



# EU Project Management Handbook

*Guidelines for Project Managers  
working on EU funded projects*

Version 1  
November 2011



Llywodraeth Cymru  
Welsh Government





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# INTRODUCTION AND FURTHER INFORMATION

## 2. Purpose of this guide:

This guide aims to provide advice and guidance to project managers to ensure compliance with EC Regulations for Structural Funds projects (Convergence Programme and Territorial Co-operation).

This guide will:

- provide a single point of reference for European funding matters in relation to project delivery as well as sign-posting to further guidance where necessary.
- standardise the implementation / delivery of Convergence and Territorial Cooperation projects across Isle of Anglesey County Council Services.
- assist with audit preparations and minimise the risk of funding 'claw-back' arising as a result of non-compliance with EC Regulations.
- serve as a 'live document' that will be updated regularly, taking into account any new regulations or recommendations arising from procurement visits, project inspection & verification visits and financial control / audit visits.

## 2.1 Further guidance and information regarding European funding:

### Specialist European Teams (SETs):

SETs are a network of European funding specialists across Wales, offering a free service to organisations from all sectors, to help maximise the delivery of European Structural Funds for the people of Wales. The organisations involved in the SETs are: the Welsh Assembly Government; Local Authorities in Wales; and Wales Council for Voluntary Action (WCVA). Sometimes SET Officers based within local authorities are referred to as Outreach SET whilst the SET service provided by the WCVA is sometimes termed 3-SET.

The Isle of Anglesey County Council Outreach Specialist European Team (SET) can:

- provide guidance and information to organisations / departments that are developing and implementing European funded projects on Anglesey.
- assist in maximising the delivery of the European Structural Funds on Anglesey.



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- encourage collaboration in project planning and development on both a local and a regional level.
- provide a project 'aftercare' function to assist departments / organisations before, during and after procurement visits, project inspection & verification visits and financial control / audit visits.
- ensure that any examples of 'best practice' are shared / disseminated to local project sponsors and between SETs regions.
- keep officers / managers informed of any opportunities to tender for delivery of European funded projects.

### Contact details for the Anglesey SET:

Aled Prys Davies, Principal Development Officer (European Support)

[apdpl@anglesey.gov.uk](mailto:apdpl@anglesey.gov.uk)

(01248) 75 2479

Osian Wyn Roberts, European Officer (SET)

[owrpl@anglesey.gov.uk](mailto:owrpl@anglesey.gov.uk)

(01248) 75 2451

[set@anglesey.gov.uk](mailto:set@anglesey.gov.uk)

[www.anglesey-europe.org](http://www.anglesey-europe.org)

### Other key contacts:

#### 2. Welsh European Funding Office (WEFO)

[www.wefo.wales.gov.uk](http://www.wefo.wales.gov.uk)

(0845) 010 3355

#### 3. The official web-site of the European Commission

[www.ec.europa.eu](http://www.ec.europa.eu)

#### 4. Welsh Assembly Government – Wales in Europe

<http://wales.gov.uk/topics/international/europe/wales/>

#### 5. Welsh Local Government Association (WLGA) – WLGA & Europe

[www.wlga.gov.uk/english/wlga-europe/](http://www.wlga.gov.uk/english/wlga-europe/)



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## 2.2 About Structural Funds

### Structural Funds for the 2007 – 2013 Programming Period

#### Convergence Programme:

- Anglesey, as well as the other 14 Local Authority areas that make up the West Wales and the Valleys region, is eligible for support through the **Convergence Programme** for the 2007 – 2013 programming period.
- Convergence is the highest level of support from the European Union for the 2007 – 2013 period; to qualify a region must have a GDP below 75% of the EU average.
- Convergence is the successor of the Objective One programme, which was the highest level of support available from the EU for the 2000 – 2006 programming period.
- Follow this link to view a map of local authority areas in the West Wales & the Valleys region that are eligible for Convergence support:  
<http://wales.gov.uk/docs/wefo/publications/convergence/091008convergencemap.en.pdf>
- The Convergence Programme, through its two funds (European Regional Development Fund & European Social Fund), aims to:
  - Create jobs (ERDF)
  - Assist new and existing businesses to grow – including social enterprises (ERDF)
  - Regenerate deprived communities (ERDF)
  - Tackle climate change (ERDF)
  - Invest in innovation, research and development and technology (ERDF)
  - Improve sustainable transport (ERDF)
  - Tackle economic inactivity (ESF)
  - Supply young people with skills for learning and future employment (ESF)
  - Raise workforce skills (basic and intermediate level skills) as well as providing higher level skills for the knowledge economy (ESF)
  - Promote gender equality in employment (ESF)
  - Modernise and improve public services (ESF)
- £3.5 billion in total, including match-funding, will be invested in the West Wales and the Valleys region through the Convergence Programme. £1.69 billion of this is from European Funds (£1 billion ERDF & £690 million ESF); whilst the remainder is match funding from the Welsh Assembly Government (e.g. TMF; Môn & Menai Programme etc.); local authorities; other public bodies; third sector organisations and the private sector.
- Further information regarding the funds that comprise the Convergence Programme can be seen in the Operational Programmes:



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- ERDF Operational Programme:  
<http://wefo.wales.gov.uk/programmes/convergence/erdf/?lang=en>
- ESF Operational Programme:  
<http://wefo.wales.gov.uk/programmes/convergence/esf/?lang=en>

## 2.3 Territorial Co-operation Programmes:

The Territorial Co-operation Programmes aim to strengthen links and encourage co-operation between cross border neighbours and between other member states of the European Union in the development and implementation of innovative projects. Welsh regions are eligible to take part in four Territorial Co-operation programmes for the 2007 – 2013 programming period.

### 1. Ireland / Wales Cross Border Programme (Interreg IVa):

**Aim:** To further improve cross-border co-operation between Ireland and Wales.

**Priorities:**

- Employment (providing more and better jobs);
- Innovation;
- Climate change; and
- Sustainable development.

**Total funds available for the programme:** €70M

**ERDF allocation:** €52.7M

**Maximum intervention rate:** 75% of eligible costs

**Programme management for the 2007 – 2013 period:** SERA (Southern and Eastern Regional Assembly), Waterford, Ireland.

**Map of Ireland / Wales eligible areas:**

<http://wales.gov.uk/docs/wefo/publications/territorialcooperation/irelandwales/090901irelandwalesareamap.pdf>

**Ireland Wales Operational Programme 2007 – 2013:**

<http://wefo.wales.gov.uk/programmes/territorial/irelandwales/publications/operationaldoc/?lang=en>

**Programme web-site:** <http://www.irelandwales.ie/>

### 2. Atlantic Area Transnational Programme:

**Aim:** A maritime focused programme to link regions on the Atlantic coast in five member state regions (United Kingdom (including the whole of Wales); Ireland; France, Portugal and Spain.

**Priorities:**

- Promoting entrepreneurial and transnational innovation network;



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- Protecting, securing and enhancing the marine and coastal environment sustainability;
- Improving accessibility and internal links
- Promoting transnational synergies in sustainable urban and regional development.

**Total funds available for the programme:** c. €158M.

**ERDF allocation:** €104M.

**Maximum intervention rate:** 65% of eligible costs.

**Programme management for the 2007 – 2013 period:** The North Regional Coordination and Development Commission (CCDR-Norte), Porto, Portugal.

**Map of Atlantic Area eligible areas:**

<http://wales.gov.uk/docs/wefo/publications/territorialcooperation/atlanticarea/071128atlanticcoastmapen.pdf>

**Atlantic Area Operational Programme:**

<http://wefo.wales.gov.uk/programmes/territorial/atlanticarea/publications/operationalprogramme/?lang=en>

**Programme web-site:** <http://atlanticarea.inescporto.pt/>

### **3. North-West Europe Transnational Programme (Interreg IVb):**

**Aim:** “To find innovative ways to make the most of territorial assets and tackle shared problems of Member States, regions and other authorities.”

**Priorities:**

- Developing the knowledge-based economy through innovation.
- Sustainable management of natural resources and of natural areas and technological risks.
- Improving connectivity by promoting intelligent and sustainable transport and ICT solutions.
- Promoting strong and prosperous communities at transnational level.

**Total funds available for the programme:** c. €710M

**ERDF allocation:** €355M

**Maximum intervention rate:** 50% of eligible costs.

**Programme management for the 2007 – 2013 period:** Conseil Regional Nord - Pas de Calais Region, Lille, France.

**Map of North West Europe eligible areas:**

<http://wales.gov.uk/docs/wefo/publications/territorialcooperation/071128northwesteuropemapen.pdf>



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## North West Europe Operational Programme:

<http://wefo.wales.gov.uk/programmes/territorial/nweurope/publications/operationaldoc/?lang=en>

Programme web-site: <http://www.nweurope.eu/>

### 4. Inter-regional Programme (Interreg IVc):

**Aim:** To improve the effectiveness of regional policies and instruments through the exchange of experiences and best practice among partners that are responsible for the development of local and regional policies in their regions.

#### Priorities:

- Innovation and the knowledge economy.
- Environment and risk prevention.

**ERDF allocation:** €321M

**Maximum intervention rate:** 75% of eligible costs for the UK (note: intervention rate for this programme varies depending on the member state).

**Programme management for the 2007 – 2013 period:** Conseil Regional Nord - Pas de Calais Region, Lille, France.

**Eligible areas:** The 27 member states of the European Union (EU 27) as well as Norway and Switzerland.

#### Inter- regional Cooperation Operational Programme:

<http://wefo.wales.gov.uk/programmes/territorial/interregivc/publications/operationaldocument/?lang=en>

Programme web-site: <http://i4c.eu/>

## 2.4 WEFO Approach to Projects and Delivery of EU Funds 2007 - 2013

Under the current programming period, 2007 to 2013, the way in which projects are delivered differs from the previous Objective 1 period (2000 – 2006) in that WEFO is providing funding to fewer direct sponsors. This means that for the current Structural Funds programmes there will be a smaller number of larger collaborative projects.

For the delivery of a collaborative project WEFO 'contracts' with a **lead sponsor**, who in turn, collaborates with one or more organisations to delivery the projects. It is only the lead sponsor who will liaise with WEFO on such projects. Project claims, queries and so on from the joint sponsors will be submitted to the lead sponsor, who will collate the information and submit to WEFO. In a joint sponsorship approach, organisations that will be involved in project delivery will have been named in and will have contributed to the development of the business plan. Each sponsor will be responsible for the delivery of their part of the project. Examples of such projects are the '*North West Wales Local Investment Fund (LIF) project*', where IACC is the lead sponsor and the other 3 North



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West Wales Local Authorities are joint sponsors and; the '*Genesis Cymru Wales 2 Project*' where IACC is a joint sponsor in a Welsh Assembly Government (DCELLS) led project.

Although the majority of the projects under these current programmes are collaborative projects, there are also some **single sponsor** projects where, a single organisation contracts directly with WEFO and there are no other sponsors involved in the delivery of the project. However, other organisations may be providing match-funding to the project. In most cases single sponsor projects are addressing an identified demand in a specific geographical area. An example of a single sponsor project delivered by IACC is the '*Development of Anglesey's Coastal Environment Project*'.

For further information follow the link below to WEFO's Guidance on Sponsorship and Delivery Models:

<http://wales.gov.uk/docs/wefo/publications/applyingforfundingguidance/101019sponsorshipanddeliverymodelsguidanceen.pdf>



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# RESOURCING THE PROJECT AND APPOINTING STAFF

## 3. Resourcing the project - Appointing Staff

Appointing staff with the appropriate skills to implement a project is key to ensuring its effective delivery. In some cases, the person responsible for developing the project goes on to implement the project as well however; often this is not the case and project staff are appointed once projects have had approval from WEFO. This has implications for the delivery of the project, often resulting in an overall underspend and the need to reprofile the project financial profile almost immediately after approval.

### 3.1 Appointing staff members following project approval:

It is good practice to ensure that documents relating to the recruitment process have been prepared during the development stage to minimise delays once the project receives approval. In some cases, project staff may be recruited prior to project approval however it must be stressed that this is at the sponsors own risk.

There are usually two ways staff can be appointed to work on project delivery and each case requires different documents as outlined below:

1. Appointment of new staff members – could be either an internal appointment following the circulation of the job advert to Council staff members or an appointment following an external job advert process. This process requires the drafting of a **job advert**, **job description** and an **appointment letter**.
2. Staff secondment – Core Council staff members may also be seconded to the project; for example, a core funded post that is used as match-funding for the project. The secondment process requires that a **letter of secondment** be issued to the staff member in question.

