</b>	<b>43,483</b>	<b>44,292</b>	<b>36,388</b>

- (i) On demonstration of need, advance payments are made to projects, to be converted to actuals at a later date. This is in line with EU Regulations and Managing Public Money NI.
- (ii) SEUPB acts as Paying Authority/Certifying Authority for the INTERREG IIIA, IVA, and PEACE III Programmes and is responsible for claiming funds from the EU Commission. As at 31 December 2012, €38,278,030 (£31,214,246) was receivable, relating to both submitted and unsubmitted claims. The INTERREG IIIA element of this balance amounts to €2,691,424 (£2,194,752). This is the final reimbursement due in relation to the INTERREG IIIA Programme, following the submission of closure documentation to the Commission in September 2010.

### 10. Cash at bank and in hand

	Note	2012 €'000	2011 €'000	2012 £'000	2011 £'000
Cash at bank:					
- Held for administration payments		124	454	101	380
- Held for programme payments	(i)	9,869	4,577	8,048	3,830
<b>Total</b>		<b>9,993</b>	<b>5,031</b>	<b>8,149</b>	<b>4,210</b>

- (i) Cash held for programme payments reflects amounts drawn from Government Departments to enable SEUPB to meet its obligations to make payments to projects on a timely basis. These balances are used and re-drawn on a quarterly basis in line with forecasted requirements.



## Notes to the Accounts for the year ended 31 December 2012 (continued)

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

	Note	2012 €'000	2011 €'000	2012 £'000	2011 £'000
Trade and Project Creditors		1,518	411	1,238	344
Accruals and Deferred Income	(i)	25,058	20,221	20,434	16,922
ERDF due to Accountable Departments	(ii)	36,720	26,837	29,944	22,458
Other amounts due to Departments	(iii)	887	924	723	773
		<b>64,183</b>	<b>48,393</b>	<b>52,339</b>	<b>40,497</b>

- (i) For the PEACE III and INTERREG IVA Programmes, funding received in excess of recognised expenditure is treated as deferred income and recorded within 'Accruals and Deferred Income'. For the prior Programming period (PEACE II and INTERREG IIIA), any funding remaining unused at year end is recognised as Departmental funds, and recorded within 'Other amounts due to Departments'.
- (ii) 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 SEUPB is required to reimburse Accountable Departments (via DFP and DPER). At 31 December 2012 the amount due to Departments was €36,720,442, (£29,944,093).
- (iii) Other amounts due to Departments comprises interest earned by SEUPB on Departmental funds advanced, along with any remaining unused funds in relation to PEACE II and INTERREG IIIA. These balances will be returned to Departments post-year end. Interest earned on funds held by SEUPB for the purposes of making payment to projects amounted to £86k (€106k) in 2012, £70k (€81k) in 2011. This interest is reimbursed to Sponsor Departments on a regular basis.



Notes to the Accounts for the year ended 31 December 2012  
(continued)



12. Pensions

<b>a) Analysis of total pension costs charged to Expenditure:</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>(restated)</b>	<b>€'000</b>	<b>(restated)</b>
		<b>€'000</b>	<b>£'000</b>	<b>£'000</b>
Current service cost	539	417	437	362
Interest on Pension Scheme Liabilities	264	232	214	201
	<b>803</b>	<b>649</b>	<b>651</b>	<b>563</b>

<b>b) Movement in Net Pension Liability during the financial year</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>€'000</b>	<b>(restated)</b>	<b>€'000</b>	<b>(restated)</b>
		<b>€'000</b>	<b>£'000</b>	<b>£'000</b>
Net Pension Liability at 1 January	5,223	4,317	4,371	3,699
Current Service Cost	539	417	437	362
Interest on scheme liabilities	264	232	214	201
Actuarial loss/(gain)	1,145	246	928	213
Net transfers in/(out)	-	(75)	-	(65)
Benefits paid	(63)	(45)	(51)	(39)
Exchange differences	126	131	-	-
<b>Net Pension Liability at 31 December</b>	<b>7,234</b>	<b>5,223</b>	<b>5,899</b>	<b>4,371</b>

Member contributions are included within the Current Service Cost, and amounted to £31k (€38k) in 2012, and £29k (€33k) in 2011. These amounts were paid over to Sponsor Departments in line with the agreed funding mechanisms.

