



Special EU Programmes Body  
Foras Um Chláir Speisialta An AE  
Boord O Owre Ocht UE Projects

**Peace**

Northern Ireland - Ireland - Scotland  
European Regional Development Fund



**Interreg**

Northern Ireland - Ireland - Scotland  
European Regional Development Fund



# Special EU Programmes Body Annual Report & Accounts 2018



Northern Ireland  
Executive  
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Ireland's European Structural and  
Investment Funds Programmes  
2014-2020  
Co-funded by the Irish Government  
and the European Union



EUROPE & SCOTLAND  
European Regional Development Fund  
Investing in a Smart, Sustainable and Inclusive Future



**Special EU Programmes Body  
Annual Report and Accounts  
For the year ended 31 December 2018**

Laid before the Northern Ireland Assembly under North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 Schedule 1, Annex 2, Part 7, paragraphs 1.3 and 2.6 by the Department of Finance and before both Houses of the Oireachtas under Article 49 (1) of the British-Irish Agreement Act, 1999

on 4 December 2019.





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**Cover image:**

Photo supplied by the DARE to Lead Change (Dialogues About Race and Ethnicity) project, which offers local people in communities, schools and the workplace an opportunity to participate in dialogues about race and ethnicity, on a cross-border basis.





# Contents

<b>Chief Executive's Foreword</b>	<b>02</b>
<b>The Role of the Special EU Programmes Body</b>	<b>06</b>
<b>Key Achievements for 2018</b>	<b>08</b>
<b>PEACE IV Programme Overview</b>	<b>10</b>
<b>INTERREG VA Programme Overview</b>	<b>18</b>
<b>Transnational and Interregional Programmes</b>	<b>28</b>
<b>Sharing the Programmes in 2018</b>	<b>29</b>
<b>Major Information Activities in 2018</b>	<b>31</b>
<b>Accounts Year Ended 31 December 2019</b>	<b>33</b>
<b>Statement on the System of Internal Control / Governance Statement</b>	<b>37</b>
<b>Remuneration Report</b>	<b>47</b>
<b>Appendix</b>	<b>82</b>



# Chief Executive's Foreword

**I am privileged to present the Annual Report and Accounts for 2018. This year has been an extremely busy time for all aspects of our business as we enter into a phase of full implementation for both the PEACE IV and INTERREG VA Programmes.**

A large number of the projects, supported under both programmes, launched during the year and are now well on their way to delivering upon their assigned outputs and objectives.

I was fortunate enough to attend many of these events and witness the innovative and excellent work that is being undertaken to the benefit of tens of thousands of citizens, on both sides of the border.

I was invited to the official launch of the PEACE IV funding that has been awarded to the Victims and Survivors Service. This support will be used to improve the health and well-being of thousands of victims and survivors of the conflict/troubles, on a cross-border basis.

I was also delighted to attend the launch of the 'DARE to Lead Change' project in the grounds of Windsor Park, Belfast. The project is being led by Bryson Intercultural, in partnership with TIDES training and offers local people in communities, schools and the workplace an opportunity to participate in dialogues about race and ethnicity. It is using this dialogue as a vehicle to help combat racism and sectarianism across Northern Ireland and the Border Region of Ireland.

Another one of the fantastic PEACE IV funded projects which is helping to create significant change is the 'Shaping Ourselves and Our Children' project, in Derry-Londonderry. This ground-breaking initiative is delivering a child development and cultural diversity programme where parents are encouraged to reflect upon how their own early life experiences, attitudes and values impact upon their children's perceptions

of self and others. It aims to challenge narratives that may be passing the legacy of the 'Troubles'/conflict from one generation to the next.

A number of projects which are helping young people, who feel that they are marginalised or excluded from society, also launched during the year. These projects are delivering upon one of the core objectives of the PEACE IV Programme, which recognises that many of our vulnerable young people are at risk of becoming involved in anti-social behaviour, violence or dissident activity.

Over the course of the year I was delighted to meet with many of the local youth-focused organisations and the young people taking part in these projects, on both sides of the border.

An example of this is the 'STRIVE' project, which is led by Include Youth and was officially launched in October. Over the course of four years the project will engage with over 800 children and young people in transformative good relations, citizenship and personal development activities.

This work is specifically designed to build the self-esteem of the young participants so that they feel confident enough to start engaging more positively in society.

The excellent work that is being undertaken under the PEACE IV Programme was equally represented by a number of INTERREG VA funded projects, which also launched throughout the year.

For example, the 'Innovation Recovery' project is establishing a cross-border Mental Health Recovery College Network between Ireland and Northern Ireland to support people recovering from mental health issues. The Recovery Colleges will provide education as a route to recovery, with courses devised and delivered collaboratively by people with their own experience of mental illness, alongside mental health professionals.



