



North East
PEACE III
Partnership

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Special EU Programmes Body Annual Report 2013

**Special EU Programmes Body
Annual Report and Accounts
for the year ended 31st December 2013**

Laid before the Northern Ireland Assembly
under section 11 (3) (c) of the Government and Resources and
Accounts Act (Northern Ireland) 2001 by the Department
of Finance and Personnel

on

18 December 2014

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Chief Executive's Foreword

This year, 2013, represented an important milestone in the implementation of the European Union's Programme for Territorial Co-operation 2007-2013 (INTERREG IVA) and the Programme for Peace and Reconciliation 2007-2013 (PEACE III).

As we move towards the end of the programmes, we are working towards the full commitment of the funding available. It has been a demanding time for the Body as we work on closing existing projects; issuing new letters of offer and developing the content and potential delivery mechanisms for the next programming period 2014-2020.



The removal of two large-scale projects from PEACE III and INTERREG IVA during 2013 posed significant challenges for the Body, in terms of reallocating a substantial amount of funding to viable projects, aligned with the objectives of both programmes. This process is currently being managed effectively but will require intensive work that will carry on into next year and beyond.

The impact and importance of the EU's PEACE III Programme was recognised at the start of the year during a major conference held in the Charlemagne Building, Brussels on the 31 January. The event was organised by the European Commission's Directorate General (DG) for Regional and Urban Policy on behalf of Commissioner Johannes Hahn, with assistance from the SEUPB.

The centrepiece of the conference involved project testimonies from three separate PEACE III funded projects which are having a positive and transformative impact upon the lives of people living within Northern Ireland and the Border Region of Ireland.

During the event, interventions were provided by the Commissioner himself, alongside the First and deputy First Ministers of Northern Ireland, Peter Robinson, MLA and Martin McGuinness, MLA and the Irish Minister for Public Expenditure and Reform, Brendan Howlin TD. A plenary session, held towards the

end of the conference, was designed to explore to what degree the PEACE Programming approach could potentially be applied to other European regions.

A number of excellent PEACE III funded projects came to a successful completion this year and held closure events to celebrate the impact that they have had. Key amongst these projects was the 'Rural Enabler Programme' which was created to help overcome rural based sectarianism and racism across the region.

This closure event, which was held in Monaghan, highlighted the innovative approach taken by the Rural Community Network, in partnership with the Irish Rural Link, to challenge the prejudices and misconceptions that exist within some rural communities as a result of the conflict.

I also attended the official launch of some new PEACE III funded initiatives including the 'Fab Labs' project, delivered through the Ashton Community Trust in Belfast and the Nerve Centre, in Derry-Londonderry. The event was also attended by Junior Ministers Jonathan Bell, MLA and Jennifer McCann, MLA and highlighted the cross-community impact that the project will have during its operation.

The work of the Peace Partnerships, who are responsible for delivering almost a third (approximately €100m) of the value of the Programme, was publicly recognised towards the end of the year. I personally attended special celebratory events held by the South West and CAN (Carrickfergus, Antrim and Newtownabbey) Peace Partnerships in which they outlined the impact that EU funding has had in building peace at a local level.

These events served to highlight the great diversity of work that is being carried out within local communities across the entire region and the positive impact that the

PEACE III Programme is having upon the lives of hundreds of thousands of people.

A number of innovative projects, funded under the EU's INTERREG IVA Programme, were also launched throughout 2013. These included the 'Harnessing Creativity' project, which was launched on the 15 March. The project is in receipt of approximately €0.8m worth of assistance and provides specialised business support services for local companies operating within the creative industry sector.

Another enterprise focused initiative called 'VITAL' was also launched in 2013. The €2.5 million INTERREG IVA funded cross-border project is being delivered through the Dundalk Institute of Technology's Regional Development Centre and has been designed to turn promising business ideas into a commercial reality. It will help to accomplish this by fast-tracking viable business ideas to the marketplace through intensive mentoring, consultancy support and access to specialist business sector knowledge.

The impact that enterprise development projects, funded under the INTERREG IVA Programme, are having was showcased at a major cross-border business conference in Derry-Londonderry, at the end of May. The event formed part of the European Business Innovation Centre (EBN) Annual Congress and offered an opportunity to illustrate the success of the Programme to hundreds of delegates from across Europe. The SEUPB sponsored this event as its annual communications activity for INTERREG IVA for 2013.

Other project events of note in 2013 included the closure of the truly innovative 'Tellus Border' project in October; one of the most significant geological surveys to have ever taken place across the Island of Ireland. Information gathered as part of the project's delivery will assist long-term environmental management and support



the sustainable development of our natural resources within the border region.

The SEUPB provides regular progress reports to the North South Ministerial Council (NSMC) on the delivery of the PEACE III and INTERREG IVA Programmes. Two separate meetings (the 15th and 16th) were held with the NSMC during 2013.

The 15th NSMC meeting with the SEUPB was held on 10 May 2013. The meeting was attended by Sammy Wilson MP MLA, Minister of Finance and Personnel, Brendan Howlin TD, Minister for Public Expenditure and Reform and OFMDFM Junior Minister Jennifer McCann MLA.

The 16th NSMC meeting with the SEUPB was held at the NSMC Joint Secretariat offices Armagh on 6 December 2013. The meeting was attended by Brendan Howlin TD, Minister for Public Expenditure and Reform, Simon Hamilton MLA, Minister for Finance and Personnel and OFMDFM Junior Minister Jennifer McCann MLA.

During the year the SEUPB was invited to appear in front of a number of different Northern Ireland Executive and Government of Ireland Committees. These afford the SEUPB with an opportunity to highlight the success of the programmes and the various projects and initiatives it supports and to provide elected members with an account of the work of the Body.

On the 26 September I appeared in front of the Joint Committee on the Implementation of the Good Friday Agreement. I also appeared in front of the Northern Ireland Executive Committee of the Department of Finance and Personnel on the 16 January and again on the 12 June.

On 4 November I participated in an International Peace Symposium in Brussels. The event was organised by the Flemish Department of Foreign

Affairs and featured presentations from a number of Nobel Peace Prize Laureates including Herman Van Rompuy (President of the European Council), Betty Williams (Founder & President of World Centers of Compassion for Children International), Leymah Gbowee (Founder & President of Gbowee Peace Foundation Africa) and Archbishop Desmond Mpilo Tutu.

Throughout 2013 the SEUPB has worked hard to encourage greater levels of involvement in the Transnational INTERREG IVB and Inter-regional INTERREG IVC Programmes. Many new and innovative project partnerships have been developed as part of this work. To date an additional €11million has been secured by project applicants involved in North South participation within these programmes.

Work on the development of the new programmes for 2014-2020 is progressing. A further public consultation, in addition to that conducted towards the end of 2012, is planned for the early summer of 2014. The content and potential delivery arrangements for the new programmes will then be agreed ahead of submission to the European Commission in September. Following final negotiations with the Commission we hope to open funding calls for the new programmes in the spring of 2015.



Pat Colgan
Chief Executive
Special EU Programmes Body





ACCESS 6
Food & Drink Programme

Working together for growth in new markets



ACCESS 6
Food & Drink Programme



Photo Caption: Project leaders of the INTERREG IVA funded Access 6 project which aims to increase the sales turnover of food and drink companies on a cross-border basis.

The Role of the Special EU Programmes Body

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.

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.”

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.

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.

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 Body 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.



Photo Caption: A new play-park has been created at Slieve Gullion Forest park as part of the INTERREG IVA funded CASA project.



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">• Monitoring Committee meetings for the PEACE III Programme took place on 18 April 2013 in Monaghan and on 16 October 2013 in East Belfast.• Monitoring Committee meetings for the INTERREG IVA Programme took place on 9 May in Glasgow and on 22 October in Derry-Londonderry 2013.• Two Steering Committees were held for PEACE III and three Steering Committees were held for INTERREG IVA in 2013.• Annual Implementation Reports for both Programmes were submitted in line with European Commission timeframes. |
| 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">• By the end of 2013 there are 69 project partners participating in 55 different projects across Europe. |
| 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">• The SEUPB has been invited to develop new Cross-Border Territorial Co-Operation Programmes for 2014-2020. |
| 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">• Major information events for the PEACE III and INTERREG IVA Programmes took place in 2013.• A significant amount of work was undertaken on the development of a Business Continuity Plan and ICT Area Recovery Plan for all three offices in 2013.• A series of in-house EU Programme related seminars were co-ordinated by the HR team in 2013. 8 staff also successfully completed PRINCE II training and 1 staff member completed a Certificate in Investigative Practices.• The SEUPB continued to deliver upon a series of workplace efficiencies in line with the Efficiency Savings Delivery Plan for 2011-2013. A further Efficiency Savings Delivery Plan was also agreed for 2014-2016. |





Photo Caption: Bobbie Forrest who took part in the 'Messines Experience and Shared History' project through the North East Partnership.