**Analysis of the movement in (deficit) in the Plan during the period is as follows:**

Experience (loss)/gain	(9)	99	(7)	86
(Loss)/gain on change of financial assumptions	(1,136)	(345)	(921)	(299)
<b>Actuarial (loss)/gain</b>	<b>(1,145)</b>	<b>(246)</b>	<b>(928)</b>	<b>(213)</b>

The element of the actuarial loss of £921k (€1,136k) in 2012 relating to changes in financial assumptions is a net loss position, reflecting a gain of £497k (€613k) arising from the change from RPI to CPI as the measure of inflation in respect of Northern Members, and a loss of £1,418k (€1,749) arising from the reduction in discount rates applied to both Northern and Southern Members.



## Notes to the Accounts for the year ended 31 December 2012 (continued)

### 12. Pensions continued

#### c) Deferred Funding for Pensions

In accordance with accounting practice for non-commercial State bodies in the Republic of Ireland, SEUPB recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, SEUPB has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice. This treatment is inconsistent with accounting practice for UK Non-Departmental Bodies, where, due to the absence of a formal guarantee, a funding liability is not recognised until the commitment falls due.

The Net Deferred Funding for Pensions recognised in the Income and Expenditure Account was as follows:

	2012	2011	2012	2011
	€'000	(restated) €'000	£'000	(restated) £'000
Funding Recoverable in respect of current year pension costs	803	649	651	563
Benefits paid during the year	(63)	(45)	(51)	(39)
	<b>740</b>	<b>604</b>	<b>600</b>	<b>524</b>

The deferred funding asset for pensions as at 31 December 2012 amounted to €7.234m (£5.899m); 2011: €5.223m (£4.371m).



## Notes to the Accounts for the year ended 31 December 2012 (continued)

### 12. Pensions continued

<b>d) History of defined benefit obligations</b>	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>£'000</b>	<b>€'000</b>	<b>£'000</b>	<b>€'000</b>	<b>£'000</b>	<b>€'000</b>
Defined benefit obligations	<b>(5,899)</b>	(7,234)	<b>(4,371)</b>	(5,360)	<b>(3,699)</b>	(4,317)
Experience adjustment on liabilities including exchange rate effect gain/(loss)	<b>(7)</b>	(9)	<b>86</b>	99	<b>100</b>	117
Percentage of Scheme Liabilities	<b>-0.10%</b>	-0.10%	<b>2.00%</b>	2.00%	<b>2.70%</b>	2.70%

<b>d) History of defined benefit obligations (continued)</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>£'000</b>	<b>€'000</b>	<b>£'000</b>	<b>€'000</b>
Defined benefit obligations	<b>(3,178)</b>	(3,578)	<b>(2,025)</b>	(2,126)
Experience adjustment on liabilities including exchange rate effect gain/(loss)	<b>19</b>	21	<b>(91)</b>	(96)
Percentage of Scheme Liabilities	<b>0.60%</b>	0.60%	<b>-4.49%</b>	-4.49%

#### e) General description of the Scheme

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60th birthday. Pensions in payment (and deferment) generally increase in line with general public sector salary inflation.

The valuation used for FRS17 (Revised) disclosures has been based on a full valuation on 31 December 2012 by a qualified independent actuary (Xafinity Consulting) taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 December 2012.