For European funded projects the following information **must** be included in recruitment documents:

#### Job advert and job description:

- The fund logo (e.g. ERDF or ESF logo); and
- The full name of the project; and
- A statement stipulating the funding programme and fund e.g. **“This project is part-funded by the European Social Fund of the Convergence programme for West Wales and the Valleys 2007 – 2013 through the Welsh Government.”**



## Appointment letter and letter of secondment:

- Full name of the project; and
- A reference to the contract length or secondment period; and
- A statement stipulating the funding programme and fund e.g. **“This project is part-funded by the European Regional Development Fund of the Convergence programme for West Wales and the Valleys 2007 – 2013 through the Welsh Government.”**

## Guidance relating to staff members who only spend a proportion of their time delivering a European Funded Project:

Where staff members only spend a proportion of their time implementing European Projects, it is essential that **timesheets** are completed and kept to evidence the actual hours worked on the project. The actual hours worked by the project worker will be used to apportion salary costs to the project.

Timesheets should record the amount of time (actual hours) project officers spend on implementing the European funded project detailing which specific activities are undertaken, as well as recording the amount of time (actual hours) spent on other activities such as core work. That is, timesheets must clearly show the total hours worked by the individual at the organisation with the European funded element shown as a proportion of the total hours (100%).

Timesheets should be completed on a daily basis. If an electronic timesheet is used, it should be printed at the end of each month, signed by the project officer and a supervisor/manager and then filed in the project activity files.

If the officer is responsible for delivering two or more European projects, all activity should be provided in a single timesheet with a clear distinction between projects. A separate timesheet should not be kept for each project delivered by the officer.

A template of a timesheet can be found in **Annex A**.

For further information follow the link below to WEFO's **Guidance Note on Eligible Staffing Costs**:

<http://wales.gov.uk/docs/wefo/publications/developingguidance/090909eligibilestaffingcostsguidancenoteen.pdf>



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# PROJECT START-UP & SETTING-UP SYSTEMS

## 4. Project Start-Up & Setting-Up Systems

### 4.1 Project approval

#### 4.1.1 Approval Letter from WEFO or Lead Partner

Immediately after the project is approved by WEFO, you will have received an approval letter setting out the terms and conditions of the funding; this letter is sometimes referred to as a G.O.L (Grant Offer Letter) or Grant Approval Letter.

If however; you are a partner in the project and not the direct sponsor with the WEFO you will receive a 'funding agreement' letter / document from the project's lead partner. In some cases the WEFO G.O.L. / approval letter will be provided by the lead partner as an annex of the funding agreement or separately for reference purposes.

The WEFO G.O.L. specifies WEFO's requirements in relation to claiming of grant payments; audit and reporting; monitoring; compliance; special conditions; and publicity. The letter also advises the sponsor about documents and guidelines that should be referred to in the delivery of the project.

#### 4.1.2 WEFO or Lead Partner Inception Visit

The WEFO Project Development Officer (PDO) will arrange an inception visit with the project sponsor once the project receives WEFO approval. During the inception visit the PDO will discuss the best ways of delivering the project with the sponsor. You should expect to receive guidance regarding project publicity, procurement, meeting the special conditions, monitoring and evaluation cross cutting themes, as well as making claims to WEFO. Following the inception visit WEFO will hold 'Project Review Meetings' with the project sponsor on a quarterly basis to discuss progress, delivery profile (financials and outputs & results); meeting special conditions, claims, procurement as well as other outstanding matters and any issues.

If you are not a direct sponsor for the project with WEFO, but rather a joint sponsor or a procured delivery agent then the project lead partner (who is the direct sponsor for the project) will arrange a meeting with you shortly after the 'funding agreement' / contract has been issued and signed to discuss project delivery matters. The lead partner will establish regular meetings with joint sponsors or project delivery agents to discuss project implementation and delivery issues.



## 4.2 Project governance

### 4.2.1 Organisational structure and project roles and responsibilities

The sponsor should prepare a diagram showing where the project team sits within the organisation. In some cases the project team may be located across more than one IACC Service / Department.

All staff members taking part in project delivery should be identified and clearly defined roles and responsibilities assigned to each position within the project team.

### 4.2.2 Setting up project groups

#### Steering Group and Working Groups

In order to effectively deliver the project you should establish a steering group and a working group(s) for your project together with any other boards / groups as necessary to oversee project implementation.

The project steering group comprises key stakeholders and its remit is to provide support to the project sponsor. This group is responsible for 'steering' the project activities and ensuring that the project stays 'on-track' in terms of costs, expectations, targets and timescales.

A project may require one or more working groups which will steer / oversee a specific 'workstream' / element of the project. Working groups comprise specialists relating to the specific work area in question.

#### Terms of Reference

A 'Terms of Reference' document should be prepared for each group that is established to oversee the project as a whole or project elements. The terms of reference usually provides at least the following information:

- membership of the group
- functions of the group – roles & responsibilities
- meeting arrangements
- what constitutes a quorum
- communication arrangements

#### Meetings calendar

Where possible a meetings calendar should be established with quarterly meeting dates being arranged for project steering group meetings and working group meeting being held on a monthly or weekly basis if necessary. Meetings may need to be scheduled to coincide with other meetings such as WEFO quarterly review meetings etc.

### 4.2.3 YMPM Framework

YMPM also has a role in project governance. Having gone through YMPM project planning during the project development stage, project managers will need to report to the YMPM Project Management Office (PMO) who will in turn report on the project to



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the IACC Senior Management Team (SMT); the relevant Programme Board; or the specific Departmental Management Team (DMT) as appropriate.

Further information regarding YMPM can be found on MonITor (MonITor / Corporate resources / Performance and project management / Ynys Môn Project Management). The PMO can be contacted on 01248 752 110.

### 4.3 Setting up project systems

A project must have suitable systems in place so that it is managed effectively and to ensure that it remains 'on-track' in terms of costs, targets, timescales, expectations, eligible activities and compliance with EU regulations to name but a few. Having effective systems in place will also contribute to better management of project risks.

European Structural Funds Projects should have the following structures / systems in place at the very least:

- A suitable reporting structure – refer to section 3.2 and section 7
- Systems to monitor project financial performance
- System to monitor progress / performance with project activities and timescales – e.g. work plans; Gantt chart(s); detailed information regarding project workstreams; tracking project milestones / key performance indicators, performance against action plans etc.
- System to monitor performance / achievement of project indicators (outputs, results & outcomes)
- System for exception reporting – for approving major changes to the project in terms of project objectives; targets; budget & cashflow; activities; project timescales; etc.
- Procedures / systems for the preparation and submission of claims (including desk instructions)
- Systems to record participant details / track participant progress.
- Accounting system which separates transactions relating to the project from all other transactions within the organisation.
- Accounting system which clearly distinguishes between ERDF and ESF expenditure for projects with 'cross funds flexibility'.

### 4.4 Policies and guidelines

The project manager is responsible for ensuring that the project is delivered according to IACC policies and guidelines as well as guidance provided by WEFO.

#### 4.4.1 IACC policies and guidelines

The project should comply with the following IACC policies and guidelines at the very least:

- IACC Constitution (incl. section 4.9 – Contract Procedure Rules)
- Staffing / Human Resources policies
- ICT policies
- Welsh Language Scheme Guidelines



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- Data Protection Policy
- Freedom of Information guidelines
- Health & Safety policies a guidelines
- IACC Media Protocol
- Corporate Identity Manual
- IACC EU Document Retention Policy (Note: The 'IACC EU Document Retention Policy' should be adhered to for European Structural Funds projects rather than the 'Retention Guidelines for Local Authorities').

Most of the above can be viewed on MonITor. The IACC EU Document Retention Policy can be viewed at **Annex B**.

#### 4.4.2 WEFO guidance

The following guidance can be viewed on the WEFO web-site:

##### 'Applying for funding' guidance

- Sponsorship and delivery models guidance
- Integrated Plans for Sustainable Urban Development (IPSUD)
- Applying for EU Project Funding
- Sponsorship, Partnership, Procurement and Grants (SPPG)
- Making your Proposals to WEFO – How does it Work?
- Third Sector Access to European Funding
- Supplementary Guidance on FE Sector Engagement
- Project Selection and Prioritisation Criteria
- State aid - general guidance
- Putting in place State aid cover and State aid reporting requirements

##### 'Developing your project' guidance

- Retention and management of documents
- Indirect cost guidance note
- In-kind match funding
- Welsh National Rules on the Eligibility of Expenditure
- Geographic Flexibility / Out-of-area Expenditure
- Guidance Note on Eligible Staffing Costs
- Guidance Note on the use of the Flexibility Facility / Cross-financing Principle
- Major Projects (& Major Project Applications)
- Guidance note on Retrospection
- Guidance Note on Leasing
- 'Cross cutting themes' guidance
  - Environmental sustainability
  - Equal opportunities

##### 'Delivering your project' guidance

- Monitoring and evaluation
  - Monitoring and Evaluation Guidance
  - ESF Indicators, Definitions and Evidence Requirements



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- Category Breakdown Guidance
- ERDF Indicators, Definitions and Evidence Requirements
- Reporting Jobs Created
- Sample Participant Information Form
- Evaluation Summary Sheet
- Terms of Reference (including tender scoring sheet)
- Claiming
  - Guidance Note on Defrayment of Expenditure (Cheque Transactions)
  - Claiming Arrangements
  - Transaction List
  - External Audit of Projects
  - Reporting Accountant Terms Of Engagement
  - Progress Report
- Project Inspections and audit
- Publicity
  - Information and publicity guidelines

#### 'WEFO Online' guidance

- How to complete your delivery profile
- Recording procurement contracts via WEFO Online
- How to register for WEFO Online
- Submit 'Expression of Interest' online
- How to download and send documents
- Case statuses.

WEFO Guidance for Structural Funds Programmes 2007 – 2013  
<http://wefo.wales.gov.uk/news/websiteupdates/100504guidance/?lang=en>



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# PROJECT FINANCE AND BUDGET

## 5. Project finance and budget

### 5.1 Project Finance and Match Funding

The project finance will consist of the grant funding and match funding. Match funding can be in the form of direct cash contributions to the project or in kind contributions. Generally IACC does not use in kind contributions as match funding. All match funding must be recorded separately from your expenditure and reported to the funding body as part of the grants claim process.

Further guidance can be found using the link below.

<http://wales.gov.uk/docs/wefo/publications/developingguidance/100223matchfundinginkinden.pdf>

### 5.2 Project Budget/Profile

Each project will have an approved expenditure profile or budget for the life of the project. This will be based on the original application for funding and will cover a range of budget headings relating to the project activities. It is essential to put a system in place to monitor expenditure against these allocated budgets in order to ensure that spend targets are achieved and that budgets are not being overspent. The system used by the Project Officer does not need to be overcomplicated a simple spreadsheet which compares forecast against actual expenditure incurred will suffice.

It is good practice to forecast commitments to expenditure during the year so that your budget profiles can be adjusted accordingly if required. The Authority's accounting ledger 'Finance Link' does not provide for commitment accounting, any orders raised on a cost centre will not appear on the ledger until a payment has been made, therefore it is important that Project Managers maintain tight control of commitments made on the budget.

Project Officers will be expected to re-profile their budgets over the life of the project and this should be done in conjunction with the Finance Department. Accurate and timely forecasting of project expenditure will reduce the risk of loss of grant funding.

### 5.3 Project Expenditure

Each project will have a Grant Accountant from the Finance Department appointed to work with the Project Officer to ensure financial control of the project. The



Accountant will establish a unique cost centre for the project and a range of expense codes within the Authority's accounting ledger, 'Finance Link' as shown in the example overleaf.

Account Code	Description	Signed YTD Bal	Signed YTD Budget
E80000714	COMMUNITIES FIRST / NI -APT-HP COUNCIL H	0.00	1,423.45
E80000827	COMMUNITIES FIRST / NI -APT-GEN ADMIN	0.00	0.00
E80001214	COMMUNITIES FIRST / SUPN -COUNCIL HOUSIN	0.00	4,740.96
E80001287	COMMUNITIES FIRST / SUPN -APT-GEN FINANCE	0.00	0.00
E80001475	COMMUNITIES FIRST / EMPLOYEES RELATED	0.00	0.00
E80001559	COMMUNITIES FIRST / GENERAL (BUDG HOLDG)	95.00	1,347.92
E80001731	COMMUNITIES FIRST / RECRUIT - STAFF ADVERT	997.68	0.00
E80001743	COMMUNITIES FIRST / OTH - EYE TESTS	0.00	0.00
E80001784	COMMUNITIES FIRST / RECH-B-INS EMPL REL-	0.00	0.00
E80001785	COMMUNITIES FIRST / RECH-B-FIDEL GUARANT I	0.00	0.00
E80001788	COMMUNITIES FIRST / Rech-B-Grant Co Ord (0	6,980.69	0.00
E80002331	COMMUNITIES FIRST / RENT LAND AND BLDG-G	1,662.57	1,210.00
E80002332	COMMUNITIES FIRST / HIRE CHARGES - GENER	63.00	0.00
E80002391	COMMUNITIES FIRST / RECH-B-OTH PREM-ACCOM-	0.00	0.00
E80002393	COMMUNITIES FIRST / RECH-B-OTHER PREM REFR	0.00	0.00

The expense codes will reflect the projects budget headings but are aligned to the standard expense codes established on the ledger. However, new expense codes can be created if necessary if the existing ones do not reflect the range of project activity. It is this cost centre and range of expense codes that will be used to code invoices for payment and will form the basis of the grant claims.

