

# ESF Article 4 Monitoring



# What is Article 4?



The European Commission regulation governing project monitoring activity is **EC Regulation 438/2001**

This lays down detailed rules regarding the management and control systems for Structural Funds.

**Article 4** of the regulation states:

*“Management and control systems shall include procedures to verify the delivery of the products and services co-financed and the reality of expenditure claimed...”*

*“The procedures shall require the recording of verifications of individual operations on the spot. The records shall state the work done, the results of the verification and the measures taken in respect of discrepancies.”*

# Why do we monitor?



- Regulatory requirement - Article 4 of Commission Regulation (EC) No 438/2001
- To improve project performance & ensure agreed outputs are achieved
- To develop mutual understanding between GOEM and the Project
- To identify possible problems & make suggestions for improvement
- To ensure that the ESF grant is used as agreed in the contract
- To check compliance with ESF rules
- To identify best practice and case studies

# How does GOEM ensure that Article 4 is complied with?



- Interim Claim checking
- Performance & Contract Management
- ESF Horizontal Themes/Communications Manager
- Article 4 Monitoring Visits

# Article 4 Monitoring of Co-Financing Organisations (CFO)



# How are CFOs affected by Article 4?



- If you hold an ESF CFO contract you will/should be having regular monitoring visits though these do not constitute an Article 4 visit they should cover everything that Article 4 does
- Annual Article 4 visits are undertaken by GOEM with each Co-Financing Organisation
- Every visit will include a visit to a project provider
- Initial round of visits were similar format to Alternate/Direct Bid Article 4 monitoring visits
- Future annual visits will consist of an expenditure check on one Interim claim on one measure per CFO

# What happens during a provider visit?



## We will be asking you:

- Who is the target beneficiary group?
- For a brief description of project and what ESF is actually funding.
- Is the project delivering activity and achieving milestones/outputs as agreed in the contract?
- What are the achievements of the project
- How is the project publicised and can you identify any good practice or innovative features?
- Where possible to meet beneficiaries

## We will not need to:

- Carry out a full financial expenditure check
- Look in-depth at reporting/recording systems

# Article 4 Monitoring of Alternate/Direct Bids



# Who will carry out a monitoring visit?



- GOEM Article 4 Monitoring Team
  - Kevin Young – ESF Lead Article 4 Monitoring Officer
  - Jan Alcock – Senior Article 4 Monitoring Officer
  - Ryan Hooper – Article 4 Monitoring Officer
  - Jonathan Tinkler – Article 4 Monitoring Officer

Accompanied by either:

- Relevant Area Programme or Contract Manager
- ESF Horizontal Theme/Communications Manager

# The Article 4 Visit



- **4 weeks before** - Initial letter and check sheet e-mailed to Project Manager.
- **3 weeks before** – Date of visit agreed.
- **1 week before** – Partially completed check sheet returned to GOEM
- **Day of visit** – GOEM team and Project team work through check sheet.
- **2 weeks after** – 2 copies of the completed report sent to Project Manager for their comments and signature.
- **4 weeks after** – 1 copy of the signed report is returned to GOEM with progress on action points.
- **Once all action points complete** – Final closure letter sent.

# What to expect on the day of the visit.



The Monitoring Officer will:

- Explain purpose of visit and what the visit will involve

The Project Manager will be asked to:

- Give an overview of the project to date

The Monitoring Officer and Project Team will:

- Work through the check sheet involving other members of the project team where applicable.

The Monitoring Officer will:

- Summarise any Action Points or Recommendations
- Explain what happens next

# The Article 4 Checksheet



- **Project Details** – Name and address of organisation and project, policy field and measure, date and time of visit, list of attendees, project start and end dates.
- **Project Description** - Total amount of funding, ESF amount, intervention rate and a brief description of the project from the application form.
- **Purpose of visit** - Explanation of why we are conducting the visit and the background to it.
- **Project Progress** - Project progress to date and any changes to activity.
- **Project Management and Administration** - What internal systems are in place to run the project, do they have the staff resources in place, what is the role of partners in the project.
- **Targets and Outputs** – What outputs have been achieved to date, what systems are in place to record these, what is the added value from the ESF contribution, what recruitment methods have been used and details of any evaluation that has been carried out or is planned.

# The Article 4 Checksheet



- **Publicity Requirements** – Is the ESF contribution being publicised in accordance with ESF regulations. Identify best practise and case studies.
- **State Aids** - If applicable does the Project Manager have systems in place to record SA.
- **Exit Strategy** – What are the organisations plans once the ESF contribution has ceased.
- **Document Retention** – What facilities are in place to archive documents until 31 December 2014
- **Horizontal Themes** – Social and Environmental Sustainability, Equal Opportunities, Information and Communication Technology
- **Financial Management** - What financial systems are in place to capture spend, ensure separation of duties, match funding and compilation of the interim claim.
- **Expenditure Check** - What evidence does the Project hold to substantiate the costs in the last paid interim claim.
- **Action Points** - List of agreed action points, who is responsible for completing them, when they should be completed and to record when they have been completed.

# Examples of evidence



- **Project Management** – minutes from steering group/managing committee meetings, organisation chart
- **Beneficiary records** – enrolment/starter forms, evaluation sheets, training needs analysis forms, attendance registers, beneficiary databases
- **Targets/Outputs** – MI spreadsheets, flyers, posters, leaflets used to recruit beneficiaries
- **Publicity** – leaflets, press releases, newspaper articles, case studies, photographs, internal publicity
- **State Aids** – SME declarations, MI spreadsheets of aid received
- **Horizontal Themes** – leaflets, training records/aids, case studies
- **Financial Management** – Original: invoices, staff timesheets, bank statements, purchase orders, expense/mileage claims, petty cash vouchers, overhead calculations, apportionment calculations, depreciation records, utilities bills

This list is not exhaustive - Any evidence that is used in the running of the project should be made available for checking during the visit

# Commonly found problems



- Original documentation not available to see.
- Incorrect calculation of overheads.
- Incorrect apportionment of costs.
- Non compliance with publicity requirements.
- Incomplete beneficiary records.
- Lack of appropriate evidence to back up claims/outputs
- Unsigned documentation – i.e. timesheets

# Further Information



## Websites

- [www.goem.gov.uk/goem/euro/obj3/info4live/](http://www.goem.gov.uk/goem/euro/obj3/info4live/) - then follow the link at the bottom of the page – Article 4 Monitoring and Audit
- [www.esf.gov.uk](http://www.esf.gov.uk)

## GOEM Article 4 Monitoring Team

Kevin Young – Article 4 Monitoring Officer

- E-mail: [kevin.young@goem.gsi.gov.uk](mailto:kevin.young@goem.gsi.gov.uk)
- Telephone: 0115 971 2614