## Notes to the Accounts for the year ended 31 December 2012 (continued)

The principal assumptions were as follows:

	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09	31-Dec-08
Discount rate:					
NI	4.1%	4.7%	5.4%	5.7%	6.4%
ROI	2.7%	4.6%	4.7%	5.1%	6.4%
Inflation rate:					
NI	1.8%	2.6%	3.4%	3.7%	2.9%
ROI	2.5%	2.5%	2.5%	2.5%	2.5%
Rate of increase in salaries	4.0%	4.0%	4.0%	4.0%	4.0%
Ave rate of increase in pensions:					
NI	1.8%	2.6%	3.4%	3.7%	2.9%
ROI (salary increases)	4.0%	4.0%	4.0%	4.0%	4.0%
ROI (CPI)	2.5%	2.5%	2.5%	2.5%	2.5%
Ave expected future life at age 65 for:					
Male currently aged 65	21.5	21.4	21.3	21.2	21.2
Female currently aged 65	24.1	24.0	23.9	23.8	23.8
Male currently aged 45	23.4	23.3	23.2	23.1	23.1
Female currently aged 45	25.9	25.9	25.8	25.7	25.7

The rate of increase in inflation for NI has been measured using RPI from 2008 to 2011, however CPI has been used for 2012.

### 13. Reconciliation of Movements in General Reserve

	2012 €'000	2011 €'000	2012 £'000	2011 £'000
At 31 December 2011	121	117	101	100
Exchange gains/(losses)	3	3	-	-
Surplus for the year	1	1	1	1
<b>At 31 December 2012</b>	<b>125</b>	<b>121</b>	<b>102</b>	<b>101</b>





## Notes to the Accounts for the year ended 31 December 2012 (continued)

### 14. Reconciliation of Movements in Capital Grant Reserve

	Note	2012 €'000	2011 €'000	2012 £'000	2011 £'000
At 31 December 2011		653	642	547	550
Capital funding receivable during the period	2	60	72	49	60
Funding received via technical assistance		77	88	62	74
Profit/loss on disposal of fixed assets		-	-	-	-
Less amount released to income and expenditure account		(154)	(149)	(125)	(129)
Exchange (gain)/loss on acquisition of fixed assets		-	-	(15)	(8)
<b>At 31 December 2012</b>		<b>636</b>	<b>653</b>	<b>518</b>	<b>547</b>

### 15. Notes to Cashflow Statement

<b>15.1 Reconciliation of result for the period to net cash inflow from operating activities</b>	2012 €'000	2011 €'000	2012 £'000	2011 £'000
<b>Surplus/(deficit) for the period</b>	1	1	1	1
<b>Adjustment for non cash transactions</b>				
Exchange differences on translation of opening cash balances at 1 January 2012	66	71	54	59
Depreciation	154	149	125	129
Capital Grant Release	(154)	(149)	(125)	(129)
Loss on disposal of fixed assets	-	-	-	-
Difference on Foreign Exchange Translation	3	3	-	-
<b>Adjustments for movements in working capital</b>				
(Increase)/decrease in debtors	(10,832)	(487)	(7,904)	455
Increase/(decrease) in creditors	15,790	(824)	11,842	(1,677)
<b>Net cash outflow from operating activities</b>	<b>5,028</b>	<b>(1,236)</b>	<b>3,993</b>	<b>(1,162)</b>

## Notes to the Accounts for the year ended 31 December 2012 (continued)

### 15. Notes to Cashflow Statement continued

<b>15.2 Reconciliation of net cash inflow/(outflow) to movement in net debt</b>	<b>2012 €'000</b>	<b>2011 €'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Cash in bank at 1 January	5,031	6,338	4,210	5,431
Retranslation to current year exchange rates	(66)	(71)	(54)	(59)
	4,965	6,267	4,156	5,372
Net cash inflow/(outflow)	5,028	(1,236)	3,993	(1,162)
<b>Cash in bank at 31 December</b>	<b>9,993</b>	<b>5,031</b>	<b>8,149</b>	<b>4,210</b>

### 16. Contingent liabilities

There were no contingent liabilities at either 31 December 2011 or 31 December 2012.

