

GUIDANCE NOTE ON PROJECT CLOSURE FINANCIAL PROJECT CHECKS 2007/2008

In the "Schedule of Returns and Grant Requests" annexed to your Project's Funding Agreement, it is stipulated that an Independent Accountant's Certificate has to be provided by the project for the end of each year during the lifetime of the project. This means that the first accountant's certificate was due for the year ending on 31st December 2006. Considering the 2 year Accel programme period, the next accountant's certificate is also the project's closure certificate and due after the end date of the project. Second round (Z) projects will not have to submit an end 07 accountant's certificate, but only the project closure Independent Accountant's Certificate for the end of March 08. This means, the accountants will have to check a 15 months, instead of a 12 months, period.

Please note that the year 2 independent accountant's certificates generally need to cover the period from 1st January 07 to the project end date. However, if any changes should have been made to the 06 project income and expenditure after the end 06 Accountant's Certificate was submitted to Accel, the accountants will have to take these into consideration for the second and final certificate.

Financial checks by independent accountants need to be carried out by all projects because this allows Accel to obtain independent assurance in relation to the amounts of expenditure for which grant payments are made.

In order to help you with this requirement, Accel has issued reporting templates that will have to be completed by your Project's Independent Accountant.

The reporting templates are based on the M45 – Grant Claims Miscellaneous Technical Statement issued by the Irish Institute of Chartered Accountants and adapted to the Accel Programme requirements.

This M-45 Technical Statement was issued by the Institute of Chartered Accountants in Ireland in July 2006 to assist reporting accountants when asked to provide reports to funding agencies.

I) DEADLINES

Certificates can be submitted as of 1st January 2008 for Y projects and as of 1st April 2008 for Z projects. The **final deadlines** for receipt of Independent Accountant's Certificates are:

31st January 2008 for Y projects and

30th April 2008 for Z projects

II) DEFINITION INDEPENDENT ACCOUNTANT

For the purposes of this document, an independent accountant is defined as a member holding a practising certificate or equivalent issued by an accountancy body or a firm that is registered to conduct statutory audits by an accountancy body that is a member of the Consultative Committee

of Accountancy Bodies – Ireland (CCAB-I)¹ or CCAB UK² and who is independent of the grant claimant.

III) REPORTS AND DOCUMENTS REQUIRED

1. Income & Expenditure Statement

An Income & Expenditure statement for the relevant period must be printed from the AccelT database (1. Finance – 6. Report: Income/Expenditure – select year or all, all quarters – Preview – save an electronic copy – print) and be made available to the independent accountant. For Y projects, provided that the 06 accounts were not changed, it would therefore be sufficient to submit the year 07 Income & Expenditure Statement. Z projects will always have to export an Income & Expenditure Statement for the whole period 06-08 as the AccelT system does not allow for a selection of years 07 and 08 only. This statement is required by Accel to be accompanied by an independent accountant's report following the format set out in paragraph III.3 of this document.

2. Terms of Engagement

Agreement of terms for the conduct of work relating to financial checks reduces misunderstandings or delays at a later stage. To facilitate such agreement, Accel has developed model Terms of Engagement (based on the M45-Grant Claims Miscellaneous Technical Statement) for an independent accountant to undertake necessary work for Accel Projects. The Terms of Engagement template is available from Accel.

Once the letter of engagement is accepted by the Project representative and the independent accountant, an agreement binding on all involved parties is formed.

3. Accountant's report

The format of report expected from an accountant and reflecting the model Terms of Engagement is available from Accel. Appropriate additional comments should be included to reflect circumstances in which the accountant concludes that the conclusion should be qualified or where it is considered necessary to bring certain matters to the attention of Accel.

The completed accountant's report should specify the nature of the procedures performed, by:

- cross reference to the relevant procedures set out in the Work Programme;
- description of amendments or additions to those procedures, as explained in section III.4 below;
- the accountant's conclusion, noting any limiting factors or qualification to that conclusion;
- any reservations arising from evidence considered in the course of performing the stated procedures that the accountant considers to be of material significance.

The following types of situation give an example of what should be dealt with by way of inclusion of additional information in the independent accountant's report, i.e. the facts should be outlined explicitly therein:

¹ CCAB-I comprises the Association of Chartered Certified Accountants, the Chartered Institute of Management Accountants, the Institute of Certified Public Accountants in Ireland and the Institute of Chartered Accountants in Ireland.

² CCAB UK comprises Association of Chartered Certified Accountants, the Chartered Institute of Management Accountants; the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Scotland.

- the amount of an item of expenditure is determined on a basis involving a significant degree of subjective judgment, e.g., an apportionment of expenditure common to assets included in a grant application and assets excluded from the application, or allocation of the grant claimants' own wages or overhead expenditure. The reporting accountant should deal with such issues by including appropriate additional commentary in the report, e.g., by setting out the basis of apportionment or allocation therein;
- expenditure is supported by relevant documentation but there are attendant circumstances of which Accel should be aware so as to ensure that there is no misunderstanding;
Some examples are:
 - where the supplier is a member of a group of companies to which the grantee belongs,
 - where the party invoicing and/or being paid by the grantee is not the actual supplier but an intermediate body, e.g., a project management company, which in turn is invoiced by and/or pays the actual supplier.
- the reporting accountant is unable to agree expenditure to relevant documentation or establishes that it has not been incurred and/or paid, or where the expenditure is not in accordance with the grantee's books and records, e.g., it is classified differently in the application and in the books of account. These circumstances require a qualification of the reporting accountant's opinion given in the report.

The accountant's report is made solely to the company's directors, as a body, and to Accel in accordance with the Terms of Engagement.

4. Work Programme

The Work Programme expected to be carried out by the project's independent accountant is available from Accel.

Please note that an accountant should use professional judgement when undertaking the procedures set out in the work programme and may carry out additional procedures if considered appropriate to do so in the light of particular circumstances. However, the Work Programme provided by Accel is a minimum requirement and cannot be reduced by the accountant.

Completion of procedures as set out in the Work Programme is considered sufficient as the basis for an accountant's report in normal circumstances. If an accountant forms the view that the work programme requires amendment, the accountant should inform Accel of the proposed alternative programme in writing and obtain its written agreement prior to commencing work.

IV) GENERAL REQUIREMENTS

Accel is required to ensure that grants are paid only in appropriate circumstances. Grants are therefore normally only provided for expenditure that is:

- incurred as part of a project approved;
- incurred during the period specified by the funding agreement;
- actually paid out in full;
- not co financed by any other EU source;
- not the subject of any previous grant payments.

Please note that grants may become repayable if grant payments were made on the basis of ineligible expenditure discovered after the grant amount was paid.

V) CHECKLIST

Before sending the completed Independent Accountant's Certificate to Accel, please make sure that the following documents are included:

- Signed Independent Accountant's Report, including two annexes:
 - * Certified (signed and/or stamped by the independent accountant) Income & Expenditure Statement for the year
 - * Written representations by the Directors as per Work Programme

- Copy of the Work Programme (signed and/or stamped by the independent accountant)

and

- The certified income & expenditure must match the totals as submitted to Accel in the last quarterly return.**