It is important to note that not all expenditure allocated to the cost centre may be captured by the Project Officer as items such as internal recharges will only show on the ledger. Regular communication with the Grant Accountant is vital to ensure that accurate budget monitoring can be undertaken.

It is a useful exercise to check the project cost centre for invoices that have been miscoded by other departments. Although this is not a regular occurrence, it can happen and it may not be detected by the Grant Accountant. The Project Officer is best placed to do this.

### 5.3.1 Direct and Indirect Costs

Project expenditure can be direct i.e. goods or services procured and paid for by the project or indirect costs such as premises costs where the accommodation is not wholly attributable to the project.



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### 5.3.2 Cost Apportionment Methodology

Where costs are not wholly attributable to the project they must be apportioned using an approved methodology. Cost apportionment methodology must be consistent and fully documented in order to demonstrate that the costs charged to the project are as realistic as possible. Your Accountant will assist with the calculations.

Apportionment can be used to calculate:

- Staff costs

Where only a proportion of staff time is claimed against a project, 100% timesheets should be maintained by the Officer to evidence the time spent on the project and other areas of work. The timesheets **must** be signed by the Project Officer and their Line Manager as a true and accurate record. An hourly rate will

be calculated from payroll costs and taking into account an allowance for holidays. This will be applied to the hours worked as recorded on the timesheet to calculate a charge to the project. The Grant Accountant will raise a quarterly journal to charge the salary to the project cost centre.

*N.B where staff spend 100% of their time on one project, timesheets do not have to be maintained as 100% of their salary costs are attributable to the project.*

- Indirect Costs/Overheads

These are incurred where the project only uses a proportion of a much larger provision for example in relation to accommodation. Accommodation costs should be charged based on the space occupied by the project staff. Where project staff are working across more than one project the charges need to be apportioned in line with time recorded on the timesheets. There are a range of indirect costs which a project could incur will be monitored by the Grant Accountant.

Cost apportionment must still be evidenced by the actual costs incurred and original source documentation i.e. payslips, timesheets, invoices and bank statements must support the costs claimed. Where a full audit trail cannot be provided costs will be excluded from claims.

All apportionment calculations should be reviewed at least annually in order to take account of any staff or other changes which may impact upon the calculation.

The charges will be applied to the cost centre once a year by the Grant Accountant.

Where possible it is advised that direct costs be used to provide a clear audit trail. For example if the project needs some printing done and there is an option of carrying it out in house as part of a larger print job or going to an external supplier whilst still ensuring value for money, then the preferred option would be to use an external supplier and receive an invoice for payment. Whilst indirect costs are



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acceptable the audit trail can be complex and is often subject to a greater degree of scrutiny by auditors.

Further details on direct and indirect costs and apportionment methodology can be found using the link below:

<http://wales.gov.uk/docs/wefo/publications/developingguidance/100909indirectcostsguidanceen.pdf>

A timesheet template can be found using the link below:

<http://wales.gov.uk/docs/wefo/publications/developingguidance/100223matchfundinginkinden.pdf>

## 5.4 Expenditure Processing

Upon receipt of a supplier invoice a green coding slip is to be applied to the front of the invoice (see below).

**EXAMPLE**

Dadansoddiad T.A.W. V.A.T. Analysis		£	C/P	Rhif y Credydwr Creditor Number				
Safonol Standard	S	200	00	CA0047				
Graddfa Dim Zero Rated	Z			Rhif yr Archeb Order Number 615942				
Eithriadol Exempt	X			Dyddiad Derbyniwyd Received Date 25/3/2011				
Tu Allan I'r Sôp/Di-Fusnes Outside Scope/Non Business	A			Dyddiad yr Anfoneb Invoice Date 11/4/2011				
Tanwydd Fuel	L			Dyddiad Talu Due Date 25/4/2011				
<b>CYFANSWM T.A.W V.A.T. TOTAL</b>		40	00	Dull Cyflwyno Despatch Method -				
<b>CYFANSWM YR ANFONEB INVOICE TOTAL</b>				Cais Arbennig Special Request -				
Rhif yr Anfoneb Invoice Number		622902/A						
Disgrifiad Description		TRAINING COURSE						
Rhif Llinell Line Number	T.A.W. V.A.T.	M/G S/C	CANOLBWYNT COST COST CENTRE	MANYLION CODAU DETAIL CODES	+	-	SWM AMOUNT	
1	S		E F 0 0 0 1 5 5 9				£	C/P
1							240	00
1								
<b>Cyfanswm Rhif Llinell 1/Line 1 Total</b>							240	00
2								
2								
2								
<b>Cyfanswm Rhif Llinell 2/Line 2 Total</b>								
Rhif Gwarant Voucher Number		569213		Marcwyd archeb swyddogol Official Order Marked		Ardystwyd i'w Dalu Certified for Payment		
Derbyn Nwyddau Received y Gweth Goods Received Work Done		Cytunwyd y prisiau Prices Agreed		Anfoneb heb ei gyflwyno o'r blaen Invoice not previously passed		unwite		
Stoc/Inventory Stores Entered		Cadarnhawyd y Côd Coding Checked		Cyfrifo/Rhifydddeg Calculations/Additions				
<b>TALJADAU Â LLAW YN UNIG/MANUAL PAYMENTS ONLY</b>								
Rhif y Siec Cheque Number				Dyddiad Talu Date Paid				
Ffyrdd Eraill o Dalu Other Payment Methods				Dyddiad Talu Date Paid				

**EXAMPLE**

An accurate rather than a generic description of goods/services should be entered at A. This will assist the Grants Accountant when information is extracted from the ledger to put into the transactions list on the claim form and will also help the Project Officer to verify the claim. For example if an invoice has been received from a business for a grant instalment enter which business it is and what instalment it is (TJW Ltd LIF Grant Payment 2) rather than simply Grant Payment. Inaccurate or generic information means that the entries extracted from the ledger have to be amended on the transaction listing which creates additional and unnecessary work.

The project cost centre and a relevant expense code should be entered on to the slip at B and the boxes signed at C to confirm that:

- the goods/services have been received;
- the prices have been agreed;
- the invoice has not previously been paid
- cost centre and VAT coding has been checked;
  
- calculations have been checked;
- items entered on an inventory (if applicable).

The invoice is then authorised for payment at D by an authorising officer (generally Head of Service).

The invoice is sent to the Finance Department's Creditor Payments Section for processing where it will be checked and a voucher number entered at E on the coding slip.

This voucher number is vital as all original invoices are stored in Finance in voucher number order and it is the voucher number and not the original invoice number which appears on the accounting ledger.

All the information contained in the coding slip is downloaded on to the accounting ledger and this electronic information becomes the basis of the grant claims.

Invoices are paid twice weekly. When a BACS payment is made this will appear on the Authority's bank statement a few days later as defrayed expenditure.

When a cheque payment is raised the cheque must be presented to the payee's bank for clearing and appear on the Authority's bank statement before it is deemed to be defrayed. Raising a cheque for payment **does not** constitute defrayed expenditure. A cheque payment raised in the last few days of a claim period is unlikely to qualify as defrayed expenditure until the next claim period.

Further guidance on defrayment of cheque payments can be found using the link below.



## 5.5 Procurement Card

The procurement of goods and services, should, whenever possible, be secured through the use of an official order and the payment of a supplier invoice. However there are times when this may not be possible for example when travelling abroad and paying for hotel accommodation. In circumstances like this a Procurement Card can be used.

The decision for issuing Procurement Cards lies with the Head of Service (Finance). A business case needs to be put forward by a Project Officer for consideration to the Procurement Section. The decision making process can take several weeks so sufficient time has to be allowed. Procurement Cards will only be issued in extreme circumstances so there needs to be very strong reasoning why one is required by a project.

The Procurement Card acts like a credit card. Each card has a certifying officer who certifies each entry electronically. The Authority is committed to paying the transaction once used. The card balance is paid by the Authority in full at the end of the month.



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# MANAGING PROJECT RISKS

## 6. Managing project risks

### 6.1 Risk Log

It is essential that any risks to the delivery of the project are first of all identified, and then mitigation measures adopted to reduce the risks where possible. It must be stressed that project risks can have a positive or negative impact on the delivery of a project. Keeping a risk register / risk log is a good practice for recording and managing project risks; however, to ensure that it is an effective tool it is imperative that it is reviewed and updated on a regular basis.

The following information should be recorded in a risk register / risk log:

- **Description of the event / risk**
- **Original risk rating** (before any mitigation actions are adopted) – to include probability that risk will occur; impact the risk will have if it occurs and the effect the risk will have if it occurs. [The effect is calculated by multiplying the probability with the impact].
- **Description of any mitigation actions** - which if implemented could reduce the probability and or impact of identified risks.
- **Residual risk rating** (after mitigation actions are implemented) – probability, impact and effect.
- **Owner of the risk** – identifying who is responsible for the risk and ensuring that mitigation actions are undertaken to reduce the risk.
- **Risk end date / status** – to clearly demonstrate when the risk is active or if the risk is still current (open status) or whether risk has ended / elapsed (close status).
- **Risk Review** – to include the date each risk was last reviewed and the date when the next review of each risk will be undertaken.
- **Contingency measures** – sometimes details of contingency measures are included on a risk register / risk log. These contingency measures will only be adopted / implemented if the events / risks are realised.

The Ynys Môn Project Management (YMPM) Programme, the corporate approach to managing projects within the Authority, already offers guidance and a template to be used to manage risks.



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Further information regarding the YMPM Programme and document templates can be found on MonITor (go to the '**corporate resource**' tab, click on '**performance and project management**' tab then on the '**Ynys Môn Project Management**' tab or follow the link below:

<http://monitor.anglesey.gov.uk/doc.asp?cat=5107>

## 6.2 Managing Risks to Project Participants and the General Public:

If a project is undertaking activities which could affect the general public (such as construction/infrastructure projects) or project participants (through the undertaking of activities to engage participants for ESF projects for example) it is crucial that the Project Manager ensures that there are appropriate measures in place to reduce risks as far as is reasonably practicable.

Further guidance, information regarding policies and current legislation, undertaking risk assessments and contact information for the IACC Health and Safety Team can be accessed by following the '**Health and Safety**' tab on MonITor or through the following link: <http://monitor.anglesey.gov.uk/doc.asp?cat=5140>

Project managers are also encouraged to contact the IACC Risk & Insurance Manager to discuss any project activities that could potentially cause harm to project participants and / or the general public to ensure that project activities are covered by IACC corporate insurance policies. In some cases, new insurance policies will need to be taken out to cover project activities.

Julie Jones,  
IACC Risk and Insurance Manager,  
[JJXFI@anglesey.gov.uk](mailto:JJXFI@anglesey.gov.uk)  
Tel: 75 2609



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# PROCUREMENT

## 7. Procuring Goods Services & Works for the Project

### 7.1 What is meant by Procurement?

Procurement is defined as the purchasing of goods or the payment for services or works at the best possible price, at the correct quantity and at the required quality.

Procurement must demonstrate openness and transparency, affording equality of opportunity to anyone wishing to submit a tender for the provision of goods, services, or works projects. Procurement ultimately ensures value for money and therefore the most efficient use of European funds.

It is not always the lowest priced quote / tender that provides the best value for money. Several factors need to be taken into consideration when determining best value for money, for example, response to brief / ITT; the project team; methodology; as well as price submitted to name but a few.

In order to demonstrate openness and transparency, procurement procedures or a procurement policy should be in place by the project sponsor and be available to view by anyone who wishes to do so.

### 7.2 IACC and WEFO / WAG procurement procedures – procurement thresholds:

The IACC procurement procedure is detailed in the Council's Constitution, which can be viewed electronically on the corporate web-site or on MonITor. Please refer to section 4.9 – Contract Procedure Rules (CPRs) (with reference also to section 4.8 – Financial Procedure Rules).

