

## Common Themes – April 19

### Project Description/Strategic Fit

- For many applications there is a lack of clarity in terms of the participant journey/delivery model, and no submission of a pictorial representation of this journey/model.
- Applicants are not providing sufficient rationale for their Delivery model and Unit cost assumptions. It is not sufficient to simply rely on the call to provide the Unit cost, there must be a clear assumption based statement on how the cost has been produced. A significant number of applicants simply state it is in line with the call.
- More in depth information should be provided to how the project meets the key requirements of the Operational Programme and the Call Specification, including a rationale how the applicant has benchmarked deliverables.
- Insufficient description of the Delivery Model approach, including how it has been tested and/or whether it has been successfully used before or it is testing a new approach. The delivery model often lacks specificity with the applicant stating that they have been running ESF projects for x amount of years and don't provide sufficient project specific information.
- There is limited or no coverage of the medium to long term benefits of the project, including the benefits for participants, the LEP area, employers etc.
- There is a lack of information around how this project will provide additionality to what is already being delivered in the LEP area
- Insufficient information is being provided around how projects have considered complementing and not duplicating other provision available, including outlining the provision identified as part of their application research and what considerations they had made to mitigate the risk of double funding.

### Deliverability

- More in depth information is required in relation to the applicant's risk process, including the level of responsibility, escalation routes and ensuring all risks have been considered that will potentially affect the delivery of the project
- Milestone plans are limited with little evidence of the activities that the project will undertake during the lifetime of the project, this includes the winding down of the project.
- Applicants failed to provide a rationale where the project is not being delivered across the whole LEP area, including for instance the reach to participants in rural area

### Project Finances

#### Project Costs

- If the applicant has chosen 15% there is limited or no information provided on how the applicant has arrived at the overall and component elements of the costs, e.g. travel costs
- If the applicant has chosen 40%, we will still need a description of the type of services or items to be purchased using these costs to provide assurance on eligibility.

#### Granular Budget

- Granular Budget is inconsistent with the total and individual elements of the project as quoted either in the Application narrative or the Financial Annexe.
- The roles listed in the Granular Budget are inconsistent with the roles listed in the application form and/or supplied organogram. For both the Granular Budget and Organogram there should be a consistency in stating if posts are FTE or PT and what period the posts will cover, e.g. Years 1 and 2 only.
- Some Granular Budgets list costs by individual Delivery Partner without an overall summary which allows for consistency checking against the Financial Annexe
- Costs covered by the 15% indirect cost should be listed individually rather than shown as an overall lump sum
- 1720 rule – applicants are not providing a worked example and the hourly rates are not consistent in the Granular Budget
- For a small percentage of applicants, a granular budget is sent in PDF format which cannot be interrogated. Word format is ideal.

### Financial Annex

- Financial Annexe should use only the following headings – ESF Direct Staff Costs, ESF Other Direct Costs and ESF Flat Rate Intervention Cost (FRIC). If the applicant has chosen 40% FRIC there should only be two lines ESF Direct Staff Costs and the 40% FRIC.
- Applicants are selecting either the 15% or 40% FRIC option, however, many of the applicants are not using the correct calculation to produce the relevant cost. Applicants need to ensure that their FRIC is linked directly to their ESF Direct Staff Costs only.
- Inconsistency between the data contained in the application narrative and the Financial Annexes. In addition, there are also inconsistencies between the three tabs within the financial annexe – Cost Profile, Funding Profile & Funding Sources
- The cost profile tab does not reflect the match letters provided by the applicant. In addition, applicants are not ensuring that action note 25/18 has been adhered to regarding the classifications of public and private match-funding for new applicants and existing Beneficiary Organisations
- A small percentage of applicants are not submitting either a Financial or Output Annex.

### Indicator Annex

- Applicants are not completing the Indicator Annexe in line with the requirements of the call and are either submitting an annex with some of the required indicators and/or are including additional indicators not relevant to the Investment Priority the call relates to. The applicant must submit an indicator annexe which includes all of the Outputs and Results as set out in the call specification.
- In the majority of case applicants are failing to provide the required additional annex for calls against Investment Priority 2.2. There is also a tendency to not include the O1 – Participants output indicator in the main Indicator Annex.
- Many applicants are providing annexes which do not set out indicators which align to the project start and end dates, and ensure for each quarter and overall the total of unemployed and inactive participants are equal to the quarterly and annual overall participant total.
- Where applicants are asked to provide outputs ESF CO01 and ESF CO03, they are not ensuring that these total (for each quarter) the same values as the O1 – Participant total.