### 17. Operating Lease Commitments

At 31 December 2012 SEUPB was committed to making the following payments during the next year in respect of operating leases:

	<b>Land and Buildings 2012 €'000</b>	<b>Other 2012 €'000</b>	<b>Land and Buildings 2011 €'000</b>	<b>Other 2011 €'000</b>
Leases which expire:				
Within one year	-	2	-	-
Within two to five years	52	-	50	5
After five years	227	-	222	-
	<b>279</b>	<b>2</b>	<b>272</b>	<b>5</b>

	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	-	2	-	-
Within two to five years	42	-	42	4
After five years	185	-	186	-
	<b>227</b>	<b>2</b>	<b>228</b>	<b>4</b>

## Notes to the Accounts for the year ended 31 December 2012 (continued)

### 18. Capital Commitments

The SEUPB had no capital commitments at either 31 December 2011 or 31 December 2012. Some projects in receipt of Letters of Offer from SEUPB under PEACE III and INTERREG IV include capital build elements. The commitment for such expenditure is included at note 19 below.

### 19. Grant Commitments

At 31 December 2012, SEUPB had entered into grant commitments (Letters of Offer) as follows:

	Grant awarded	Paid to date	Outstanding Commitment 31/12/2012	Outstanding Commitment 31/12/2011
€ Euro Letters of Offer:	€'000	€'000	€'000	€'000
PEACE III	86,178	46,667	39,511	41,672
INTERREG IV	101,453	48,807	52,646	31,138
	<b>187,631</b>	<b>95,474</b>	<b>92,157</b>	<b>72,810</b>

	£'000	£'000	£'000	£'000
£ Stg Letters of Offer:	£'000	£'000	£'000	£'000
PEACE III	211,962	101,362	110,600	74,668
INTERREG IV	129,289	46,346	82,943	68,937
	<b>341,251</b>	<b>147,708</b>	<b>193,543</b>	<b>143,605</b>



## Notes to the Accounts for the year ended 31 December 2012 (continued)

### 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 Public Expenditure & Reform in 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) The functions of the Audit Authority are provided by a dedicated unit within the Department of Finance and Personnel, on a joint member-state basis. This relationship is governed by a Service Level Agreement.
- (3) SEUPB has a Service Level Agreement with the Northern Ireland Statistics and Research Agency (NISRA), an executive agency within DFP. NISRA provide a monitoring and evaluation service in relation to the programmes.
- (4) DFP manage a central database which is used by SEUPB and DFP EU Division. A portion of the costs incurred in relation to the database are re-charged to SEUPB on an agreed basis.

- (5) SEUPB has a Service Level Agreement with the Central Procurement Directorate (CPD) which is the Centre of Procurement Expertise (CoPE) located within DFP. SEUPB engages with CPD on an ad hoc basis to manage procurement competitions, and to provide procurement advice in relation to construction projects.

### 21. Losses and Special Payments

Payments amounting to £50,777 (€62,659) were made during the year to retired members of staff in lieu of pension payments. These were paid by SEUPB on behalf of the Pension Scheme. The equivalent amount paid in the prior year was £38,630 (€44,529). These payments are considered 'Special Payments' as the SEUPB has no statutory responsibility for making pension payments.

### 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 SEUPB is financed, SEUPB is not exposed to the degree of financial risk faced by business entities. SEUPB 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 SEUPB in undertaking its activities.

# Notes to the Accounts for the year ended 31 December 2012 (continued)

## 22.2 Liquidity, Interest Rate and Foreign Currency Risk

SEUPB's net revenue resource requirements are financed by resources voted annually by the Assembly and the Oireachtas, as is its capital expenditure. It is not therefore exposed to significant liquidity risks. SEUPB does not access funds from commercial sources and so is not exposed to significant interest rate risk. The SEUPB's exposure to foreign currency risk is not significant as it receives agreed levels of funding from its sponsoring Departments, the Department of Finance and Personnel, and the Department of Public Expenditure & Reform, 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, SEUPB is exposed to foreign currency risk to a limited degree.