**Although European funded Project Officers are expected to pay close attention to the Council's CPRs; WEFO / WAG's procurement procedure must also be heeded when procuring goods, services or works for European funded projects.**

Information regarding the WEFO / WAG procedures can be viewed in the 'Sponsorship and Delivery Models Guidance' on the WEFO web-site.

The Isle of Anglesey County Council and the WAG / WEFO procurement procedures specify differing thresholds for procurement activity. **Where there is a conflict between procurement thresholds it is advisable to use the most onerous of the procurement requirements, be they the WEFO WAG or the Council's own Contract Procedure Rules.**



**Note: Beware of aggregation!** – The procurement of goods, services or works that are similar in nature should be treated as one contract / activity when deciding upon the threshold and the procurement action that will be required. In some cases, for example projects that run for several years, it may not be possible to predetermine all the similar activities that will need to be procured during the project lifetime, therefore, the value of activity over 48 months should be taken into consideration when deciding the threshold and the procurement action required. *Pieces of work / contracts should not be artificially cut up so as to fit under certain thresholds. An example being a contract worth £40,000 split into two pieces of work of £20,000 each so as to avoid going out to full tender.*

### 7.2.1. IACC's procurement thresholds:

Estimated value	Action required
<b>Contracts or orders up to £2,999 (excl. VAT)</b>	<ul style="list-style-type: none"> <li>• Single written quotation from a supplier sourced from those listed on <a href="http://www.sell2wales.co.uk">www.sell2wales.co.uk</a>. The order should be placed using a Purchase Order.</li> </ul>
<b>Contracts or orders valued between £3,000 and £29,999 (excl. VAT)</b>	<ul style="list-style-type: none"> <li>• Minimum of three written quotations must be obtained from suppliers sourced from buy4wales.</li> <li>• An invitation to quote letter should be used, supported by a specification of the requirement and a pricing schedule for suppliers to complete.</li> <li>• Bids can be received via e-mail, fax or in writing by a pre set deadline. Receipt of quotations can be handled by the Department, rather than Legal Services, but receipt, safe keeping, and opening at one time after the deadline should follow the same process as tenders.</li> <li>• Bids received should be evaluated against criteria stated within the specification. Examples of criteria include: Ability to meet specification; Project management capability; Ability to meet timescales; Experience of carrying out work of that nature; Cost. You must advise tenderers in advance of the evaluation criteria and weightings.</li> <li>• The criteria should be weighted in terms of their overall importance. The contracts should be awarded on the basis of the highest scoring bidders against the criteria, with a minimum threshold where several contractors are sought.</li> <li>• The Contracts / Orders should be placed using a Purchase Order.</li> <li>• Feedback should be offered to all unsuccessful applicants / tenderers as a matter of good practice.</li> <li>• Mandatory standstill periods and appeal provisions do not apply to below Threshold Tenders or quotations.</li> </ul>
<b>Contracts valued</b>	<ul style="list-style-type: none"> <li>• The tender must be advertised on <a href="http://www.buy4wales.co.uk">www.buy4wales.co.uk</a> using a non OJEU contract notice.</li> </ul>



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<p><b>between £30,000 and £156,423 (excl VAT)</b></p>	<ul style="list-style-type: none"> <li>• Relevant Common Procurement Vocabulary (CPV) codes should be selected for the contract when placing the advert on <a href="http://www.buy4wales.co.uk">www.buy4wales.co.uk</a>.</li> <li>• A sealed bid competition must be undertaken in accordance with Council Procedure Rules. Tenders should be returned to Legal Services.</li> <li>• Council Procedure Rules require all tenders (above or below threshold) to be advertised in the local press, and on the Council's website, in addition to any other means of advertising.</li> <li>• Bids received should be evaluated against criteria stated within the specification. Examples of criteria include: Ability to meet timescales; Project management capability; Ability to meet timescales; Experience of carrying out work of that nature; Cost. You must advise tenderers in advance of the evaluation criteria and weightings.</li> <li>• The criteria should be weighted in terms of their overall importance. The contracts should be awarded on the basis of the highest scoring bidders against the criteria, with a minimum threshold where several contractors are sought.</li> <li>• The Contracts / Orders should be placed using a Purchase Order.</li> <li>• Feedback should be offered to all unsuccessful tenderers as a matter of good practice.</li> <li>• Mandatory standstill periods and appeal provisions do not apply to below Threshold Tenders or quotations</li> <li>• Sufficient ("reasonable") time should be allowed for the stages of a below threshold tender.</li> </ul>
<p><b>Contracts valued at £156,424 plus (excl VAT) for 'goods &amp; services' (£3.9M for 'works')</b></p>	<ul style="list-style-type: none"> <li>• <b>The European Union Tendering Procedure shall apply.</b></li> <li>• <b><u>The advice of the Council's Legal Section must be sought in all such cases.</u></b></li> <li>• <b>Tenders should be returned to the Legal Services Department.</b></li> <li>• Council Procedure Rules require all Tenders (above or below Threshold) to be advertised in the local press, and on the Council's website, in addition to any other means of advertising</li> <li>• Bids received should be evaluated against criteria stated within the specification. Examples of criteria include: Ability to meet timescales; Project management capability; Ability to meet timescales; Experience of carrying out work of that nature; Cost. You must advise tenderers in advance of the evaluation criterion and weightings.</li> <li>• The criteria should be weighted in terms of their overall importance. The contracts should be awarded on the basis of the highest scoring bidders against the criteria, with a minimum threshold where several contractors are sought.</li> <li>• The Contracts / Orders should be placed using a Purchase Order.</li> </ul>



- Feedback should be offered to all unsuccessful tenderers as a matter of good practice.
- Mandatory standstill periods and appeal provisions apply to below Threshold Tenders or quotations – seek advice from the Procurement Section in advance.

### 7.2.2 WEFO / WAG procurement thresholds:

For the Convergence Programme, Territorial Co-operation and the Rural Development Plan (Business Plan 2 activity) WAG stipulates the following requirements:

All figures exclude VAT	Action required	Award procedure
£4,999.99 or below	1 written quote	Purchase Order
£5,000 to £24,999.99	3 written quotes	Purchase Order
£25,000 to £101,323 (£156,424)	Formal tender process. Minimum of 3 bids.	Contract Award Letter
£101,323 plus	EU Procurement Process for goods & services for organisations listed in Schedule 1 of SI 1995/201	Contract Award Letter
£156,424 plus	EU Procurement Process for <b>goods and services</b> for other public sector organisations	Contract Award Letter
£3,927,260	EU Procurement Process for <b>works</b> contracts	Contract Award Letter

(Source: WEFO's 'Sponsorship and delivery models' guidance; Version 1; October 2010)

### 7.3 Selecting a suitable procurement procedure:

Procurement regulations allow the use of any of the following procurement procedures. The individual / organisation wishing to procure goods, services or works must select the most appropriate procedure to ensure the best outcome for their project.

1. **Open Procedure** – anyone can submit a tender for a project / activity.
2. **Restricted Procedure** – only suppliers who are successful during the Pre Qualification Questionnaire (PQQ) or EOI stage are asked to submit a full tender. This procedure is often used by purchasers to reduce the amount of tenders to be dealt with; however a minimum of five participants must be selected to proceed to tender stage to ensure sufficient competition.
3. **Competitive Dialogue** – allows organisations to enter into dialogue with bidders before seeking final tenders. A minimum of 3 participants must be selected to proceed to tender stage to ensure sufficient competition.
4. **Negotiated Procedure** – chosen supplier(s) are invited to negotiate the terms of a contract. A minimum of 3 participants must be selected to proceed to tender stage to ensure sufficient competition.



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The open and restricted procedures are most commonly used; however; the competitive dialogue process can be used if a contract can't be awarded by either of these procedures. The use of the negotiated procedure is extremely limited and is often only used in extreme urgency and not for EU projects. Never use either a Competitive Dialogue or Negotiated Procedure without seeking prior guidance from the Council's Procurement Unit.

#### 7.4 Procurement timescales:

At least ten working days notice should be given when seeking tenders, however; for EU level tenders / procurement process the following **OJEU mandatory advertising timescales** must be adhered to:

Procedure	Text	Days
Open	Minimum time for receipt of tenders from date contract notice sent to the OJEU	52
	Reduced when prior information notice (PIN) published (subject to restrictions) to, generally, And no less than -	36 22
Restricted	Minimum time for receipt of <b>requests to participate</b> from the date the contract notice sent.	37
	Minimum time for <b>receipt of tenders</b> from the date invitation sent.	40
	Reduced when PIN published (subject to restrictions) to, generally, And no less than -	36 22
	Minimum time for receipt of <b>requests to participate</b> from the date contract notice sent	15
Restricted Accelerated	Minimum time for <b>receipt of tenders</b> from the date invitation sent	10
	Minimum time for receipt of <b>requests to</b>	37



Dialogue and competitive Negotiated	<b>participate</b> from the date the contract notice sent	
Competitive Negotiated Accelerated	Minimum time for receipt of <b>requests to participate</b> from the date contract notice sent	15

(Source: Office of Government Commerce's 'EU procurement guidance – Introduction to the EU procurement rules'; March 2008)

“Timescales for expressions of interest may be further reduced by 7 days (5 days for accelerated procedure) where the OJEU Contract Notice has been prepared and submitted **electronically**” (Office of Government Commerce's 'EU procurement guidance – Introduction to the EU procurement rules'; March 2008)

“Timescales for returns of tenders may be further reduced by 5 days where the authority provides for full and unrestricted electronic access (via a web-site) to contract documents from the date of publication of the OJEU Contract Notice and that notice specifies the internet address where those documents will be made available.” (Office of Government Commerce's 'EU procurement guidance – Introduction to the EU procurement rules'; March 2008)

## 7.5 Procurement timeline / stages:

As a guide, the following process should be undertaken when procuring goods, services or works:

1. **Identify the need** – what do you want to procure?
2. **Estimate the cost of the goods, services or works which you wish to purchase** – will you need to purchase similar 'products' at a later date during the project lifetime? – If so beware of aggregation when determining the threshold!
3. **Determine the procurement action required** – i.e. dependent on the threshold i.e. is it a request for quote/s; formal tender; EU procurement procedure? Remember to use the most onerous of the procurement actions where there is conflict between the IACC and WAG thresholds!
4. **Draft the 'specification document' / 'brief' and prepare the 'scoring matrix'**.
5. **Prepare a 'request for quote; or 'tender notice' on Buy4Wales** – specification document and scoring matrix needs to be posted with the notice as well. It is good practice to ensure that there are two persons' contact details on the notice especially if the main contact person is away on leave at some point during the procurement process.
6. **Prepare and place an advertisement in one or more local newspapers and on the IACC corporate web-site.**



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7. **Inform the IACC Legal Department of the nature of the tendering activity and of the return deadline** if the procurement activity requires formal tender process or EU procurement process.
8. **Buy4Wales notice sign-off** – once the ‘request for quote’ / ‘tender notice’ has been prepared it will need to be signed off by the IACC Procurement Team and published on the Buy4Wales web-site.
9. **Responding to enquiries by prospective applicants** – everyone should be given the same access to further information concerning the proposed goods, services or works.
10. **Quotations / tenders received by the deadline** – all tenders must be addressed to the Director of Legal Services.
11. **Official tender opening for formal tender or EU procurement process.**
12. **Tender scoring** – using the scoring matrix provided with the specification document.
13. **Invite applicants that are successful at the scoring stage to interview and prepare a tender report.**
14. **Interviews** – A suitable interview panel needs to be assembled and questions should be prepared prior to the interviews taking place.
15. **Contract award** – for further details see section 6.6 below.
16. **Drafting and signing a contract / Service Level Agreement (SLA) with the successful contractor** – all contracts / SLA should be checked by IACC Legal Services before they are sent to the successful supplier / contractor for signing. Two copies should be sent – one to be retained by the contractor and the other to be returned to IACC.

## 7.6 Awarding contracts:

When awarding a contract the following procedures are mandatory:

1. **Intention to award** – the Council must inform everyone who has submitted a tender of the intention to award the contract to the successful supplier. This must be undertaken in writing “by the quickest means possible” and must show the award criteria; that particular tenderer’s score; as well as the name of and score given to the successful tenderer.
2. **Mandatory Standstill Period** – the council must allow at least 10 days standstill between the ‘intention to award’ and the date when the contract will be awarded to the successful tenderer.



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3. **Contract Award** – the Council will enter into contract with the successful tenderer.
4. **Award Notice Publication** – An award notice will be published on the Buy4Wales web-site for the public to view.