## Match

- Applications submitted with incorrect level of match for the Category of Region, and limited information included in the Financial Annex.
- No or incorrect match letters being provided or either an inconsistency in the detail between the application and the match letter in both the amount and the time covered by the match, and/or inconsistency between the amounts and name of the provider listed in the Financial Annex and as listed on the match letter.
- Match letters don't contain the following information required. All match letters should contain as a minimum:
  - Name of ESF project
  - Name of organisation providing the match funding
  - Confirmation of the source of the match funding: 'public' or 'private'
  - Confirmation whether the match funding constitutes a grant contribution or staff time (both deemed as 'cash') or represents in-kind contributions.
  - Total amount of match funding to be provided, in Sterling which is a rounded figure that does not contain pence amounts
  - Notification of any conditions attached to the match funding
  - Confirmation that the match funding provided does not contain funds which include, or have already been used to attract any European Union funding.
  - Signature of an officer in the organisation with budgetary authority, plus the signatory's name and position.
- Volunteer Time in Kind (VTIK) – applicant is not providing evidence of how they have valued the volunteer's time, and additionally ensuring they have provided a minimum of 10% cash match as required by the Programme Guidance

## Rationale/Benchmarking

- Insufficient detail provided around how each of the deliverables has been forecasted for the project, including the evidence base used to derive their assumptions. e.g. their own experience of previous delivery, LMI, ONS data, local datasets etc.

## VAT

- VAT questions are not always completed fully and N/A is not appropriate in most cases

## Due Diligence

- Applicants are failing to provide the necessary financial documents to enable the Managing Authority to undertake the Due Diligence checks. This requiring a number of chases by MA representatives and delaying the decision making.

## Management and Controls

- Applicants are failing to provide copies of timesheets, HR letters or organograms and those that are provided do not have the correct ESIF logos.

- For many projects there is limited information provided on the management and controls, including the document retention, anti-fraud and a detailed description of the processes for drawing together claims for submission, including the level of scrutiny undertaken.
- There is generally a lack of information provided on the recruitment processes to be used, including presentation of the organisation's recruitment policy as well as clarity of the project's approach to backfill.
- There is a lack of assurance from applicants on project cash flow, particularly with regard to payment in arrears model which is applied by the ESF programme.

## Compliance

### Procurement

- Incomplete or no presentation of Procurement Annexes, and an inconsistency between the Annexes and narrative in the application form. In addition lack of clarity on the procurement process to be used and how it will meet ESIF requirements.
- Information provided on Procurement Annex is not consistent with Granular Budget
- Additional requests for information will be made by the Managing Authority where applicants have chosen the 15% FRIC and intend to procure or have procured contracts for use in the project.

### Publicity

- Inconsistency in the use of the ESF logo and strapline in presented material, and additionally, limited narrative response to how the applicant will meet at least the minimum publicity requirements.
- No details provided around who has the responsibility to ensure that this aspect of the project is compliant

### State Aid

- In the majority of applications have a limited response provided in terms of considering State Aid implications, consideration, including if they have sought independent legal advice, and/or the monitoring arrangements which the project will adopt to collect and record the required information to meet audit requirements.

### Cross Cutting Themes

- Applicants are either sending in generic Cross Cutting Theme policies with no annex or addendum to the policy explaining ESF coverage and listing the ESF projects it covers or Project Specific Policies are not comprehensive and do not cover the areas set out in Action Note 19/18.
- There is generally a lack of clarity on who are covered by the policy and plan (staff, delivery partners or participants?) as well as a lack of endorsement by senior a figure / manager or a committee within the organisation
- Not always clear which version these are, no review period indicated or who will undertake the review
- CCT policies and plans are not always SMART or do not provide base line data to measure improvements and lack version control, and an indication of the review period, mechanism and owner