PEACE III Programme (2007-2013) Overview

Over the past three decades, since its creation in 1995, the PEACE Programme has made an important contribution to facilitating greater levels of cross-community engagement and reconciliation across the region. It has supported thousands of different projects and initiatives which have helped to positively change attitudes; transform areas of contested space; and develop increased understanding and reconciliation between communities and individuals directly affected by the legacy of the conflict.

The current incarnation of the PEACE Programme, PEACE III has built extensively upon the work of previous programmes. With a total value of €333 million its key objective is to reinforce progress towards a peaceful and stable society. Differing slightly from its two predecessor programmes however, PEACE III has a specific focus on reconciling communities and contributing towards the creation of a more shared society.

Under the programme a significant level of investment has been allocated to large-scale capital build projects which will act as a lasting legacy to long-term peace and reconciliation across the region. Throughout 2013 a number of these projects were completed or reached significant milestones in their construction. These included the Glen Community Complex at the site of the former Colin Glen Bacon factory, which is creating a new shared space at the Lenadoon/ Suffolk interface in Belfast. Other projects include the restoration of the SS Nomadic; the continued construction of the Clones Erne East sports facility (Peace Link); and

the development of the Termon project in the villages of Pettigo (Donegal) and Tullyhomon (Fermanagh).

A large number of projects funded under the Peace Partnerships were successfully completed towards the end of 2013. All of the 14 partnerships, representing local authorities across Northern Ireland and the Border Region of Ireland, have supported hundreds of locally focused initiatives which are challenging attitudes towards sectarianism and racism in order to help build positive relations between all communities.

Many of the projects funded to help acknowledge and deal with the past have completed or are in their final stages. Managed by Pobal these initiatives have provided advice, counselling and other types of support for victims, their relatives and those who care for them.

The key institutional priority of the PEACE III Programme has continued to be very successful with a number of existing projects moving towards their successful closure. This includes the 'Teaching Divided Histories' initiative; the integrated housing BRIC project; and 'Respecting Difference in the Education sector' programme under Early Years.

By the end of 2013 the PEACE III Programme had approved funding for a total of 215 projects, representing a value of €305,799,750. The following case studies highlight, in more detail, some of the highly important work that is being supported through the European Union's PEACE III Programme.



Glen Community Complex

The construction of a new purpose built cross-community resource centre on the Lenadoon/Suffolk interface in Belfast is nearing completion. The project has received approximately £4m worth of support from the EU's PEACE III Programme and will help facilitate greater levels of positive community contact between local Protestant and Catholic residents.

This contact will be encouraged through the provision of much needed community support services within the centre to include crèche facilities; an after school club for local children; a counselling service; as well as adult education and training support. The finished structure will also include a large multi-functional hall which can be used for many cross-community sporting and cultural events.

The projects support services will be provided by the Lenadoon Community Forum; the Lenadoon Women's Group; the Glen Community Parent Youth Group and the Suffolk Lenadoon Interface Group. Apex Housing is the lead partner for the project and has been instrumental in bringing the development forward to its current form.



Photo Caption: (l-r) John McCandless, SEUPB, Gerry Kelly, Apex Housing and Social Development Minister Nelson McCausland, MLA take a tour of the Glen Community project construction site.





The 'Art' of Peace Building

Approximately £1.72 million has been awarded under the EU's PEACE III Programme for the 'Building Peace through the Arts – Re-imagining Communities' programme. Throughout its implementation the programme will support the delivery of up to 80 community-based projects across Northern Ireland and the Border Region of Ireland, offering grants of up to £15,000 for small projects and up to £50,000 for larger-scale public art initiatives.

All of the initiatives will be cross-community based with a specific focus on young people and ethnic minority groups. Local community and voluntary groups will be the main drivers for all of the art projects which will be used as a vehicle to challenge sectarian and racist behaviour through the building of more positive community relations.

Each project must identify and provide opportunities for communities to promote tolerance while using the arts to express who they are, and what culture means to them. The programme will result in the creation of vibrant, attractive and inclusive public spaces. It was officially launched at the Playhouse theatre in Derry-Londonderry on the 28 February 2013 by the deputy First Minister, Martin McGuinness, MLA alongside Roisin McDonough, Chief Executive of the Arts Council Northern Ireland.



Photo Caption: Pictured at the launch of the arts based project are (l-r) Dr Adrian Johnston, Chair of the International Fund for Ireland, Roisin McDonough, Chief Executive of the Arts Council Northern Ireland, Northern Ireland, deputy First Minister Martin McGuinness, MLA and Pat Colgan, Chief Executive of the SEUPB.

Linking Peace with Sport

The official name of the €7.8 million EU PEACE III funded cross-community sports complex based in Clones was unveiled on 30 July 2013. After a comprehensive consultation process it was decided to call the new facility, which is still under construction, the 'Peace Link' with the strap-line 'Building Peace through Sport'.



A sneak peek of the new facility to be launched next year.

Upon completion the project will transform a 14 acre site at Liseggerton in Clones into a modern and fully equipped sports facility, designed to host major sporting competitions. One of the main objectives of the project is to increase the levels of cross-community and cross-border integration across the local area through the creation of a shared space that will provide hi-tech facilities for many different sporting traditions.

The facilities will include an 8-lane, 400m athletics track and field area; a multi-purpose sports pitch with flood lighting; an indoor basketball court; changing facilities and adequate car and coach parking. The project is being delivered by the Clones Erne East Sports Partnership (CEESP) Committee, led by Monaghan County Council, and is scheduled for completion in 2014.

Commenting on the final name selected for the project, Declan McKernan, Chairman of the CEESP, stated:

“ The name ‘Peace Link’ is symbolic in demonstrating the ethos and spirit of the facility in linking cross-community and cross-border participation through the conduit of sport in the Erne East region and beyond. ”



Churches unite for Peace

A number of different churches have come together to help deliver a new £1.3 million EU PEACE III funded project called the 'Irish Churches Peace Project' (ICPP). Aimed at promoting good relations, reconciliation and peace work at both a strategic and grassroots level, the project involves a partnership between the Roman Catholic, Presbyterian and Methodist Churches, the Church of Ireland and the Irish Council of Churches.

ICPP was launched in October 2013 and will help churches to positively impact upon their communities. In each of the areas that the project will operate within it will identify existing levels of segregation, marginalisation and social isolation. This will be compared against existing church-led initiatives, within these areas, to see what additional resources are needed to expand upon the work that is already taking place.

The project will also provide enhanced mediation support to help resolve local contentious issues between Protestant and Catholic communities and will develop a directory of good relations and reconciliation resources for use by churches. It is also committed to creating and publishing case histories of effective good relations, reconciliation and peace work involving local churches.



Photo Caption: Pictured (l-r) at the launch of the project are Presbyterian Moderator Dr Rob Craig; Church of Ireland Primate, Archbishop Richard Clarke; Methodist President Dr Heather Morris; Project Director Keith Hamilton; President of the Irish Council of Churches, Reverend Father Godfrey O'Donnell; and Archbishop Eamonn Martin representing Cardinal Brady.





Photo Caption: Dame Evelyn Glennie performs at the Sensonic Event in Derry-Londonderry as part of an event organised by the Sensory Engagement project.



INTERREG IVA Programme (2007-2013) Overview

Taking on the lessons of the previous INTERREG Programmes, INTERREG IVA is designed to support strategic cross-border co-operation for a more prosperous and sustainable region. With a total value of €256 million it has a specific focus on the development of a dynamic economy; the support of cross-border infrastructure and the promotion of innovative ways of addressing specific cross-border problems and issues.