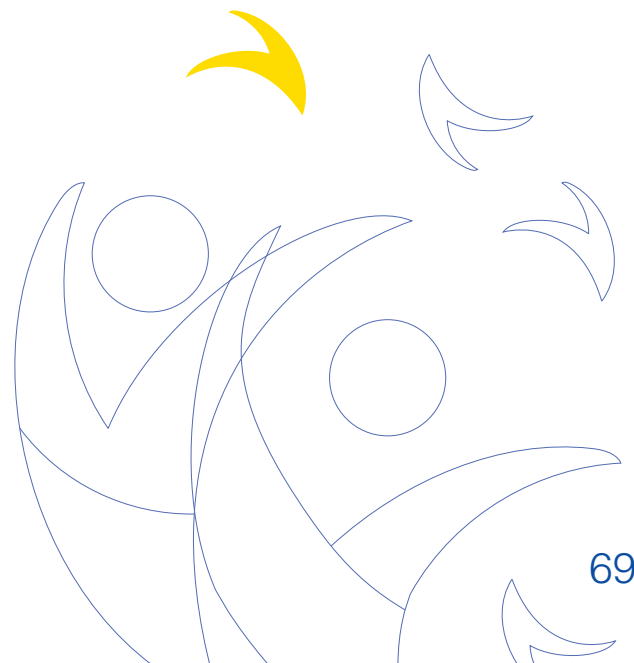
In relation to funds drawn from Accountable Departments for the Central Payments Unit, foreign currency risk remains with the sponsor Departments.

## 23. Funding withdrawn from Projects

A number of investigations continued during 2012. The principal cases related to 7 projects which were funded in past years and had cumulative grant funding letters of offer of £3.2 million. A total of £1.2 million had been paid to these projects with the remaining funding, not drawn down, being withdrawn by SEUPB. As a result of the investigations all of the £1.2 million expenditure has now been deemed ineligible. The

following is the current status of the projects :-

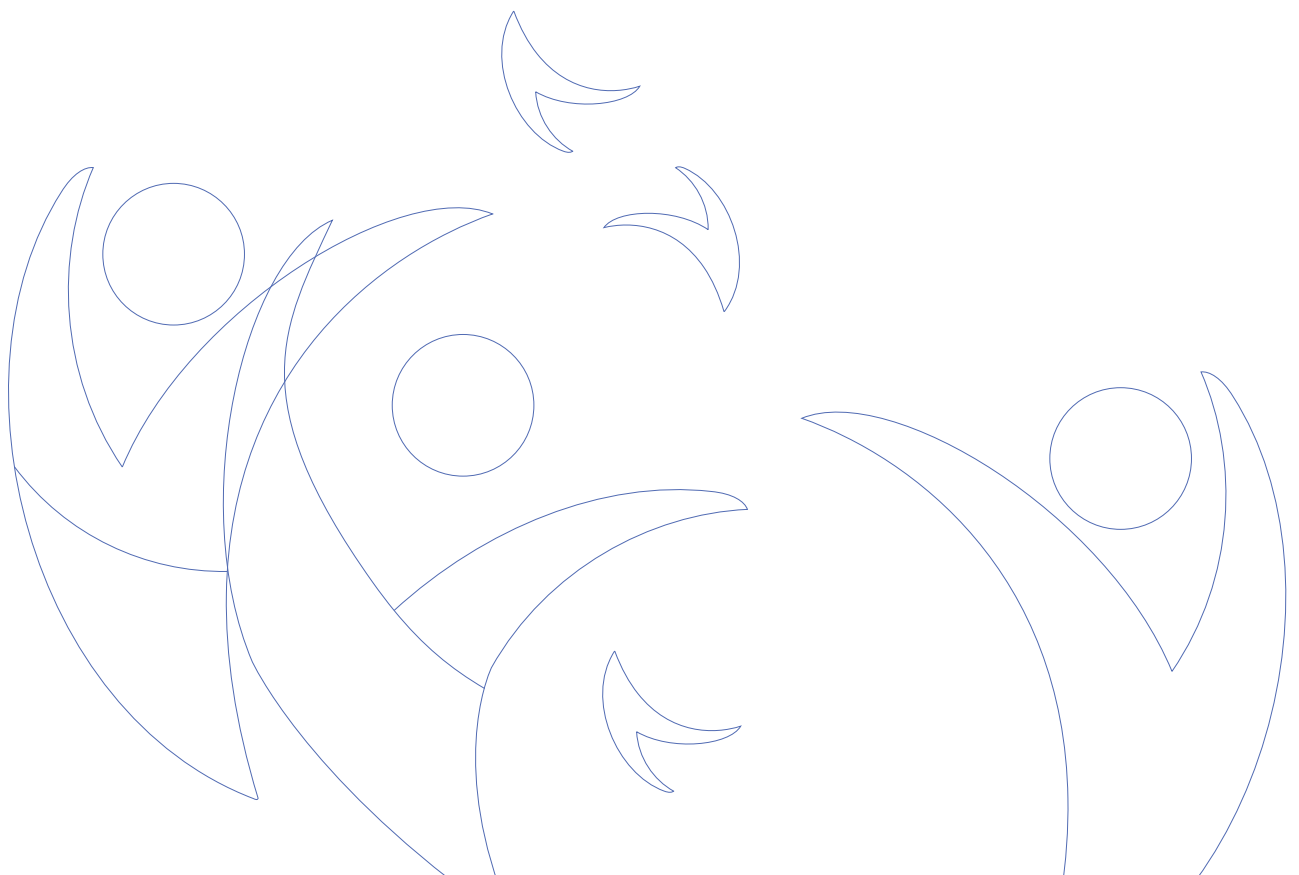
- for three projects managed by the same organisation, following a Police Service of Northern Ireland investigation it has been determined that a criminal case should not be brought. The amount of ineligible expenditure identified was £368,759. The SEUPB has made attempts to recover the amounts paid. At the date of signing the accounts no funds have been recovered. The decision in relation to write-off or further attempts at recovery rests with the Accountable Departments.
- for one project there has been no final outcome yet to the Police Service of Northern Ireland investigation. The amount of ineligible expenditure identified was £208,034. The SEUPB has made attempts to recover the amounts paid. At the date of signing the accounts no funds have been recovered. The decision in relation to write-off or further attempts at recovery rests with the Accountable Departments.