## 7.7 Asset Register:

An asset register must be kept of all assets / goods that are purchased by European funded projects. An asset register can be produced using a spreadsheet or table, and must include the following information where applicable:

- Date of purchase of the asset
- Description of the asset
- Price paid minus recoverable VAT
- Amount of funding / grant paid towards the asset
- Location of the title deeds (if relevant)
- Serial or identification numbers
- Location of the asset / where asset is kept
- Date of disposal; and
- Sale proceeds net of VAT.

## 7.8 Contacting the IACC Procurement Team:

The Council's Procurement Team can offer advice and guidance in relation to all aspects of the procurement procedure, and must be contacted before a notice / tender opportunity is advertised on Buy4Wales. The Procurement Team is responsible for publishing a notice on Buy4Wales after the notice has been prepared by officers.

**In all cases of procurement exceeding £30,000, it is strongly advised that officer should contact the IACC Procurement Team in good time to ensure that the procurement process fully complies with regulations.**

The Council's Procurement Team can be contacted on 01248 75 2136.

In some instances, other council departments will need to be contacted during procurement processes. Draft contracts should be checked by the IACC Legal Department. The services of the Council's Finance Department may need to be called upon if a financial status check of applicants / organisations is included in a PQQ.

## 7.9 Further information:

- WEFO's Guidance on Sponsorship, Partnership, Procurement and Grants (SPPG) - accessed via the WEFO website: [www.wefo.wales.gov.uk](http://www.wefo.wales.gov.uk)  
(<http://wefo.wales.gov.uk/applyingforfunding/submitting/guidance/sponsorshipdeli/verymodels/?lang=en>)



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- Section 4.9 of the Isle of Anglesey County Council's Constitution – accessed via MonITor (<http://monitor.anglesey.gov.uk>)
- The Buy4wales step by step guides.
- 'EU procurement guidance – Introduction to the EU procurement rules' (Office of Government Commerce; March 2008)
- '10-day Mandatory Standstill Period – OGC revised guidance note for public sector contracts' (Office of Government Commerce; January 2008 – Update)



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# REPORTING ON PROJECT PROGRESS

## 8. Reporting on Project Progress

Reports can be useful for you to inform stakeholders of the progress of your project. Reports should provide an early indication of what your project is delivering successfully or give an early warning of any difficulties.

Reporting on project progress is the responsibility of the Project Officer and is an essential part of delivering EU funded projects. It is very easy to spend grant funding, but it is more difficult to know how best to spend it to achieve what was laid out in the original application / delivery profile. Funding bodies (WG & WEFO) need to see that projects are progressing towards their original objective at each claim.

A report on project progress should include:

- any activity undertaken in the last claim period;
- any milestones that have been achieved;
- any procurement activity;
- any publicity coverage obtained for the project;
- any staffing issues;
- achievement of outputs, results or impacts;
- any evaluation activity;
- any risks or issues highlighted;
- explanation of any slippage in the project budget;
- information on match funding achieved;
- progress towards the fulfilment of any special grant conditions as laid out in the offer letter;
- progress towards addressing the cross cutting themes of environmental sustainability and equality of opportunity.

A standard template has now been produced by the Specialist European Team (SET) for use by Project Officers for internal reporting and should be used to report at every Project Board/ Steering Group meeting.

IACC EU YMPM Reporting template – **Annex C**.

WEFO will require a separate format for reporting; this can be accessed through the following link:

WEFO Progress Report Template:

<http://wefo.wales.gov.uk/delivering/howtoclaim/progressreport/?lang=en>



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## 8.1 Reporting Frequency

To ensure a transparent and comprehensive view of all project activities, project officers should ensure that all stakeholders and relating project groups are fully informed of all project activities.

Normally it is required to report on progress (internally) on a monthly basis. Any regional project groups (joint projects) may be reported to less frequently; possibly once a quarter or as per the decision of regional stakeholders.

Reporting frequency should be decided upon in the initial weeks of project implementation.

## 8.2 Project Review Meetings and Liaison with WEFO (Only for Direct Sponsors)

### 8.2.1 Project Review Meetings

As a 'Lead Body' or Direct Project Sponsor, Local authorities will be required to report on project progress to WEFO on a regular basis.

The reporting process will be based upon the WEFO progress report template and will review the project's progress against the aims and objectives set out in the business plan.

Review meetings normally occur on a quarterly basis to coincide with the submission of quarterly claims.

WEFO Progress Report Template:

<http://wefo.wales.gov.uk/delivering/howtoclaim/progressreport/?lang=en>

### 8.2.2 Liaison with WEFO

Any Local Authority acting as a Lead Body or Direct Sponsor on any EU funded project will be required to liaise with WEFO on a daily basis to ensure they keep updated on any changes relating to the project. Any information gained from WEFO should be disseminated to any joint sponsor.

Lead Body or Direct Sponsors also have a responsibility to communicate any major issues stemming from meetings with joint project sponsors to WEFO as and when they occur.



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# PREPARING PROJECT CLAIMS

## 9. Preparing Project Claims

### 9.1 Overview

The timely submission of grant claims is an essential part of the financial management of a project and keeps the funding flowing. Delays in submission not only reflect badly on the Authority's ability to manage grant funding but will also result in a delay in payments. The timetable for the submission of grant claims does vary between projects and will be contained in the original grant offer letter although generally grant claims are submitted quarterly or twice yearly.

All claims will be based on the costs contained in the Authority's accounting ledger and evidenced through supporting documentation which is retained on an audit file held by the Grants Accountant.

All expenditure included in a grant claim must have been defrayed. This means that the payment must have left the Authority's bank account as shown on the bank statement. A copy of an invoice which has been passed for payment **is not** evidence of defrayal.

The funding body issues standard templates for grant claims which need to be compiled by both the Project Officer and the Grants Accountant. The templates vary from project to project but generally the information that will be sought will include details on:

- expenditure incurred against profiled budget;
- any match funding or other income received;
- progress towards any special grant conditions;
- project progress;
- outputs/outcomes achieved;
- any risks or issues associated with the project;
- project publicity

The Grants Accountant will generally provide the information required in points 1 and 2 above and the Project Officer the remaining information.

Claims will either be submitted directly to the funding body or to a lead partner either in hard copy or electronically. When preparing to submit a grant claim it is essential to ensure that all of the above information is up to date and evidence is in place to support what is being claimed.



## 9.2 Understanding Cost Centre Entries

As stated previously the Authority's accounting ledger is the basis of all grant claims. The ledger can be accessed directly through the use of 'Finance Link' or through a reporting tool called 'Cognos'. Access to the Authority's electronic financial systems vary across departments however, the Grants Accountant will have access to all information and will be able to provide up to date expenditure reports.

A range of entries can appear on a cost centre and it is important to be able to differentiate between them. The following may all appear on a cost centre:

### Invoice Payments

These will appear as a purchase invoice entry and will show the voucher number allocated upon payment rather than the original invoice number as shown below.

01 02 03 04 05 06 07 08 09 10 11 12 13 All						
Date	Journal	System Description	Signed Value	Operator	Line Description	
08/07/2011	585409	PI Invoice Entry 227818 for N00003	120.00	MR3	VARIOUS JOBS ADVERT	
11/07/2011	585410	PI Invoice Entry 227819 for TR0005	877.68	MR3	VARIOUS JOBS ADVERT	

### Salary Costs

All payroll costs, including salary, national insurance, superannuation and travel and subsistence which is paid with salaries will appear as a journal entry and will show RES/LINK which is a reference to the payroll system in the line description.

01 02 03 04 05 06 07 08 09 10 11 12 13 All							
Date	Journal	System Description	Signed Value	Op...	Line Description	User Descri	
28/04/2011	547617	GI Journal Normal 547617	1,975...	SYS	P2_2FLNK_01 .RES/LINK,P21101_GO...	I/F SOURC	
26/05/2011	560162	GI Journal Normal 560162	701.04	MR1	P2_2FLNK_02 .RES/LINK,P21102_GO...	I/F SOURC	

### Internal Recharges – Project Specific

Some internal recharges will be project specific i.e. they can be directly attributable to the project such as room hire, design fees, staff time or postage. The charge will be made by another department via a CT296 or directly by finance staff via a journal entry.

01 02 03 04 05 06 07 08 09 10 11 12 13 All							
Date	Journal	System Description	Signed Value	Operator	Line Description	User De	
08/04/2011	538223	GI Journal Normal 538223	10.00	SR1	CT296 V36911 - Parvs Room Hire 20/01/11	ECD - C	

### Internal Recharges – Allocated Costs

Internal recharges can be raised for costs such as insurances or premises costs. The recharges will appear as a journal entry raised by finance staff but can only be incorporated in a grant claim where a full audit trail is in place. All recharges must be traceable back to the source documentation and an



approved methodology in place for the apportionment. Allocated costs tend to be applied to a cost centre after the end of the financial year.

01 02 03 04 05 06 07 08 09 10 11 12 13 All						
Date	Journal	System Description	Signed Value	Operator	Line Description	
21/04/2011	545633	GI Journal Normal 545633	63.00	MR1	Casualty Ins Recharge 2010/11	

### Income

Income must be accounted for as part of the project and will appear on the cost centre as a negative value as shown below. Income may be received from external organisations, internal transfers or credits of previously incurred expenditure.

01 02 03 04 05 06 07 08 09 10 11 12 13 All						
Date	Journal	System Description	Signed Value	Operator	Line Description	
25/05/2011	558710	GI Journal Normal 558710	37,893.87	SR1	Central	

The date that appears on the ledger **is not** the date of defrayal.

The eligibility of expenditure should be checked by the Project Officer before it is committed. Further details on the eligibility of expenditure can be found using the link below.

<http://wales.gov.uk/docs/wefo/publications/developingguidance/100818welshnationalruleseligibilityexpenditureen.pdf>

## 9.3 Compiling Grant Claims

The Grants Accountant will provide an up to date expenditure report either directly exported from the ledger or via a Cognos Report. The expenditure listing will be transferred into the transactions list which forms part of all claim forms. The claim is based on the information in the ledger and not on the records held by the Project Officer.

The expense codes on the cost centre should match up as closely as possible with the expenditure headings on the transactions list although some expense codes may need to be combined to be allocated to a single heading on the transactions list. New codes can be created by the Grants Accountant if necessary.

Further details on claiming arrangements can be found using the links below:

<http://wales.gov.uk/docs/wefo/publications/deliveringguidance/091119claimingarrangementsen.pdf>

<http://wales.gov.uk/docs/wefo/publications/deliveringguidance/091028transactionlistexternalguidancev3en.pdf>

Similarly INTERREG grants guidelines are available on [www.irelandwales.ie](http://www.irelandwales.ie)



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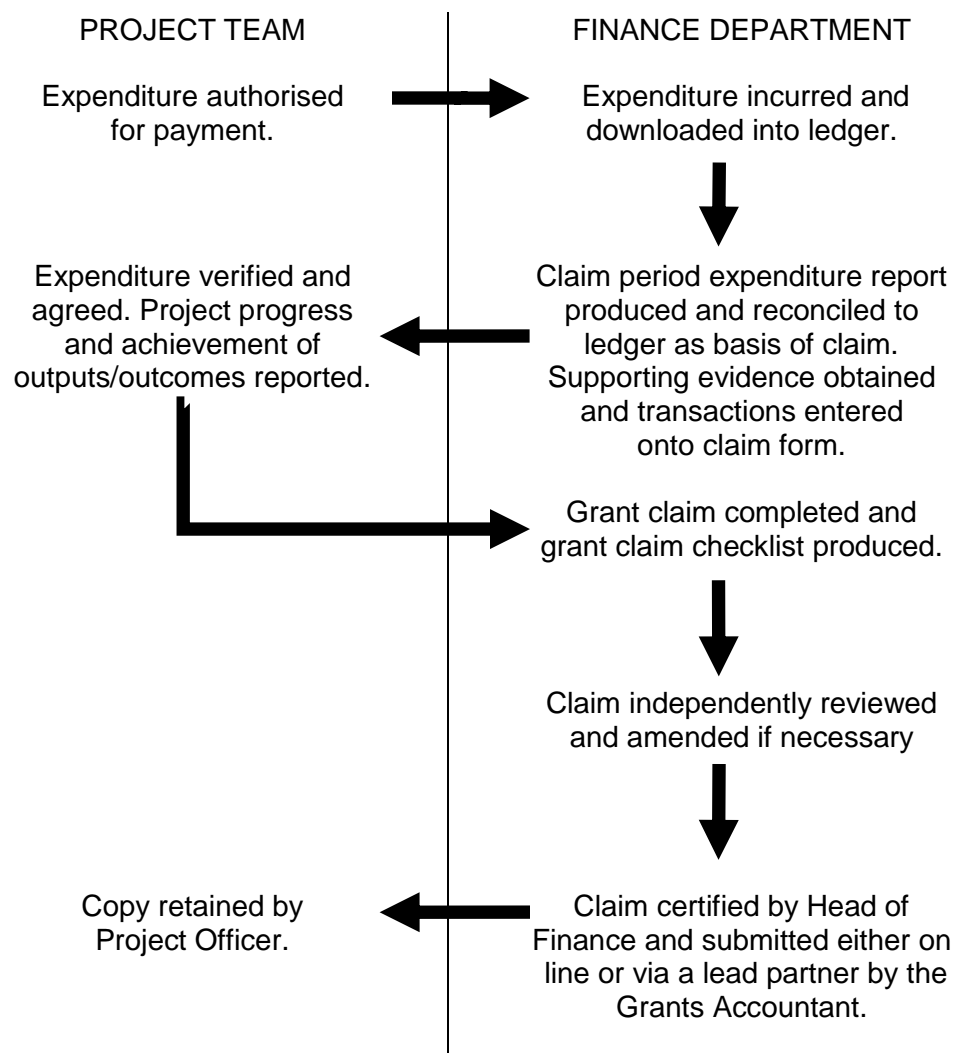
The Project Officer will be expected to verify the grant claim following receipt from the Grants Accountant. Compilation of grant claims can be a time consuming process and the time required should not be underestimated.