Previous INTERREG Programmes have operated on a Northern Ireland/Ireland cross-border basis. Following a re-definition of maritime borders by the European Union, INTERREG IVA includes Western Scotland, and the opportunity to promote co-operation between Scotland/Ireland/Northern Ireland, as well as continuing and building upon Northern Ireland/Ireland co-operation.

The inclusion of Western Scotland for the first time in the programme has added a new aspect to its implementation by providing an opportunity to develop the traditional cultural, economic and social links between Ireland, Scotland and Northern Ireland.

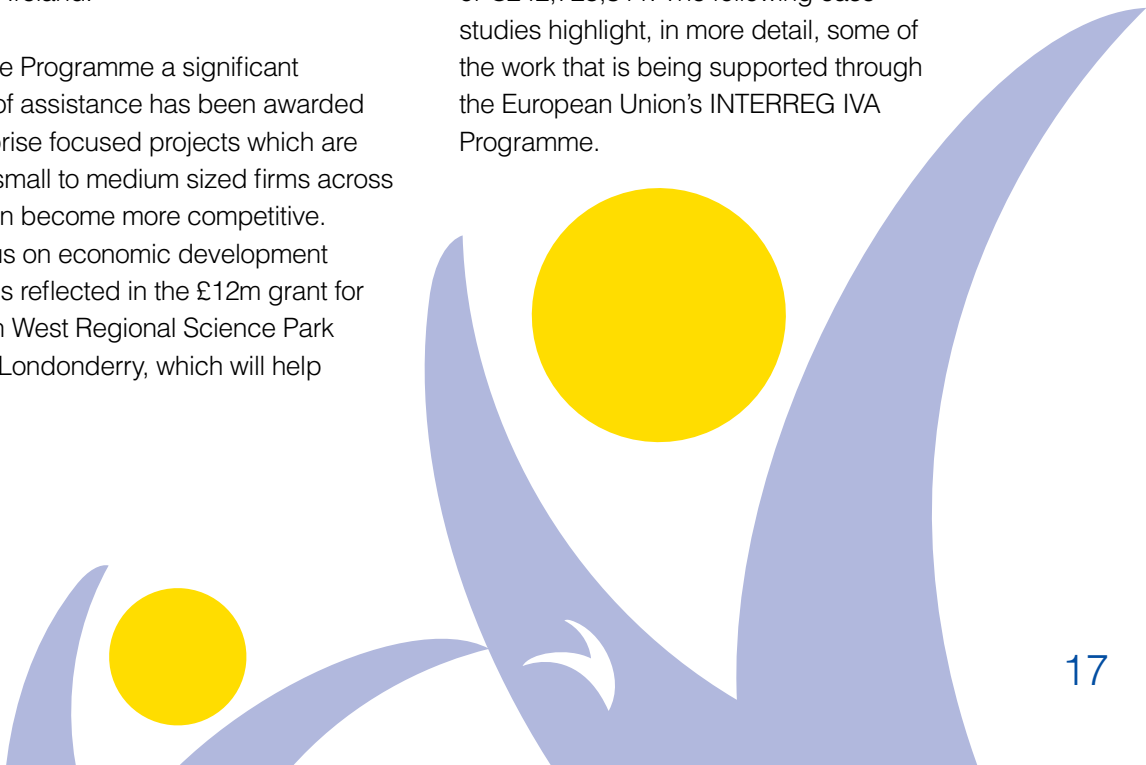
Under the Programme a significant amount of assistance has been awarded to enterprise focused projects which are helping small to medium sized firms across the region become more competitive. This focus on economic development support is reflected in the £12m grant for the North West Regional Science Park in Derry-Londonderry, which will help

leverage further investment opportunities within the regional economy. A number of other business support initiatives including 'i-Factory', 'Tradelinks II', 'I.C.E.', 'Access 6' and the 'VITAL' project have all made a significant impact on enterprise development, on a cross-border basis.

A high level of support has also been awarded to environmental focused projects which are taking a collaborative cross-border approach on a range of issues such as habitat protection and restoration; effective marine management and new approaches to effluent recycling.

The IBIS project for example, in receipt of approximately £6m of funding, is in the process of constructing a world class research and training facility on Loch Lomond. Upon completion this new research, teaching and residential facility will provide specialised training to a new generation of aquatic resource practitioners.

By the end of 2013 the INTERREG IVA Programme had approved funding for a total of 86 projects, representing a value of €242,725,311. The following case studies highlight, in more detail, some of the work that is being supported through the European Union's INTERREG IVA Programme.



Enhancing Regional Creativity

Approximately £3.5 million has been awarded to a new project designed to develop the Creative Sector, on a cross-border basis. Called 'Honeycomb Creative', the project was officially launched in September 2013 during CultureTECH week in Derry-Londonderry.

The project is being delivered by the University of Ulster in partnership with the Dundalk and Letterkenny Institutes of Technology. It will provide skills enhancement and a wide-range of other business support services for individuals and businesses working within the film and broadcast, animation, gaming and interactive media sectors. This support will include research assistance, networking opportunities, skills development and potential project financing.

Throughout its delivery period Honeycomb Creative will also facilitate a number of different workshops, events and conferences designed to share information and best practice within the Creative Industries sector.



Photo Caption: Many different Creative Industry businesses will benefit from the project, on a cross-border basis.



New All-Island Lighthouse Tourism Trail

September also saw the official launch of a new all-Island tourism initiative which will transform five operational lighthouses across Northern Ireland and the Border Region into highly desirable tourism destinations.

In receipt of over €2.5 million worth of assistance from the EU's INTERREG IVA Programme, the project is being delivered by the Commissioners for Irish Lights (CIL). The CIL own 75 operating lighthouses around the coast of Ireland, many of which are suitable for tourism development.

All of these working lighthouses play a vital role in marine safety but are now automated and unmanned. Each lighthouse has accommodation attached, in some cases up to five houses, which can now be offered to tourists.

The project will see 60 jobs supported during the construction period and ten new jobs created when the facilities become operational. Phase One of the All Island Lighthouse Trail project involves five sites, three in Northern Ireland and two in Donegal. These will be added to the six sites already operating in Ireland, with the eventual plan being to have between 15-20 lighthouses operating as part of a tourist trail all around the Irish coast.



Photo Caption: Pictured (l-r) at the official launch of the project are Pat Colgan, Chief Executive of the SEUPB, NI Tourism Minister Arlene Foster, Irish Minister for Tourism Leo Varadkar, and the Chief Executive of the Commissioners for Irish Lights, Yvonne Shields at Blackhead Lighthouse, Whitehead.

Celebrating Positive ConneXions

The 'ConneXions' project recently celebrated the positive impact which it has made upon the lives of its participants at a specially held award ceremony at the Guildhall in Derry-Londonderry.

The project supports people with disabilities, living on both sides of the border, by delivering confidence boosting training events, enabling them to forge positive relationships within their local communities.

It is delivered by the Cedar Foundation, in partnership with the National Learning Network and works with people in Donegal and the Foyle area of Northern Ireland. In receipt of approximately £0.5 million of support, the project has helped hundreds of people with disabilities to become active members of their community through a series of personal development programmes, exchange visits and other networking events.

Speaking about the project Stephen Matthews, Chief Executive of the Cedar Foundation, said: "There are two key elements which underpin our work; a commitment to supporting our service users to reach their full potential and a recognition that this can only be achieved through effective partnerships."



Photo Caption: From (l-r) are Joanne Barnes ConneXions Project Manager, Alan Lesley Cedar User Forum Chairperson (Foyle), Councilor Martin Reilly Mayor of Derry, Councilor Ian McGarvey Mayor of Donegal and David Cregan, ConneXions participant (Foyle).



Give an Hour to Nature

A new environmental awareness raising campaign was launched during the winter months of 2013. Called 'Give an Hour to Nature' it is part of the £0.8 million funded Action for Biodiversity initiative which encourages local communities, on a cross-border basis, to become pro-actively involved in environmental protection practices.

A three-year long initiative, Action for Biodiversity will provide funding for over 80 different localised nature conservation projects. It will also develop a cross-border Biodiversity Framework for the region to encourage local councils, communities and businesses to produce and implement plans for the protection of priority habitats and animal species.



Photo Caption: The 'Give an Hour to Nature' campaign aims to encourage people to spend more time outdoors and help protect their natural environment.



INTERREG IVB & IVC (Transnational and Interregional)

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

Within 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).