## Notes to the Accounts for the year ended 31 December 2012 (continued)

- following a forensic audit into 2 projects managed by the same company, expenditure of £581,064 has been deemed ineligible. The company has ceased trading. An evidence pack has been prepared and submitted to the Police Service of Northern Ireland for consideration.
- In one project expenditure amounting to £36,951 has been deemed ineligible, and has been recovered from the lead partner who administered the monies. The case involves potential duplicate funding being claimed by the grant recipient and the details of the case have been passed to the Police Service of Northern Ireland who have referred the case to the Public Prosecution Service for direction.



# Appendix

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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.



Signed by authority of the Department of Finance and Personnel  
**L O'Reilly**  
29 June 2001

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:



Department of Finance  
**A Dunning**  
29 June 2001

- a. the North/South Implementation Bodies Annual Reports and Accounts Guidance;
- b. Other guidance with Finance Department 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.



# Notes

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Published by the Special EU Programmes Body

**Belfast Office:**


7th Floor, The Clarence West Building,  
2 Clarence Street West, Belfast,  
Northern Ireland, BT2 7GP  
tel: +44 (0)28 9026 6660  
fax: +44 (0)28 9026 6692  
email: [info@seupb.eu](mailto:info@seupb.eu)

**Omagh Office:**

EU House, 11 Kevlin Road, Omagh,  
Northern Ireland, BT78 1LB  
tel: +44 (0)28 8225 5750  
fax: +44 (0)28 8224 8427  
email: [omagh@seupb.eu](mailto:omagh@seupb.eu)

**Monaghan Office:**

M:TEK II Building, Armagh Road,  
Monaghan, Ireland  
tel: +353 (0)47 77003  
fax: +353 (0)47 71258  
email: [monaghan@seupb.eu](mailto:monaghan@seupb.eu)  
website: [www.seupb.eu](http://www.seupb.eu)



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