The verified claim is then reviewed to check for any errors by an independent Service Accountant before being passed for final certification and sign off to the Head of Service (Finance). Any errors found on the claim form will be amended accordingly by finance staff.

Project Officers need to allow for at least a week for the verification, review and certification process to take place and this must be scheduled into the submission timetable.

The Grants Accountant will submit the claim form to the funding body and a copy of the signed claim form will be returned to the Project Officer.

### Grant Claims Process Flowchart



## 9.4 Supporting Documentation

The requirement for providing supporting documentation in the form of copy invoices, journals, CT296's, payslips and any other relevant information which provides evidence in support of the transactions in the claim, varies between grants. However it is good practice to retain all documentation on an audit file.

Original documentation must be retained until 2024 at the earliest or until WEFO advises. Original invoices are stored in the Finance Department for a period of 12 months and then transferred to an archive facility. Potentially the grant awarding body, European Commission or European Court of Auditors has a right of access to the original project documentation until this time

## 9.5 Reporting Project Progress

Reporting on project progress is the responsibility of the Project Officer and is an essential part of the grant claim process. It is very easy to spend grant funding, but it is more difficult to know how best to spend it to achieve what was laid out in the original application. Funding bodies need to see that projects are progressing towards their original objective at each claim.

A report on project progress should include:

- any activity undertaken in the last claim period;
- any milestones that have been achieved;
- any procurement activity;
- any publicity coverage obtained for the project;
- any staffing issues;
- achievement of outputs, results or impacts;
- any evaluation activity;
- any risks or issues highlighted;
- explanation of any slippage in the project budget;
- information on match funding achieved;
- progress towards the fulfilment of any special grant conditions as laid out in the offer letter;
- progress towards addressing the cross cutting themes of environmental sustainability and equality of opportunity.

A standard template has now been produced by the SET for use by Project Officers for internal reporting. Grant awarding bodies will use different formats but the information should essentially be the same.







# PUBLICISING THE PROJECT

## 10. Publicising the Project

### 10.1 Developing a 'Communications and Marketing Plan' for the project.

Ideally, a Communications and Marketing Plan for the project should have been developed during the business planning stage, because publicity and marketing costs are eligible as part of European funded projects.

A Communications and Marketing plan should include:

- the activities you intend to undertake to publicise the project,
- who you will be targeting with the publicity,
- when you intend to carry out each publicity activity, and
- the amount of funding available for achieve each activity to achieve the desired level of publicity for the project.

The project Communications and Marketing Plan should be reviewed on a regular basis and amended if necessary.

### 10.2 Acknowledging European funding support for the project.

Any project receiving European funding support should clearly acknowledge the support received at every possible occasion. In most cases this should be done by displaying the appropriate fund logo provided by WEFO. On all project publicity materials the European Fund logo (ERDF or ESF) should be of the size stated by WEFO and be placed in a prominent location on the far right hand side of documents / other logos. The WEFO Information and Publicity Guidelines must be consulted to ensure that correct logo sizes are used and that logos are positioned correctly. The WEFO Communications Team can be contacted if further advice and guidance is required: 0845 010 3355 or [enquiries-wefo@wales.gsi.gov.uk](mailto:enquiries-wefo@wales.gsi.gov.uk)

The WEFO Information and Publicity Guidelines on the WEFO web-site provides further guidance regarding billboards, commemorative plaques, press releases, web-sites, events including Europe Day, paper-based publicity materials, promotional items, and publicising European funding support to project beneficiaries.

**WEFO Guidance: Information and publicity guidelines (Version 6: May 2011)**  
<http://wefo.wales.gov.uk/delivering/publicising/publicity/guidelines/?lang=en>



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### 10.3 Acknowledging match-funding support for the project.

As the project will have received funding from other organisations to match the European funding, the match-funding organisations will also need to be acknowledged. This usually means ensuring that the organisations' logos appear on any publicity materials. However, at the outset you must ensure that you are aware of the publicity requirements of the match-funders. In some cases, if match-funding is provided by the Welsh Government you may only have to include the ERDF or ESF logo as these logos already contain the Welsh Government emblem within them. The Welsh Government's Brand Team must be contacted to seek approval: 0845 010 3300 or [brandingqueries@wales.gsi.gov.uk](mailto:brandingqueries@wales.gsi.gov.uk)



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# MONITORING THE PROJECT & EVIDENCING PROJECT ACTIVITY

## 11. Monitoring the Project and Evidencing Project Activity

### 11.1 Monitoring

Monitoring is the regular and systematic collection of data (information) which are then used to help manage a project. The data are usually numerical and relate to finances or to other indicators and are processed to measure progress, for example in relation to baselines and forecasts.

#### Why Monitor?

Monitoring is essential for your project to succeed. Projects which have good monitoring systems in place are:

- better managed. Monitoring increases the likelihood of a project delivering high quality outcomes on time;
- more likely to be able to explain the reasons behind project successes (and failures);
- in a position to share evidence of their good practice with others;
- more likely to meet regulatory requirements;
- in a better position to get continuation funding; and are
- contributing to an assessment of how well the Structural Funds have worked in Wales.

### 11.2 Monitoring Systems

Developing a good monitoring system is an essential part of developing your project. The system you use should be suitable for your needs. It must be able to provide you with information to help you manage the project, as well as the information you need to report to WEFO.

The first step should be to consider what information you will need to run the project and what information you are required to report to WEFO. You will then need to decide upon the type and scale of the monitoring system you require. The scale of the system should be in proportion to the size of your project.

#### 11.2.1 Governance Structure

In order to effectively deliver a project whilst adhering to WEFO rules, it is essential that a robust project Governance Structure is formed.

Project Governance will:



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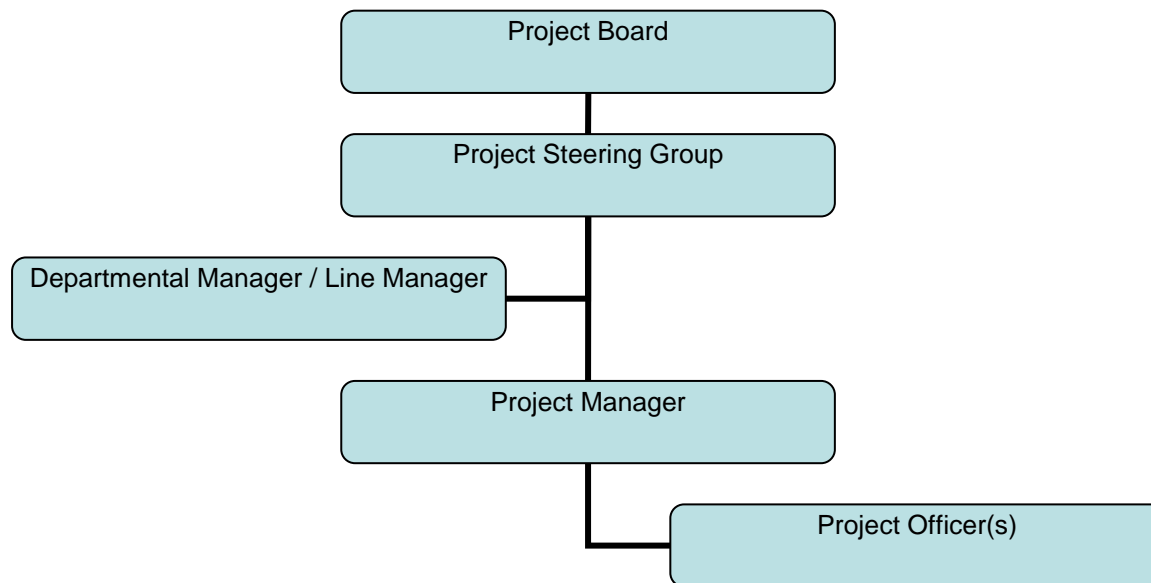
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- Outline the relationships between all internal and external groups involved in the project
- Describe the proper flow of information regarding the project to all stakeholders
- Ensure the appropriate review of issues encountered within each project
- Ensure that required approvals and direction for the project is obtained at each appropriate stage of the project.

The role of project Governance is to provide a decision making framework that will review the project in a robust, logical and objective manner.

Officers at all levels in the Governance Structure will be responsible for reporting as and when required according to the agreed hierarchy.

The following provides a basic example of a governance structure:



## 11.2.2 Databases

Projects will need some sort of database to hold any monitoring data. Basic database could be set up in-house and would require little support but will have limited capabilities.

Such a database does not provide administrative support and only very basic management information. You may need a bespoke database which can be used by many users and have support staff.

The following link provides an example Participant database, which includes an Excel spreadsheet containing examples of Excel formulas which may be useful for calculating information for reporting:

<http://www.wefo.wales.gov.uk/default.asp?action=page&ID=2>



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## 11.2.3 Filing

An organisation should ensure that a documented standard filing system is in place for European funded projects. In theory, any officer from the organisation, who might not be the dedicated project officer, should be able to find specific documentation relating to the project during Project Inspection & Verification Visits/Audits.

Each project should have a general project file followed by activity files relating to each project spend heading within the project budget.

It is good practice to include a 'contents sheet' at the front of each project file for easy reference. An example of a contents sheet is provided in Appendix C.

This section does not aim to provide an exhaustive list of all the information to be recorded/documents to be retained in the files, however, please find below the minimum records that must be kept:

General project file:

- Final project application form (RDP) or Final approved Business Plan (Convergence).
- Copy of project spreadsheets detailing finances, outputs and quarterly spend profiles.
- Original Grant Offer Letter (GOL)/approval letter together with any letter of acceptance by the sponsor.
- Copy of any correspondence between project sponsor and WEFO during the project development phase or any agreed changes to the project approved by WEFO during project implementation.
- Job description of Project Manager/ Officer(s).
- Any Project Amendment Forms (PAFs) or re-profile documentation for the project.
- Copies of claim forms submitted for the project.
- Copies of any supporting documentation received during project development e.g. letters of support, match-funding letters, and planning permissions etc.
- Details regarding the Project Steering Group including meeting agendas, minutes, list of members.

Project Activity Files (separate files relating to project spend headings):

- Quotations for project activities.
- Invitations to tender for project activities.
- Copies of tenders received from companies who have tendered to deliver project activities.
- Service Level Agreements / Contracts for consultants that have been appointed to deliver parts of the project.
- Copies of any letters sent to successful and unsuccessful tenderers.
- Copies of any reports, studies, and questionnaires prepared /funded through the project.



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- Any promotional materials, publicity or marketing activities undertaken as part of the project. Press releases about the project.
- Photographs.
- Evidence to support project outputs and soft outcomes.
  - Ensure that EU project activity files are stored completely separately to other IACC core activity files.
- Document retention
  - Preparing file labels for your project
  - Ensuring that there is sufficient storage for project documentation until at least 2024.
- Document Retention
  - Brief intro. – importance of retention for audit purposes

## 11.2.4 Document Retention

<http://wales.gov.uk/docs/wefo/publications/developingguidance/100615documentmanagementandretentionen.pdf>

Project sponsors/organisations delivering projects funded via European sources are responsible for retaining project documentation for at least 3 years after the end of the funding programme. (Note: this is the entire programme NOT the project).

Documents must be kept to evidence project activity i.e. to record what the European Funding has been used to deliver/implement. Invoices, bank statements, claim forms, ledger transaction lists etc. should also be retained for audit purposes along with other evidence of project activity.