Towards the end of 2013 the SEUPB attended the annual conference of the North West Europe Programme in Roubaix, France. The event was used as a backdrop to unveil the NWE Programme's vision for 2014-2020 and included a series of interactive discussion sessions with approximately 500 participants from nine different countries.

Going forward the programme will focus on three main themes including 'Innovation', 'Low Carbon' and 'Resource and Materials Efficiency'. Each theme has a number of envisaged actions to help meet the agreed objectives.

Within the 'Low Carbon' theme there is a commitment to reduce energy poverty across the NWE territories, test and adopt new solutions for 'green' transnational transport systems and to demonstrate the ability to uptake low-carbon product technologies or solutions.

Within the 'Innovation' theme there is a commitment to build the innovation capacity of regions and territories, improve the innovation performance and competitiveness of businesses and to deliver the far-reaching societal benefits of innovation to enrich the lives of European citizens.

Within the 'Resource & Materials Efficiency' theme there is a commitment to optimise recycling processes and technologies, design less material-intensive products and services and encourage the development of more eco-innovation solutions.

At the end of 2013, 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.





Localised Energy Efficiency

A new three-year energy efficiency project, funded through the Northern Periphery Programme, aims to encourage increased use of renewable or recycled materials and services for domestic buildings.

Called NEES (Natural Energy Efficiency and Sustainability) the project has been developed by the Cork Centre for Architectural Education (CCAIE). The CCAIE entered into partnership with seven social enterprises and research agencies across Europe, including the University of Ulster, to help develop the project. All of the partners involved are seeking to address the lack of research and development of products and services based on natural products and processes.

An excellent example of the NEES approach in practice is the recent Drumalla House project in Carnlough, County Antrim. Developed by the Oaklee Home Group in partnership with the University of Ulster the aim of the initiative was to design and build a new social housing development of 11 homes, to achieve Level 4 of 'The Code for Sustainable Homes' (CSH) using renewable materials as an alternative to traditional forms of construction. The fabric of the scheme uses timber frame construction with a hempcrete (formed from the hemp plant in combination with the hydraulic lime) outer skin in place of concrete. The CO₂ absorbed in the growing of hemp more than offsets the CO₂ produced in the manufacture of the binder and use of the product will have reduced the embodied carbon dioxide in the construction of the houses by almost 40%. This initiative also aims to assess the validity of this alternative building type in terms of feasibility for future development, along with examining energy consumption. Further information on the project is available at <http://neesonline.org/>



Photo Caption: Participants in the NEES project Norry McBride, Stuart Thompson, Elaine Ramsey and Derek Bond.





Photo Caption: Sarajit Chanda owner of 'Aruna' sauces successfully participated in the Tradelinks II Programme, supported under the EU's INTERREG IVA Programme.

Communicating the Message

Major Information Activity – PEACE III Programme

The SEUPB participated in a major conference in Brussels at the start of the year. Called 'Bringing Divided Communities Together,' the event was hosted by DG REGIO and was attended by over 250 participants with a further 300 viewing it online through live web streaming.

The centrepiece of the conference was a number of testimonies from funded projects providing insight into the work accomplished under the PEACE Programmes, since their inception in 1995, and the impact that they have had on people's lives. Amongst the projects presenting at the event were 'Football



Teya Sepinuck, of the Theatre of Witness project, outlines the impact that the project has had for those directly affected by the conflict.

for All', delivered by the Irish Football Association and 'Theatre of Witness' by the Northwest Resource Centre (The Playhouse).

Presentations were also delivered by the EU Regional Policy Commissioner, Johannes Hahn, the First and deputy First Ministers of Northern Ireland and the Irish Minister for Public Expenditure and Reform, Brendan Howlin, TD.

Directly following the conference the SEUPB organised an exhibition of PEACE III funded projects that the participants were invited to visit at the Office of the Northern Ireland Executive in Brussels.



EU Commissioner for Regional Policy, Johannes Hahn, speaking at the 'Bringing Divided Communities Together' conference in Brussels.





Major Information Activity – INTERREG IVA Programme

The SEUPB worked alongside NORIBIC to assist in the delivery of a major cross-border business conference in Derry-Londonderry, on the 30 and 31 May 2013, in the Millennium Forum. The event formed part of the European Business Innovation Centre (EBN) Annual Congress and allowed the SEUPB to showcase the support provided to enterprise development projects funded under the EU's INTERREG IVA Programme.

Keynote speakers at the conference included Steve Wozniak, the co-founder of multi-national brand Apple; Sir Tim Smit KBE, creator of the Eden Project and Benjamin Southworth, Deputy CEO and Head of Community at the Tech City Investment Organisation in London.

As part of the conference the SEUPB co-ordinated three separate project exhibition stands focusing on different INTERREG funded projects including the renewable energy networking initiative 'REN-NET'. Approximately 500 delegates attended the two day conference from across Europe. A special enterprise focused edition of Your EU (Winter/Spring) was also created for distribution at the event.

PEACE III Programme Reaches Out

At the start of May the SEUPB was invited to replicate elements of the major peace conference it helped to organise in Brussels at the start of the year, but within Parliament Buildings at Stormont.

The Assembly Committee for the First and deputy First Minister invited the SEUPB along with three PEACE funded projects to outline their work to a number of MLAs and government officials. The event was deliberately timed to coincide with a visit from the UK Minister of State for Europe, David Lidington, who was particularly impressed by the calibre and work of the Programme.

Representatives from three PEACE III funded projects, including 'Football for All', 'Theatre of Witness' and Belfast City Council were also invited to speak at a high profile briefing organised by the Department of Foreign Affairs and Trade.

The event took place in the grounds of the Battle of the Boyne museum in Drogheda and was part of a series of information briefings for the Irish Presidency of the Council of the European Union.



Pictured (l-r) at the Northern Ireland Assembly event are Pat Colgan, Chief Executive of the SEUPB, the Rt Hon UK Minister for State for Europe, David Lidington, Theatre of Witness project Director Teya Sepinuck and Mike Nesbitt, MLA.



Over 70 EU ambassadors, from right across Europe, and their support staff were in attendance and heard at first hand the experiences of peace building work that is taking place across Northern Ireland and the Border Region of Ireland.

Extremely positive feedback was given by all of those in attendance including Brian Hayes TD, the Irish Minister of State for Public Service Reform and the Office of Public Works, alongside Northern Ireland Junior Minister, Jennifer McCann, MLA.

Conflict Prevention, Peacebuilding and the EU

On the 20 June Pat Colgan, Chief Executive of the SEUPB, was invited to speak to an international delegation at a peacebuilding conference organised by the European Peacebuilding Liaison Office (EPLO), in Cyprus.

During the meeting both the speakers and participants were given the opportunity to contribute to a discussion about the EU's achievements in peacebuilding and conflict prevention. The event brought together representatives from the Cypriot government, various EU institutions, civil society and academia.

Social Media

The SEUPB has created a Facebook page (Special EU Programmes Body – SEUPB) and opened a Twitter Account (@SEUPB).

Both of these platforms will be used to showcase the excellent project work that is being delivered under the EU's PEACE III and INTERREG IVA Programmes.

Managed by the SEUPB's Communications Team, the platforms will contain regularly updated fresh and lively programme related content.

Looking Forward, New Programmes 2014-2020

Ahead of the new programming cycle for 2014-2020, the SEUPB was requested by the Department of Finance and Personnel in Northern Ireland and the Department of Public Expenditure and Reform in Ireland to develop the content for the PEACE IV and INTERREG V Programmes.

Towards the end of 2012 the SEUPB coordinated a public consultation attended by over 1,000 people with over 170 written responses obtained. The consultation was designed to seek views from all key stakeholders as to the content, implementation and possible delivery and simplification measures for the new programmes.

Throughout 2013 the SEUPB worked on developing the content of the new programmes following the feedback received during the initial consultation. This work was conducted in consultation with the 'Programme Development Steering Group' made up of representatives from the Member States, social partners, the community and voluntary sector and relevant government departments.

A further public consultation for the new programming period is planned for summer 2014 to ensure that the programmes are ready for approval by the European Commission, ahead of the September 2014 submission deadline.





Photo Caption: Pictured (l-r) Agnieszka and Alicja Zieba take part in the EU PEACE III funded 'Building Peace through the Arts - re-imagining Communities' project.