During the year I took part in the launch of another healthcare focused project called 'Connecting Services, Citizens and Communities' in Letterkenny Hospital. This project will increase acute episodes of care to patients, through improved and reformed service delivery on a cross-border basis. This includes both scheduled and unscheduled healthcare services. Scheduled care will focus on the specialties of dermatology, urology and vascular. Unscheduled care initiatives include the introduction of a new community paramedic service.

The official opening of part of the 'Carlingford Lough Greenway' from Newry to Victoria Lock took place in July. This is an important phase in the development of the high profile greenway project led by Louth County Council. A total of three new greenways are being supported under INTERREG VA which, upon completion, will help meet some of the ambitious Sustainable Transport outputs for the programme.

This year also saw the official launch of two key environmental projects which will help improve water quality and protect endangered species on a cross-border basis. June saw the launch of the 'Catchment Care' project. This project is being led by Donegal County Council and will establish three vital cross-border water quality improvement programmes in the Finn, Blackwater and Arney river catchment areas.

In December a high profile launch was held for the MarPAMM project in Warrenpoint. This excellent project is collating information on species and habitats for Marine Protected Areas (MPAs) in Northern Ireland, Western Scotland and the Border Region of Ireland. This information will be used to help safeguard the health and sustainability of the cross-border marine ecosystem in all three jurisdictions.

Throughout the year we also embarked on an enhanced stakeholder engagement programme to reinforce the importance that PEACE IV and



INTERREG VA projects have had to the development of the region.

As part of this activity we organised a project focused exhibition at the All-Island Civic Dialogue event in Dundalk, on 30 April. At the event Michel Barnier, European Chief Negotiator for the UK's exit from the EU, met with a number of PEACE IV and INTERREG VA funded projects.

Sponsored by the Ceann Comhairle of Dáil Éireann, Seán Ó Fearghail TD we co-ordinated an interactive project exhibition in Leinster House, Dublin on 16 May. This exhibition was visited by a number of TDs and Senators including An Tánaiste Simon Coveney.

We have also had the opportunity to showcase the work of the projects to Katrina Williams (Deputy Permanent Representative of the United Kingdom to the European Union) and the Permanent Secretary for the Department of Finance in Northern Ireland, Sue Gray.

As part of our other responsibilities we have been heavily involved in helping to promote and signpost potential project participants for the Transnational INTERREG VB and Inter-regional INTERREG VC Programmes.





As a result of this work the SEUPB has been able to support the creation of some new partnerships, most notably the 'CLIMATE' project funded under the Northern Periphery and Arctic Programme. This project aims to promote and improve climate change awareness in rural communities across Europe.

Throughout 2018, I was invited to speak at a number of events and seminars relating to the impact of the PEACE IV and INTERREG VA Programmes. These events afforded me the opportunity to articulate the cross-border benefits of the programmes and the transformative impact they are making across the region.

These events included a presentation to members of the European Committee of the Regions; a presentation to the British-Irish Parliamentary Assembly, in Sligo on 11 June; attendance at a state dinner hosted by An Taoiseach Leo Varadkar for the President of the European Commission Jean-Claude Juncker on 21 June; as well as a presentation to the European Economic and Social Committee at the Northern Ireland Assembly on the 29 October.



I would like to take this opportunity to formally acknowledge my sincere appreciation for the continued support of the members of the PEACE IV and INTERREG VA Monitoring and Steering Committees, as well as my sincere gratitude for the SEUPB's Audit and Risk Committee's independent Chair and members.

I would also like to acknowledge the support of the European Commission; the staff of the North South Ministerial Council; our Sponsor Departments (the Department of Finance in Northern Ireland and the Department of Public Expenditure and Reform in Ireland); along with all of the Government Departments that we work with on a daily basis in Northern Ireland, Ireland and Scotland.

I am very proud to lead an extremely hard-working team of dedicated staff who are committed to ensuring that the results and outputs of both the PEACE IV and INTERREG VA Programmes are achieved.

We have some very challenging expenditure and result targets to achieve, all set within the back-drop of a planned UK exit from the EU. This creates its own unique set of challenges for us to overcome. However, the objectives of both the PEACE IV and INTERREG VA Programmes will continue to be delivered. We have also commitments from the European Commission and the UK and Irish Governments that the funding is secure under the current programming period.

I am very optimistic about future funding opportunities, specifically the PEACE PLUS Programme, which will be a hybrid of both PEACE and INTERREG activities and run until 2027. The new programme will provide an opportunity to explore new and exciting avenues for the future development of the region, on a cross-community and cross-border basis.