Within some IACC Departments European funded projects run side by side with projects funded from domestic sources and core council activities. It is paramount therefore, that there is a system in place to clearly distinguish between European funded project files and other files not relating to European project activity.

All files relating to European projects should have the following labels on the outside cover:

## 11.2.5 Project Indicators – Outputs, Results and Impacts

Project Indicators should be selected at an early stage of project development. The agreed indicators and schedule of achievement (delivery profile) will have been agreed with WEFO prior to the project start date.

Basic spreadsheets which correspond to the agreed Output delivery profile should be formulated in order to effectively manage the delivery of all Outputs, Results and Impacts and measure actual outcome achievement against target outcomes for project periods.



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Tolerance levels i.e. 15% of target for monitoring period should be agreed prior to project implementation to ensure the Project indicators are being achieved according to the approved delivery profile.

Any fluctuations outside of the agreed tolerance levels should be reported to the relevant tier in the Governance Structure.

Further information on WEFO approved indicators can be found by clicking the following links

#### ESF indicators:

<http://wales.gov.uk/docs/wefo/publications/deliveringguidance/rme/20090126esfinicatordefinitionsen.pdf>

#### ERDF indicators:

<http://wales.gov.uk/docs/wefo/publications/deliveringguidance/rme/20090119indicatordefinitionserdfe.pdf>

### 11.2.5 Record Keeping

It is important you ensure that sufficient records are kept to satisfy audit requirements. Further guidance on recordkeeping can be found at <http://www.wefo.wales.gov.uk/default.asp?action=page&ID=2166>

It is also important for projects to keep a record of Participant's consent to pass detail to WEFO. Be aware that anyone processing personal information must comply with the Data Protection Act 1998 (DPA).

Guidance on DPA can be found at [www.ico.gov.uk](http://www.ico.gov.uk)



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## Label 1:

**Enw Ffeil/File Name:** (relating to the project spend heading) e.g. Marketing & Promotion

**Teitl Prosiect/Project Title:** e.g. Local Investment Fund

**Cyfiernod Prosiect/Project Reference Number:** e.g. 80111 / ANG.023

**Rhaglen UE & Cronfa Prosiect / EU Programme / Project Fund:** e.g. Convergence ERDF or ESF, or Rural Development Plan EAFRD, or Ireland / Wales Cross Border Programme 001 ...

**Project start date:**

**Project end date:**

## Label 2:

**DYLAI'R FFEIL YMA YNGHYD A'I CHYNNWYS GAEL EI CHADW TAN O LEIAF 2024. (CYSYLLTWCH GYDA SWYDDFA CYLLID EWROPEAIDD CYMRU CYN GWAREDU Y FFEIL A'R CYNWYS)**

**THIS FILE AND ALL OF ITS CONTENTS MUST BE KEPT UNTIL AT LEAST 2024. (PLEASE CONTACT THE WELSH EUROPEAN FUNDING OFFICE (WEFO) BEFORE DISPOSAL OF FILE AND CONTENTS)**

Project fund logos e.g.



OR



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## 11.3 Evidencing Project activity

When monitoring the project, it is essential that project officers are able to access any supporting documentation needed to back up any recorded project activity.

Examples of documentation required for evidencing project monitoring activity (not exhaustive):

- Minutes of Board Meetings / Project Steering Group Meetings / Advisory Group
- Notes from Project Team Meetings re. Monitoring of project
- Progress Report supplied to WEFO with **every** claim submitted
- Annual Report;
- Internal / External Evaluation Report

Capital Build (grant schemes only)

- Construction Meeting
- Programme of Works
- Documentation advising grant recipients of monitoring requirements

Examples of documentation required to support the recording of Outputs, Results and Impacts claimed (not exhaustive):

- Systems set up to capture cross funded targets set for the project;
- Spreadsheets monitoring activity undertaken (Targets & Outputs)
- Performance against indicators (activity targets)
- Outputs and results ( e.g. jobs created / safeguarded & individuals assisted / enterprise created / set up a new enterprise / SME's support);
- Progress monitoring reports detailing progress against milestones and action plans.

### ESF ONLY

Examples of documentation required to evidence individual participant information (not exhaustive):

- List of participants on the project (e.g. details onto spreadsheet)
- Recruitment material
- Enrolment Form
- Induction process
- Individual Training Plan
- Attendance list record
- Beneficiary file (including profiling, personal plan, Eq Opps monitoring form etc.
- Completed Feedback forms / Questionnaires / Follow up Information
- Qualification / Awards / Accreditation
- Case studies
- Action Plans
- Visit Logs



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- Volunteers records
- Declaration statements
- Completed Evaluation forms on participants / Customer feedback
- Evaluation report towards the end of the programme / Annual Report



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# PARTNERSHIP / JOINT SPONSORSHIP

## 12. Partnership / Joint Sponsorship

### 12.1 Sponsorship

WEFO will deliver the 2007-2013 Programmes through a number of strategically focused projects delivered through a variety of sponsorship arrangements, entering into contractual arrangements with genuine sponsors (project applicants).

A genuine Sponsor (project applicant) is defined as an organisation that is constitutionally invested with an interest in and engagement with the purpose, outputs and results of a project.

### 12.2 Single Sponsor

Under a single sponsor arrangement (where one organisation is independently delivering a project) WEFO will enter into a contractual arrangement with the one organisation who will manage all elements of the project, delivering activity either through direct, procured or grant awarded delivery.

### 12.3 Joint Sponsorship

Where a project is being delivered through a collaborative joint sponsorship arrangement (two or more organisations / Authorities delivering a project) WEFO will award EU funding to a single properly constituted legal entity, classed as the Lead Sponsor for the purposes of the project.

However, all of the joint sponsors in the collaborative arrangement will share and be accountable for their 'share' of the project, i.e. their share of the funding, outputs, risk and compliance requirements.

In all instances Audits and Inspections will be conducted with the Lead sponsor in respect of accountability, deliverability of any audit/inspection report recommendations, handling irregularities and the liability for recoveries.

Lead sponsors will need to ensure appropriate risk-sharing governance and compliance arrangements are in place with joint sponsors to cover liability for recovery and any remedial action.

As a general rule joint sponsorships are not expected to exceed 4 - 5 organisations; but larger groupings can be considered on a case by case basis (following discussions with WEFO).



Full WEFO guidance on Sponsorship and Deliver models can be found at:

<http://wefo.wales.gov.uk/applyingforfunding/submitting/guidance/sponsorshipdeliverymodels/?lang=en>



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# PREPARING FOR AUDIT

## 13. Preparing for an Audit

### 13.1 Why are projects audited?

Projects are audited to ensure that:

- The sponsor is doing what was set out in the project Business Plan.
- The sponsor is adhering to the terms and conditions of grant as set out in the grant offer letter.
- Policies, systems and procedures are in place for effective project delivery and compliance with European funding rules and regulations – Control Environment.
- Only eligible expenditure and expenditure relating to the project activity is claimed and that it has been defrayed.
- Match-funding is eligible and that revenue generated has been recorded properly.

### 13.2 When are audit inspection visits carried out?

Audits can happen during project implementation and / or up to several years following project closure. For example, although projects delivered during the current programming period will finish before or during 2015, the project may still be audited up to and including 2024. The audit trail and evidence to support project activity must be kept therefore until at least 2024 and until WEFO notifies the project sponsor that they can dispose of project documents.

### 13.3 Who undertakes audits?

Audits / inspection visits may be carried out by the following:

- IACC internal and external audit team.
- WEFO Project Inspection and Verification Team (PIVT) – perform ‘Procurement Visits’ and ‘regular PIVT Visits’.
- European Funds Branch – report directly to the European Commission on the way Wales manages the Structural Funds.
- Wales Audit Office (WAO).
- European Commission.

If IACC is a joint sponsor in a project or a delivery agent, the lead partner / sponsor may wish to audit the IACC element of the project.



### 13.4 WEFO's Audit checklist.

The questions posed to project sponsors by the Project Inspection and Verification Team are shown in the Audit checklist on the WEFO web-site. The project sponsor should ensure that they are familiar with the checklist from the outset.

#### **WEFO's 'Inspection and Verification Checklist':**

<http://wefo.wales.gov.uk/delivering/projectinspectionandaudit/verificationvisits/visitchecklist/?lang=en>

### 13.5 What happens once an audit visit is completed?

Following the audit visit a report will be issued to the project sponsor. In some cases the auditors will request additional information / evidence that was not seen / available during their visit. The report will give recommendations on how to improve systems etc. for minor issues. However, if the errors are deemed serious then there may be further consequences. For example, if ineligible expenditure has been claimed then the ineligible amount will be clawed back if it has been paid to the project sponsor. If the claim has not been paid yet, then the claim will be adjusted accordingly.

If the error is 'systemic' to the organisation, then the auditors will identify all other transactions affected to determine the full effect of the error. This may be other transactions relating to the project being audited and if the organisation is delivering more than one European funded project, transactions for some or all of the other projects. Once the error's monetary value is quantified then this amount may be clawed back if the claim has been paid.

It is worth noting that if serious / systemic errors are found during an audit visit then this may have a negative effect on the organisation when bidding for European funding for any future projects.

### 13.6 Common issues identified during audit inspections.

The most common issues identified during audits include:

- Incorrect apportionment methodology used to calculate project indirect costs.
- Project evidence disposed of before the end of the retention period.
- Transactions / amounts that have not been defrayed included in claims.
- Incomplete transaction lists.
- European funding support not publicised.
- Procurement procedures / policies not adhered to when purchasing goods, services or works for the project.



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- Contracts / Service Level Agreements not place between the project sponsor and other organisations / delivery agents.
- Costs not relating to the project included in claims.
- No transaction lists to support claims made.

### 13.7 Role of the Anglesey Specialist European Team in preparing project sponsors for audit inspections.

The Anglesey Specialist European Team (SET) can assist project officers / managers to prepare for audit inspections and should be called upon once the sponsor receives an audit visit letter from the audit team. Together with attendance at project meetings, the Anglesey SET will undertake ‘aftercare’ visits from time to time with project managers. During the ‘aftercare’ visit advice will be provided to project managers regarding certain elements of project delivery including systems and procedures. The SET will be able to address issues that may relate to / impact upon the delivery of all European projects being delivered by IACC, such as corporate systems / services and so on.



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# PROJECT MID-TERM REVIEW

## 14. Project Mid-Term Review

A Mid-Term review is essentially an evaluation of your project taken at the mid-point of its implementation period.

Similar to a whole project evaluation, the primary role of a mid-term review is to:

- Report to key stakeholders and WEFO on progress to date in terms of realising the aims and objectives of the project.

This should be done by:

- Reviewing the project's progress against the aims and objectives set out in the business plan;
- Assessing the continuing need and demand of the project; and
- Assessing the effectiveness of the project's delivery.

Similarly to full term Evaluations a mid-term review should consider the same methodologies scope and whether an internal or external evaluation should take place.

Further information on how to complete a review/ evaluation of your project can be found at **Section 15** of this handbook and by following the link below:

<http://www.wefo.wales.gov.uk/default.asp?action=page&ID=2>





# END OF PROJECT EVALUATION & PROJECT CLOSURE

## 15. End of Project Evaluation & Project Closure

### 15.1 Evaluation

Evaluating a project provides an opportunity to gain a wider understanding than merely monitoring your project. Evaluating the project includes making an assessment of the overall achievements of your project, and should address such questions as:

- Have the objectives of the project been met?
- How effectively were the outputs and results achieved? and
- What would have happened without the intervention?

#### 15.1.2 Why Evaluate?

- To assess whether a projects has achieved its aims and objectives which are beyond what can be achieved by monitoring. For example, monitoring data may tell you that your ERDF project has created 100 jobs, but some of these jobs may have been created even if the project had not gone ahead;
- An evaluation permits an in-depth investigation of all project issues;
- Evaluation will explain the reasons behind project successes and failures, enabling the sharing of good practice;
- If aspects of the project have not worked so well, evaluation can provide recommendations of what might work better next time;
- Project-level evaluation will also contribute to an overall assessment of how well the Structural funds have worked in Wales.

#### 15.1.3 Who Should Evaluate and When?

All sponsors are required to undertake or commission evaluations of their projects. All projects awarded £2 million grant or more (ESF or ERDF) for a single project and all projects involved in implementing ERDF supported innovative or experimental actions and all projects identified as innovative under Article 7 of the ESF Regulation are required to have their project evaluated by an external independent contractor.

If a project fall below the thresholds of mandatory external evaluation, you may still wish to appoint external contractors because of the independent perspective they provide.