Annual Accounts

Year Ended 31 December 2013

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 in Ireland. The 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 for the Year

The income and expenditure of the Special EU Programmes Body is set out in detail on page 39. The surplus for the year was €0.2k (Stg £0.2k) - 2012: €0.6k (Stg £0.5k)

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 2013, and the Irish Late Payments 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 98.3% (2012 - 98%) 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 2013 SEUPB paid 78% of its invoices within 10 days. (2012: 73%)

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 **96.39%** (2012 - 99.8%) of payments made during the year, analysed as follows:

	No. of Invoices	Late	% on time
PEACE III	1,156	29	97.49%
INTERREG IVA	977	48	95.09%
Total	2,133	77	96.39%

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.

The current plan is under review. A revised plan for the 2014-2016 Corporate Planning

period is under development, and will be adopted following consultation.

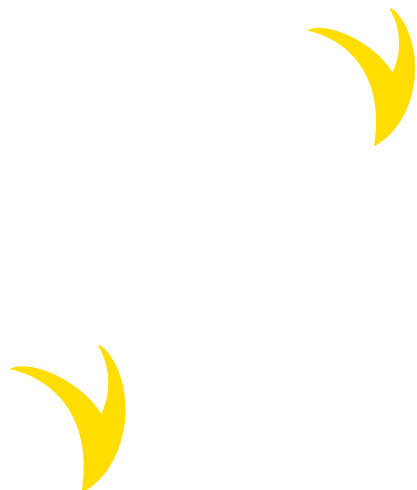
Employee Involvement

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

10 July 2014





Statement of 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 2013 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 2013. 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 regular 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

During the year ended 31 December 2013, the SEUPB has:

- Defined and communicated the organisational Risk Appetite;
- 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.

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 Risk 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 an information audit has been carried





out, with all staff assessing common areas of good practice, risks, and improvements required.

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 12/13 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 2013 an overall 'satisfactory' annual assurance level has been awarded. All of the individual audits in 2013 resulted in an assurance level awarded of at least 'satisfactory' - with the exception of one element of one audit (in relation to the Consortium, in which issues were subsequently promptly addressed to the satisfaction of Internal Audit).

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 have been agreed with the European Commission, and there are no significant issues for SEUPB arising from this audit.

During 2013, 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 2013 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

Brendan Mullan

Independent Member

Joe Campbell

DFP representative

Maura Young (to June 2013),
Frank Duffy (from July 2013)

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 all members also receive the monthly Senior Management Team Meeting minutes.

The Committee prepares an Annual Report to summarise its activity during the year.

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 recommended that the SEUPB staffing complement be reduced to 60 in 2013 and to 57 in 2014. These recommendations were accepted by the North/South Ministerial Council on 6th December 2013. The target of reducing headcount to 60 in 2013 was achieved, and SEUPB’s business plan for 2014 contains a commitment to reduce headcount to 57.

The ‘Consortium’ (an Intermediate Body consisting of The Community Relations Council and Pobal) was 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 activities were delineated in their contract, against which the SEUPB monitored their performance. Moreover, quarterly the SEUPB Managing Authority also held bi-lateral meetings with the Consortium to monitor service delivery. In addition, the Managing Authority also conducted ‘On the Spot Checks’ of Consortium projects and monitored their Technical Assistance budget. With the conclusion of the Consortium contract on 31 December 2013, the 3 (FTE 2.5) CRC staff engaged in the activity of managing 17 projects have transferred to SEUPB under TUPE Service Provision Change. These staff commenced work on 1 January 2014, and are supernumerary to the SEUPB core staff complement. Pobal will continue to deliver the service previously provided in respect of 20 projects, under a new contract which runs until June 2015.





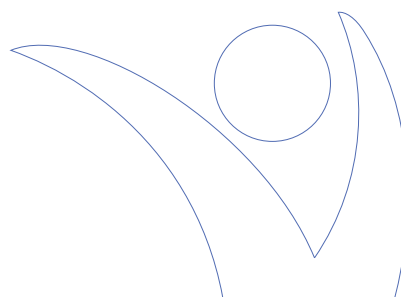
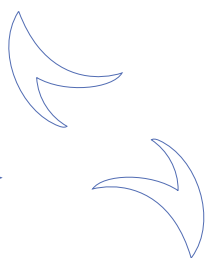
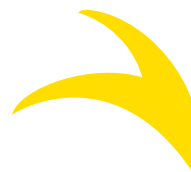
The SEUPB is committed to the prevention of fraud and the promotion of an anti-fraud culture. The SEUPB operates a zero-tolerance attitude to fraud and requires staff, Lead Partners and final beneficiaries to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud. 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.

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. During 2013, SEUPB provided a significant programme of training for project partners and lead partners, and attendance levels were very high.

Pat Colgan
Accounting Officer

10 July 2014



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

We have audited the accounts of the Special EU Programmes Body (the Body) for the year ended 31 December 2013 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) Order 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 Auditing Practices Board'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 accounts 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 all the financial and non-financial information in the Annual Report and the Foreword to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 accounts 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 recorded in the accounts have been applied to the purposes intended by the Northern





Ireland Assembly and the Houses of the Oireachtas and the financial transactions recorded in the accounts 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 six projects, funded in past years, where ineligible expenditure of £1.2 million has been identified, and also two new investigations.

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 31 December 2013 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.

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.

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
- 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 accounts: or
- the Statement on Internal Control does not reflect compliance with applicable guidance on corporate governance.

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

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

11 July 2014

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

15 July 2014



Income and Expenditure Account for the year ended 31 December 2013

INCOME	Notes	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Grant from Departments	2	2,331	2,501	1,979	2,027
Other Operating Income	4	2	2	2	2
Capital Grant Release	14	167	154	142	125
Net Deferred Funding for Pensions	12(c)	901	740	765	600
<u>CENTRAL PAYMENTS UNIT</u>					
Grant Received from Accountable Departments	3	28,063	25,972	23,823	21,047
<u>EU COMMISSION</u>					
Claims Receivable from the EU	3	67,653	62,935	57,430	51,001
TOTAL INCOME		99,117	92,304	84,141	74,802
EXPENDITURE					
Depreciation	8	(167)	(154)	(142)	(125)
Staff Costs	5	(2,518)	(2,453)	(2,138)	(1,988)
Other Operating Costs	7	(714)	(788)	(606)	(639)
Interest repayable to Department of Finance and Personnel	3	(2)	(1)	(2)	(1)
<u>CENTRAL PAYMENTS UNIT</u>					
Payments Made to Projects	3	(95,716)	(88,907)	(81,253)	(72,048)
TOTAL EXPENDITURE		(99,117)	(92,303)	(84,141)	(74,801)
Surplus for the year transferred to General Reserve		-	1	-	1

All amounts above relate to continuing activities.

The notes on pages 43 to 66 form part of these accounts.



Statement of Total Recognised Gains and Losses for the year ended 31 December 2013

	Notes	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Surplus for the year		-	1	-	1
Experience gains/(losses) on pension scheme liabilities including exchange rate effect	12(d)	21	(9)	18	(7)
Changes in assumptions underlying the present value of pension scheme liabilities	12(b)	654	(1,136)	555	(921)
Actuarial gains/(losses)	12(b)	675	(1,145)	573	(928)
Adjustment to deferred pension funding		(675)	1,145	(573)	928
		-	1	-	1
Exchange (losses)/gains	13	(3)	3	-	-
Total recognised (loss)/gain for the year		(3)	4	-	1

The notes on pages 43 to 66 form part of these accounts.



Balance Sheet as at 31 December 2013

	Notes	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Fixed Assets					
Tangible Assets	8(a)	448	513	373	418
Intangible Assets	8(b)	101	123	84	100
		549	636	457	518
Current Assets					
Debtors	9	49,583	54,315	41,319	44,292
Cash at bank and in hand	10	28,537	9,993	23,781	8,149
Total Current Assets		78,120	64,308	65,100	52,441
Current Liabilities					
Creditors - amounts falling due within one year	11	(77,998)	(64,183)	(64,998)	(52,339)
Net Current Assets		122	125	102	102
Total Assets less Current Liabilities before pensions					
		671	761	559	620
Deferred pension funding	12(b)	7,477	7,234	6,231	5,899
Pension liabilities	12(b)	(7,477)	(7,234)	(6,231)	(5,899)
		671	761	559	620
Financed by:					
Capital and Reserves					
General Reserve	13	122	125	102	102
Capital Grant Reserve	14	549	636	457	518
		671	761	559	620

The accounts were approved by the Chief Executive on 10 July 2014



Pat Colgan
Chief Executive Officer

The notes on pages 43 to 66 form part of these accounts.

Cash Flow Statement for the year ended 31 December 2013

	Notes	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Net cash inflow from operating activities	15.1	18,387	5,028	15,501	3,993
Capital expenditure and financial investment					
Payments to acquire fixed assets		(80)	(137)	(68)	(111)
Net cash inflow before financing		18,307	4,891	15,433	3,882
Financing					
Capital funding received		80	137	68	111
Net cash inflow from financing		80	137	68	111
Increase in cash/bank balances	15.2	18,387	5,028	15,501	3,993

The notes on pages 43 to 66 form part of these accounts.



Notes to the Accounts for the year ended 31 December 2013

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 2013, 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 2013 (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.

The rates of exchange used for 2012 and 2013 are as follows:

	2013	2012
Average rate	£1 = €1.1780	£1 = €1.2340
Year-end rate	£1 = €1.2000	£1 = €1.2263

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.

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.

The Agreements also state that the funds may not be used at the



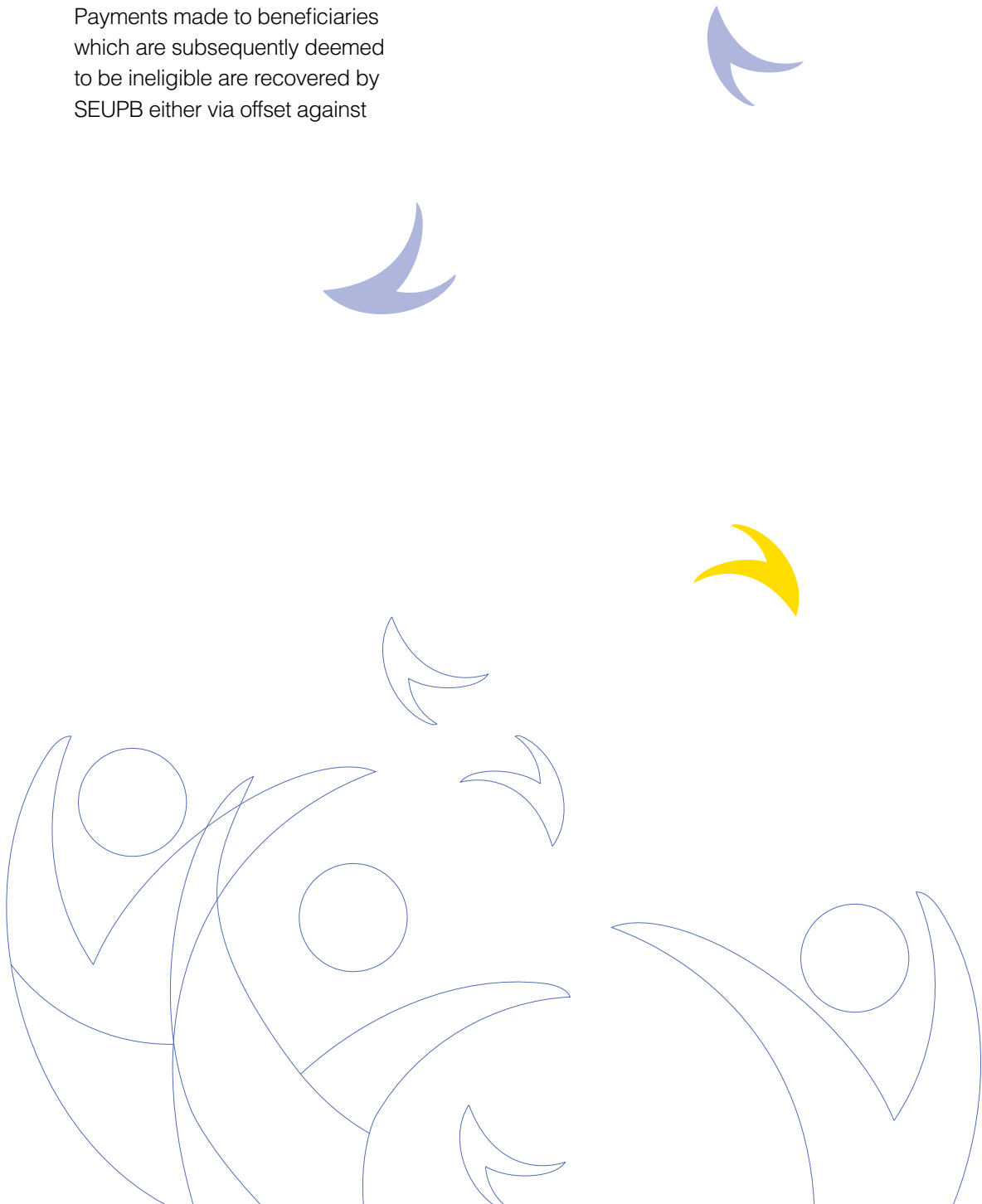
Notes to the Accounts for the year ended 31 December 2013 (continued)

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.

Payments made to beneficiaries which are subsequently deemed to be ineligible are recovered by SEUPB either via offset against

subsequent Lead Partner claims, or via a direct reimbursement from the project. Should recovery by these means prove unsuccessful, SEUPB seeks guidance from the relevant Accountable Departments as to the recovery process. In cases where recovery is not possible, responsibility reverts to the Member States.



Notes to the Accounts for the year ended 31 December 2013
(continued)

2. Grant from the Departments

	DFP	DPER	TOTAL	TOTAL
	€'000	€'000	2013	2012
	€'000	€'000	€'000	€'000
Grant receivable:				
Administration and Expenses	1,265	1,066	2,331	2,501
Capital funding	25	24	49	60
Total	1,290	1,090	2,380	2,561
Split as follows:				
Grants credited to Income & Expenditure account	1,265	1,066	2,331	2,501
Grants credited to Capital Grant Reserve	25	24	49	60
Total	1,290	1,090	2,380	2,561

	DFP	DPER	TOTAL	TOTAL
	£'000	£'000	2013	2012
	£'000	£'000	£'000	£'000
Grant receivable:				
Administration and Expenses	1,074	905	1,979	2,027
Capital funding	21	21	42	49
Total	1,095	926	2,021	2,076
Split as follows:				
Grants credited to Income & Expenditure account	1,074	905	1,979	2,027
Grants credited to Capital Grant Reserve	21	21	42	49
Total	1,095	926	2,021	2,076

Notes to the Accounts for the year ended 31 December 2013 (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 2013 €'000	TOTAL 2012 €'000
Income					
Grant Receivable	(i)	-	2,331	2,331	2,501
Grants from Accountable Departments	(ii)	28,063	-	28,063	25,972
Other Operating Income		-	2	2	2
Capital Grant Release		-	167	167	154
Claims receivable from the EU		67,653	-	67,653	62,935
N/S Pension Scheme Funding		-	901	901	740
		95,716	3,401	99,117	92,304
Expenditure					
Depreciation		-	(167)	(167)	(154)
Staff Costs		-	(2,518)	(2,518)	(2,453)
Other Operating Costs		-	(714)	(714)	(788)
Interest repayable to Department of Finance and Personnel		-	(2)	(2)	(1)
Project Payments	(iii)	(95,716)	-	(95,716)	(88,907)
		(95,716)	(3,401)	(99,117)	(92,303)
Surplus/(Deficit)		-	-	-	1



Notes to the Accounts for the year ended 31 December 2013
(continued)

3. Operational Analysis (continued)

		Central Payments Unit £'000	Administration £'000	TOTAL 2013 £'000	TOTAL 2012 £'000
Income					
Grant Receivable	(i)	-	1,979	1,979	2,027
Grants from Accountable Departments	(ii)	23,823	-	23,823	21,047
Other Operating Income		-	2	2	2
Capital Grant Release		-	142	142	125
Claims receivable from the EU		57,430	-	57,430	51,001
N/S Pension Scheme Funding		-	765	765	600
		81,253	2,888	84,141	74,802
Expenditure					
Depreciation		-	(142)	(142)	(125)
Staff Costs		-	(2,138)	(2,138)	(1,988)
Other Operating Costs		-	(606)	(606)	(639)
Interest repayable to Department of Finance and Personnel		-	(2)	(2)	(1)
Project Payments	(iii)	(81,253)	-	(81,253)	(72,048)
		(81,253)	(2,888)	(84,141)	(74,801)
Surplus/(Deficit)		-	-	-	1

(i) (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 2013 (continued)

3. Operational Analysis (continued)

Project Payments (and income recognised to fund such expenditure) of £81,253k (€95,716k) can be analysed by Programme as follows:

	£'000	€'000
PEACE III	47,062	55,439
INTERREG IVA	34,191	40,277
	81,253	95,716

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 2013 the value of Scottish Match Funding amounted to approximately €1.2m (2012: €0.9m).