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## 15.2 Objectives of Project Evaluation

When completing an Evaluation you must ensure that you have clear objectives that you want to achieve. The following outlines key objectives that can be covered in your project's evaluation:

### 15.2.1 Demonstrating the Need for your Project (prior to delivery)

For your project to be eligible for Structural Fund assistance its aims and objectives must fit in with the Operational Programme and Strategic Framework documents. As part of this you will need to demonstrate the evidence for the need for your project.

You should use as much existing background data and information as you can gather when deciding your aims and objectives. It is possible that there will be a lack of information on which to base your aims and objectives. In such instances you may decide to collect, or commission the collection of, data to fill the gap.

Large projects can go a step further and carry out an evaluation to identify the need for the project and help set its aims and objectives. A project may also carry out research to see if the projects aims, objectives and plans are realistic and deliverable (feasibility study).

At this stage of the project it is also important that baseline data are recorded. Progress cannot be assessed meaningfully without baseline information in place.

### 15.2.2 Evaluating Project Processes

This part of the Evaluation should cover such issues as:

- Progress to date against key output, result and financial indicators;
- Whether the project is working well as a mechanism for delivering its aims;
- How efficient are the project processes; and
- Recommendations to address any issues found; and
- Whether and to what extent the project is still relevant to its external context, for example, its socio-economic environment.

Process evaluation questions and suggested methodologies can be found at:

<http://www.wefo.wales.gov.uk/default.asp?action=page&ID=2>



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### 15.2.3 Evaluating Project Outcomes

This part of the Evaluation should cover such issues as:

- Did the project achieve, or is on course to achieve, its objectives?
- If not, why not?
- What has worked well/not so well?
- What is the impact of the project likely to be?
- What is the external context?
- How has this changed and how has it affected the project's outcomes?
- How efficient were the project processes?
- Could the objectives have been achieved in another way?
- Have recommendations from any previous evaluations been implemented? If so, what effect have they had?

ERDF and ESF impact evaluation questions and suggested methodologies can be found at: <http://www.wefo.wales.gov.uk/default.asp?action=page&ID=2>

### 15.2.4 Reporting against Impact Indicators

If your project is aligned with a particular Strategic Framework you should use the evaluation questions contained within that Strategic Framework document.

These questions are based on the Priority-level impact indicators and should form the basis for the evaluation of your project.

The Operational Programme shows the logical flow from output to result through to impact. You should follow this logical flow with respect to your selection of impact indicators.

## 15.3 Evaluation Methods

Evaluation methods can be broken down into two groups: methods for collecting data and methods for analysing data:

It is important to carefully consider which the selection of evaluation methods as each method has different resource implications. For example: If a project requires a particular evaluation method that is expensive or time-consuming to implement (e.g. face to face interviews) then the resource implications of this method may be balanced against the limitations of using a less resource-intensive method (such as telephone interviews or a postal survey). The amount of data to be analysed also has resource implications.

Full WEFO guidance on evaluation methods can be found at:

<http://wales.gov.uk/docs/wefo/publications/deliveringguidance/rme/20081110monitoringandevaluationguidanceen.pdf>



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## 15.4 Managing an Evaluation

The main principles of managing an evaluation are essentially the good project management principles that you will already be using in the management of your Structural Funds project. These include:

- Developing clear objectives for the evaluation;
- Deciding on the resources needed to do the work;
- Planning the various stages of the evaluation;
- Involving all relevant stakeholders; and
- Monitoring progress against your plan.

Guidance on good practice in Structural Funds project management can be found at: <http://www.wefo.wales.gov.uk/default.asp?action=page&ID=1520>

## 15.5 Terms of Reference for an Evaluation

You will need to write a Terms of Reference (or specification) for your evaluation, whether undertaken in-house or externally contracted.

A sample terms of reference can be found at:

<http://www.wefo.wales.gov.uk/default.asp?action=page&ID=2>

## 15.6 Monitoring Progress

To ensure that your evaluation is on track to achieve its objectives on time you should have regular meetings with the evaluation team whether these are external contractors or colleagues within your organisation.

### Monitoring and Evaluation Guidance:

<http://wales.gov.uk/docs/wefo/publications/deliveringguidance/rme/20081110monitoringandevaluationguidanceen.pdf>



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# EU CONVERGENCE PROJECTS DELIVERING ON ANGLESEY

## 16. Anglesey Convergence Projects

### 16.1 Approved projects delivered by Isle of Anglesey County Council

Project Title	Project Description	IACC Department Lead	Project Duration	Project Cost / Funding (Anglesey)
<b>The Development of Anglesey's Coastal Environment</b>	Maximising the economic potential of the coastline by developing on-shore and off-shore facilities and encouraging increased participation and enjoyment of recreation.	<b>Property / Economic Development</b>	Late 2008 - March 2013	<b>£5,582,000</b>  ERDF £2,679,360 Match £2,902,640
<b>Local Investment Fund (LIF)</b>	A flexible business grant scheme delivered across the counties of Anglesey, Gwynedd, Conwy and Denbighshire with the aim of stimulating private sector investment. IACC is the lead partner for the project.	<b>Economic Development</b>	April 2009 – August 2014	<b>£1,991,202</b>  ERDF £947,613 Match: £1,043,589



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<b>Anglesey Three Towns Project</b>	Physical regeneration scheme with the aim of improving the urban fabric and economic well-being of the town centres of Holyhead, Llangefni and Amlwch. Forms Part of the wider WAG led Physical Regeneration Project.	<b>Highways / Planning / Economic Development</b>	Dec 2009 – May 2013	<b>£8,700,000</b>  ERDF £3,950,000 Match £4,750,000
<b>Llwyddo'n Lleol</b>	Creating a culture of entrepreneurship amongst young people aged 11 – 19 years old in the counties of Anglesey, Gwynedd, Conwy and Denbighshire. Gwynedd Council is the lead partner for the project.	<b>Education &amp; Leisure</b>	January 2010 – March 2015	<b>£1,280,238</b>  ESF £879,203 Match £401,035
<b>New Work Connections</b>	A programme of intensive support to people suffering from physical disabilities or from disadvantaged groups to help them pursue suitable training / employment.	<b>Social Services</b>	March 2010 – February 2014	<b>£6,500,000</b>  ESF £3,300,000 Match £3,200,000
<b>Genesis Cymru Wales 2</b>	The aim is to increase labour market participation, looking specifically at those who are furthest away from the labour market and move them closer towards economic activity.	<b>Education &amp; Leisure</b>	2008 - 2014	<b>£1,957,394</b>  ESF £1,058,995 Match £898,399



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## 16.2 Approved projects delivered by other organisations on Anglesey

Project Title	Project Description	Delivery organisation	Project Duration	Project Cost / Funding (Anglesey)
<b>Shaping the Future</b>	Innovative programme of support, retraining and redeployment for the employees of the nuclear industry whose careers are threatened by decommissioning.	<b>Menter Môn (lead sponsor)</b>	2010 - 2013	<b>£4,000,000</b> (Total for Wylfa and Trawsfynydd Sites)  ESF £2,300,000 Match £1,700,000
<b>Mona Antiqua Heritage Tourism Project</b>	Aim of realising the economic potential of the Island's rich heritage and history by creating a recognizable and integrated heritage product. Forms part of the pan-Convergence Heritage Tourism Project led by the Welsh Assembly Government (Cadw).	<b>Menter Môn</b>	2011 - 2014	<b>£900,000</b>  ERDF £405,000 Match £495,000
<b>Amlwch Skills 16+</b>	Training opportunities for young people at risk of becoming NEET to help them progress into mainstream training programmes or into employment.	<b>Hyfforddiant Parys Training (lead sponsor)</b>	June 2009 – Mar 2011	<b>£193,341</b>  ESF £107,714 Match £85,627



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### 16.3 Convergence projects in development by IACC nearing WEFO approval

Project Title	Project Description	IACC Department Lead	Project Duration	Total Project Funding (Anglesey)
<b>Anglesey Strategic Infrastructure</b>	The development of modern business sites and premises at Llangefni and Mona.	<b>Property / Economic Development</b>	April 2011 – Sept 2014	<b>£4,500,000</b>  ERDF £2,475,000 Match £2,025,000
<b>'Potensial' – North West Wales NEETs Project – APPROVED EARLY MAY 2011</b>	Aim of raising aspirations and improve participation rates of young people aged 14-19 in education, training and employment in the North West Wales.	<b>Education &amp; Leisure</b>	April 2011 – March 2014	<b>£2,400,000</b>  ESF £1,420,000 Match £980,000



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## 16.4 Convergence projects in development by other Anglesey organisations nearing WEFO approval

Project Title	Project Description	Delivery organisation	Project Duration	Total Project Funding (Anglesey)
<b>Cyfenter Social Enterprise Scheme</b>	Aims to provide financial investment into new and developing social enterprises so that they can achieve their potential as viable and sustainable businesses.	<b>Menter Môn (lead sponsor)</b>	June 2011 – May 2015	<b>£1,000,000</b>  ERDF £500,000 Match £500,000
<b>Parc Cybi Employment Premises</b>	Private sector property development including warehouses and offices.	<b>Conygar Investment Company</b>	TBC	TBC



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# TERRITORIAL CO-OPERATION PROJECTS DELIVERING ON ANGLESEY

## 17. Anglesey Territorial Cooperation Projects

Project Title	Project Description	IACC Department Lead	Project Duration	Total Project Cost / Funding (Anglesey)
<b>BRAND</b>	The project is operated in the towns of Athy, Dún Laoghaire, Rhyl and Holyhead. The BRAND Project seeks to improve the ability of the community to create a more positive opportunity and develop "ambassador thinking" in the community. A town with a positive self image will become a more sustainable place.	<b>Economic Development</b>	October 2009 - September 2012	<b>£435,000</b>  Interreg IVa (Ireland/Wales Cross Border Programme) ERDF £327,500  Match £107,500
<b>WINSENT (Wales Ireland Network for Social Entrepreneurship)</b>	WINSENT provides a networking opportunity and free assistance, guidance and a range of supports to any social entrepreneur or social enterprise based in Dublin and surrounds in Ireland or based in North Wales in the counties of Denbighshire and the Isle of Anglesey.	<b>Economic Development</b>	April 2009 – March 2012	<b>€284,974</b>  Interreg IVa (Ireland/Wales Cross Border Programme) ERDF €213,730  Match €71,244



<b>Celtic Wave</b>	Celtic Wave is a project to develop cruise in the Irish Sea. The following 6 ports are taking part in the project: Anglesey, Cork, Dublin, Milford Haven, Swansea and Waterford.	<b>Economic Development</b>	3 years – running until 31st May 2012	<b>€1,230,000 (total for the 6 ports)</b>  Interreg IVa (Ireland/Wales Cross Border Programme) ERDF €922,500  Match €307,500
<b>Age Friendly Communities (AFC)</b>	AFC aims to address in a sustainable way the issues created by demographic change by supporting the development of cohesive inter-generational communities in Wales and Ireland. Conwy County Borough Council is the lead for the project; other partners include Pembrokeshire County Council, Isle of Anglesey County Council, Kilkenny County Council as well as the Ageing Well Network (AWN) – working with Kildare Local Authority.	<b>Social Services</b>	April 2011 – March 2014	<b>€319,865.13</b>  Interreg IVa (Ireland/Wales Cross Border Programme) ERDF €239,899.13  Match €79,966



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# LIST OF ACRONYMS

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<b>CPRs</b>	-	Contract Procedure Rules
<b>DCELLS</b>	-	Department for Children, Education, Lifelong Learning and Skills
<b>DE&amp;T</b>	-	Department for the Economy and Transport
<b>DMT</b>	-	Departmental Management Team
<b>ERDF</b>	-	European Regional Development Fund
<b>ESF</b>	-	European Social Fund
<b>FOI</b>	-	Freedom of Information
<b>GDP</b>	-	Gross Domestic Product
<b>GOL</b>	-	Grant Offer Letter
<b>ITT</b>	-	Invitation to Tender
<b>OJEU</b>	-	Official Journal of the European Union
<b>PDO</b>	-	Project Development Officer
<b>PIN</b>	-	Prior Information Notice
<b>PIVT</b>	-	Project Inspection Verification Team
<b>PMO</b>	-	Project Management Office
<b>PQQ</b>	-	Pre-Qualification Questionnaire
<b>SETs</b>	-	Specialist European Teams
<b>SLA</b>	-	Service Level Agreement
<b>SMT</b>	-	Senior Management Team



- TMF** - Targeted Match Fund
- WAG** - Welsh Assembly Government
- WCVA** - Wales Council for Voluntary Action
- WEFO** - Welsh European Funding Office
- YMPM** - Ynys Môn Project Management



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