- (iii) Included within 'Project Payments' are Technical Assistance costs incurred by SEUPB and the Consortium amounting to €3.4m (£2.9m) in 2013, €4.6m (£3.7m) in 2012. Analysis is as follows:

2013	£'000	€'000
SEUPB	2,154	2,537
Consortium	706	832
	2,860	3,369

2012	£'000	€'000
SEUPB	2,470	3,048
Consortium	1,228	1,515
	3,698	4,563

These costs are incurred in relation to the management of the PEACE III and INTERREG IV Programmes, including expenditure in respect of staff, overheads, appraisal, professional advice, communications, training, IT, audit and evaluation etc. The SEUPB element of £2,154k in 2013 includes £865k in respect of staff costs (see note 5b), and £309k in respect of operating costs (see note 7). 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).

Notes to the Accounts for the year ended 31 December 2013
(continued)

4. Other Operating Income

	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Interest Receivable	2	2	2	2

5. Staff Costs

(a) The average weekly number of employees (full time equivalent) was:	2013	2012
Senior Management	4	4
Programme Management	7	7
Project Assessment & Support (including verification)	34	35
Corporate Services (including project payments & certification)	17	19
Total	62	65

(b) The costs incurred in respect of these employees were:	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Wages and Salaries	2,239	2,289	1,901	1,855
Temporary agency staff & secondees	166	280	141	227
Social Security Costs:				
- Current year costs	179	183	152	148
Other Pension Costs:				
- Current service & interest costs	953	802	809	650
	3,537	3,554	3,003	2,880
Funded via PEACE III Technical Assistance	(504)	(483)	(428)	(391)
Funded via INTERREG IVA Technical Assistance	(515)	(618)	(437)	(501)
Total	2,518	2,453	2,138	1,988

The accounting policy for pensions is detailed in Note 1.3.

Notes to the Accounts for the year ended 31 December 2013
(continued)

5. Staff Costs (continued)

(c) The emoluments and pension entitlements of the CEO and key management were as follows:	Emoluments £'000	Real increase in pension earned £'000	Accrued pension £'000	Age (years)	Benefits in kind £'000
Mr P Colgan (Chief Executive)	85 - 90	2.5 - 5 (including 2.5 - 5 lump sum)	45 - 50 (including 35 - 40 lump sum)	63	nil
Ms G McIntyre (Corporate Services Director)		Consent withheld			
Mr S Henry (Managing Authority Director)	50 - 55	2.5 - 5 (including 0 - 2.5 lump sum)	45 - 50 (including 35 - 40 lump sum)	49	nil
Ms L McCourt (JTS Director)		Consent withheld			
Mr B Mullan (Chair of Audit Committee)	0 - 5	n/a	n/a	n/a	nil
Mr J Campbell (Independent Member of Audit Committee)	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 'n+2' expenditure targets to 31 December 2013 under the PEACE III and INTERREG IVA Programmes

Notes to the Accounts for the year ended 31 December 2013 (continued)

7. Other Operating Costs

	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Travel and Subsistence	28	39	24	32
Telecommunications	49	41	42	33
IT & Office Consumables	42	48	36	39
Stationery & Printing	21	36	18	29
Postage	5	6	4	5
Repairs & Maintenance	26	33	22	27
Office Premises Expenses	372	377	315	305
Professional Services	65	75	55	61
Training & Conferences	19	19	16	15
Subscriptions	5	5	4	4
Publicity and Advertising	13	22	11	18
Incidentals	21	11	18	9
Hospitality	1	2	1	2
Audit fees - External	31	32	26	26
- Internal	16	42	14	34
TOTAL	714	788	606	639

The above costs are funded from SEUPB's Core budget. In addition to these costs further other operating costs of £309k (2012 £386k) are funded from technical assistance – see note 3 (iii).



Notes to the Accounts for the year ended 31 December 2013
(continued)

8. Fixed Assets

(a) Tangible Fixed Assets	Leasehold Improvements €'000	Office Equipment €'000	Computer Equipment €'000	Fixtures & Fittings €'000	Total €'000
Cost or Valuation					
At 1 January 2013	1,222	60	560	120	1,962
Additions	1	-	46	1	48
Disposals	-	-	(11)	-	(11)
At 31 December 2013	1,223	60	595	121	1,999
Depreciation					
At 1 January 2013	843	55	474	77	1,449
Provision for year	60	3	41	9	113
Depreciation on disposals	-	-	(11)	-	(11)
At 31 December 2013	903	58	504	86	1,551
Net Book Value (€)					
31-Dec-13	320	2	91	35	448
31-Dec-12	379	5	86	43	513
Net Book Value (£)					
31-Dec-13	260	1	73	28	362
Currency Translation Adjustment	8	-	2	1	11
31-Dec-13 (restated)	268	1	75	29	373
31-Dec-12	309	4	70	35	418

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 2013 (continued)

8. Fixed Assets (continued)

(b) Intangible Fixed Assets	Software €'000
Cost or Valuation	
At 1 January 2013	541
Additions	32
Disposals	(19)
At 31 December 2013	554
Depreciation	
At 1 January 2013	418
Provision for year	54
Disposals	(19)
At 31 December 2013	453
Net Book Value (€)	
31-Dec-13	101
31-Dec-12	123
Net Book Value (£)	
31-Dec-13	81
Currency Translation Adjustment	3
31-Dec-13 (restated)	84
31-Dec-12	100



Notes to the Accounts for the year ended 31 December 2013 (continued)

9. Debtors (amounts due within one year)

	Note	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Prepayments and accrued income	(i)	14,988	16,016	12,490	13,061
Amounts due from EU Commission	(ii)	34,578	38,278	28,815	31,214
Other debtors		17	21	14	17
		49,583	54,315	41,319	44,292

- (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 Certifying Authority for the INTERREG IVA and PEACE III Programmes and is responsible for claiming funds from the EU Commission. As at 31 December 2013, €34,578,123 (£28,815,102) was receivable, relating to both submitted and unsubmitted claims.

10. Cash at bank and in hand

	Note	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Cash at bank:					
- Held for administration payments		131	124	109	101
- Held for programme payments	(i)	28,406	9,869	23,672	8,048
Total		28,537	9,993	23,781	8,149

- (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, plus any EU receipts not yet reimbursed to Government Departments. 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 2013 (continued)

11. Creditors (amounts falling due within one year)

	Note	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Trade and Project Creditors		551	1,518	459	1,238
Accruals and Deferred Income	(i)	31,139	25,058	25,949	20,434
ERDF due to Accountable Departments	(ii)	46,139	36,720	38,449	29,944
Other amounts due to Departments	(iii)	169	887	141	723
		77,998	64,183	64,998	52,339

- (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 2013 the amount due to Departments was €46,139,191, (£38,449,326).
- (iii) Other amounts due to Departments comprises bank interest earned on programme funds, and running balances of core funding from SEUPB's Sponsor Departments. Interest earned on funds held by SEUPB for the purposes of making payment to projects amounted to £85k (€100k) in 2013, £86k (€106k) in 2012. This interest is reimbursed to Sponsor Departments on a regular basis.



Notes to the Accounts for the year ended 31 December 2013
(continued)



12. Pensions

a) Analysis of total pension costs charged to Expenditure:	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Current service cost	677	539	575	437
Interest on Pension Scheme Liabilities	276	264	234	214
	953	803	809	651

b) Movement in Net Pension Liability during the financial year	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Net Pension Liability at 1 January	7,234	5,223	5,899	4,371
Current Service Cost	677	539	575	437
Interest on scheme liabilities	276	264	234	214
Actuarial loss/(gain)	(675)	1,145	(573)	928
Net transfers in/(out)	165	-	140	-
Benefits paid	(52)	(63)	(44)	(51)
Exchange differences	(148)	126	-	-
Net Pension Liability at 31 December	7,477	7,234	6,231	5,899

Member contributions are included within the Current Service Cost, and amounted to £31k (€37k) in 2013, and £31k (€38k) in 2012. 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 gain/(loss)	21	(9)	18	(7)
Gain/(loss) on change of financial assumptions	654	(1,136)	555	(921)
Actuarial gain/(loss)	675	(1,145)	573	(928)

Notes to the Accounts for the year ended 31 December 2013 (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:

	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Funding Recoverable in respect of current year pension costs	953	803	809	651
Benefits paid during the year	(52)	(63)	(44)	(51)
	901	740	765	600

The deferred funding asset for pensions as at 31 December 2013 amounted to €7.477m (£6.231m); 2012: €7.234m (£5.899m)



Notes to the Accounts for the year ended 31 December 2013 (continued)

12. Pensions (continued)

d) History of defined benefit obligations	2013	2013	2012	2012	2011	2011
	£'000	€'000	£'000	€'000	£'000	€'000
Defined benefit obligations	(6,231)	(7,477)	(5,899)	(7,234)	(4,371)	(5,360)
Experience adjustment on liabilities including exchange rate effect gain/(loss)	18	21	(7)	(9)	86	99
Percentage of Scheme Liabilities	0.30%	0.30%	-0.10%	-0.10%	2.00%	2.00%

d) History of defined benefit obligations (continued)	2010	2010	2009	2009	2008	2008
	£'000	€'000	£'000	€'000	£'000	€'000
Defined benefit obligations	(3,699)	(4,317)	(3,178)	(3,578)	(2,025)	(2,126)
Experience adjustment on liabilities including exchange rate effect gain/(loss)	100	117	19	21	(91)	(96)
Percentage of Scheme Liabilities	2.70%	2.70%	0.60%	0.60%	-4.49%	-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 at 31 December 2013 has been carried out by a qualified independent actuary (Xafinity Consulting). The results this year are based on the results of a full valuation on 31 December 2012. These results have been adjusted to reflect actuarial assumptions at 31 December 2013, actual benefit payments and contribution received, salary and pension increase experience during the year and transfers into and out of the Scheme.

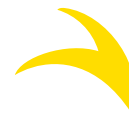


Notes to the Accounts for the year ended 31 December 2013 (continued)

The principal assumptions were as follows:

	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09	31-Dec-08
Discount rate:						
NI	4.5%	4.1%	4.7%	5.4%	5.7%	6.4%
ROI	3.5%	2.7%	4.6%	4.7%	5.1%	6.4%
Inflation rate:						
NI	2.5%	1.8%	2.6%	3.4%	3.7%	2.9%
ROI	2.0%	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%	4.0%
Ave rate of increase in pensions:						
NI	2.5%	1.8%	2.6%	3.4%	3.7%	2.9%
ROI (salary increases)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
ROI (CPI)	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%
Ave expected future life at age 65 for:						
Male currently aged 65	21.6	21.5	21.4	21.3	21.2	21.2
Female currently aged 65	24.2	24.1	24.0	23.9	23.8	23.8
Male currently aged 45	23.5	23.4	23.3	23.2	23.1	23.1
Female currently aged 45	26.0	25.9	25.9	25.8	25.7	25.7





Notes to the Accounts for the year ended 31 December 2013 (continued)

13. Reconciliation of Movements in General Reserve

	2013 €'000	2012 €'000	2013 £'000	2012 £'000
At 31 December 2012	125	121	102	101
Exchange (losses)/gains	(3)	3	-	-
Surplus for the year	-	1	-	1
At 31 December 2013	122	125	102	102

14. Reconciliation of Movements in Capital Grant Reserve

	Note	2013 €'000	2012 €'000	2013 £'000	2012 £'000
At 31 December 2012		636	653	518	547
Capital funding receivable during the period	2	49	60	42	49
Funding received via technical assistance		31	77	26	62
Profit/loss on disposal of fixed assets		-	-	-	-
Less amount released to income and expenditure account		(167)	(154)	(142)	(125)
Exchange loss/(gain) on acquisition of fixed assets		-	-	13	(15)
At 31 December 2013		549	636	457	518

Notes to the Accounts for the year ended 31 December 2013 (continued)

15. Notes to Cashflow Statement

15.1 Reconciliation of result for the period to net cash inflow from operating activities	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Surplus/(deficit) for the period	-	1	-	1
Adjustment for non cash transactions				
Exchange differences on translation of opening Cash balances at 1 January	(157)	66	(131)	54
Depreciation	167	154	142	125
Capital Grant Release	(167)	(154)	(142)	(125)
Loss on disposal of fixed assets	-	-	-	-
Difference on Foreign Exchange Translation	(2)	3	-	-
Adjustments for movements in working capital				
Decrease/(increase) in debtors	4,731	(10,832)	2,973	(7,904)
Increase in creditors	13,815	15,790	12,659	11,842
Net cash inflow from operating activities	18,387	5,028	15,501	3,993

15.2 Reconciliation of net cash inflow to movement in net debt	2013 €'000	2012 €'000	2013 £'000	2012 £'000
Cash in bank at 1 January	9,993	5,031	8,149	4,210
Retranslation to current year exchange rates	157	(66)	131	(54)
	10,150	4,965	8,280	4,156
Net cash inflow	18,387	5,028	15,501	3,993
Cash in bank at 31 December	28,537	9,993	23,781	8,149

16. Contingent liabilities

There were no contingent liabilities at either 31 December 2012 or 31 December 2013.

Notes to the Accounts for the year ended 31 December 2013 (continued)

17. Operating Lease Commitments

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

	Land and Buildings	Other	Land and Buildings	Other
	2013	2013	2012	2012
	€'000	€'000	€'000	€'000

Leases which expire:

Within one year	-	-	-	2
Within two to five years	99	13	52	-
After five years	175	-	227	-
	274	13	279	2

	£'000	£'000	£'000	£'000
Within one year	-	-	-	2
Within two to five years	82	11	42	-
After five years	146	-	185	-
	228	11	227	2

18. Capital Commitments

The SEUPB had no capital commitments at either 31 December 2012 or 31 December 2013. 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 .

Notes to the Accounts for the year ended 31 December 2013 (continued)

19. Grant Commitments

At 31 December 2013, SEUPB had outstanding grant commitments totalling €171 million (£143 million). The breakdown between Euro letters of offer and £STG letters of offer are set out below:

	Grant awarded	Paid to date	Outstanding Commitment 31/12/2013	Outstanding Commitment 31/12/2012
€ Euro Letters of Offer:	€'000	€'000	€'000	€'000
PEACE III	82,722	68,539	14,183	39,511
INTERREG IV	83,628	58,581	25,047	52,646
	166,350	127,120	39,230	92,157

£ Stg Letters of Offer:	£'000	£'000	£'000	£'000
PEACE III	187,616	135,063	52,553	110,600
INTERREG IV	132,445	74,856	57,589	82,943
	320,061	209,919	110,142	193,543

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 manages a central EU Grants 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.

Notes to the Accounts for the year ended 31 December 2013 (continued)

(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

There were no losses or Special Payments in the year.

22. Financial Instruments, Liquidity, Interest Rate and Foreign Currency Risk

22.1 Financial Instruments

Due to the non-trading nature of its activities and the way 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.

22.2 Liquidity, Interest Rate and Foreign Currency Risk

SEUPB's net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly and the Houses of 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

In previous years, funding offers were withdrawn from 2 organisations, managing a total of 4 projects within the PEACE III Programme. Payments made to these organisations amounting to £574,793 are no longer eligible for EU funding, so the full cost is borne by the Accountable Departments.

In addition to the above, and following a forensic audit into two projects managed by one organisation, expenditure of £581,064 has been deemed ineligible. The company has ceased trading, and an evidence pack has been prepared and submitted to the Police Service of Northern Ireland for consideration.

There are currently two further forensic investigations underway, the outcome of which cannot be determined.

Appendix

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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