This programme will continue to address the divisions which are still very evident within our society and help reinforce progress towards a more peaceful and prosperous region.

I hope that you find this report useful in illustrating the vital work that we are fortunate enough to support.



**Gina McIntyre**  
**Chief Executive**  
**Special EU Programmes Body**



**‘PEACE IV Action Plans’**

Funding is given to all of the local authorities in Northern Ireland and the Border Region of Ireland, through PEACE Action Plans, to enhance the capacity of children and young people to form positive relationships with others of a different background in order to create a more cohesive society.

# The Role of the Special EU Programmes Body

## Our Mission

“To improve people’s lives through partnership and cross-border cooperation”.

## Our Vision

“The SEUPB will have a positive and lasting impact on the people in the region by successfully delivering cooperation programmes, on behalf of the two Governments and the European Commission. We will operate with the highest levels of integrity, and respect the diversity of all those within the region. We will continually improve, drive simplicity, inspiring staff to be the best that they can be through the ethos of teamwork internally and externally.”

## Our Role Explained

The Special EU Programmes Body (SEUPB) is a North/South Body, established under the Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland (the Agreement) and came into effect on 2 December 1999.

The Agreement stipulates that the SEUPB will implement the policies directed by the North South Ministerial Council (NSMC) as specified by the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999, as amended.

The SEUPB holds the role of Managing Authority and Certifying Authority as well as providing the Joint Secretariat (JS) for the PEACE IV and INTERREG VA Programmes (2014-2020).

The SEUPB has a broad role to support North/South participation in INTERREG VB Transnational Programmes which are relevant to Northern Ireland. Alongside this the SEUPB has an advisory and signposting role for North/South participation in the INTERREG VC Inter-regional programme.



**‘Sharing from the Start’**

The Sharing from the Start project is engaging with around 10,000 pre-school children to take part in shared education activities on a sustained basis.

# Key Achievements for 2018

Objectives	Key Outputs
<p><b>1. To achieve the outputs and contribute to the results of the PEACE IV and INTERREG VA Programmes, by supporting projects to maximise their contribution to society.</b></p>	<ul style="list-style-type: none"> <li>• 97.3% of INTERREG VA funding and 99.7% of PEACE IV funding was allocated with 120 letters of offer issued to projects.</li> <li>• Both INTERREG VA and PEACE IV N+3 targets were achieved.</li> <li>• A comprehensive training programme was developed and rolled out for project Lead Partners throughout 2018, including specific training for local authorities on building peace and reconciliation at local level.</li> </ul>

Objectives	Key Outputs
<p><b>2. Ensure excellence in the business performance of the SEUPB through the implementation of effective and efficient administrative processes within a corporate governance framework designed to meet accountability requirements.</b></p>	<ul style="list-style-type: none"> <li>• The SEUPB information management policies and protocols were reviewed to ensure compliance with the requirements of GDPR. All staff were trained on the updated requirements.</li> <li>• In-line with Evaluation Plans for the PEACE IV and INTERREG VA Programmes the second Implementation Evaluation (Interim Report) was completed in October 2018.</li> <li>• The Annual Implementation Reports (AIR) for both Programmes have been submitted to the European Commission by the regulatory deadline of 31 May 2018.</li> <li>• The PEACE IV Monitoring Committee met on 1 May 2018 and 7 November 2018.</li> <li>• The INTERREG VA Monitoring Committee met on 17 April 2018 and 27 November 2018.</li> <li>• In 2018 work progressed to a successful delivery of all eMS, the IT system supporting programme delivery. The final stage of the project was to deliver a reporting module by March 2018 and this was achieved. eMS has enabled the SEUPB to issue Letters of Offer meeting the requirements of designation, and provide a mechanism to achieve N+3 targets in 2018.</li> <li>• Towards the end of 2018 a new version of eMS was released, the SEUPB plans to upgrade to this version by June 2019.</li> </ul>



Objectives	Key Outputs
<p><b>3. To work in partnership with applicants and beneficiaries to ensure that projects are implemented in line with their letter of offer for the INTERREG VB Transnational and the INTERREG VC Inter-regional programmes.</b></p>	<ul style="list-style-type: none"> <li>• The SEUPB continued their programme of training events aimed at ensuring that projects are functioning in accordance with EU and member state regulatory requirements. A total of 28 workshops were delivered throughout the year.</li> <li>• During 2018, the SEUPB proactively identified and engaged with key stakeholders in the region to advance projects with Northern Ireland and cross-border partnerships. By the end of 2018 56 projects with at least one Northern Ireland partner had been approved with 67 Northern Ireland partners involved overall. Approximately €15.6m in ERDF has been committed to those partners.</li> <li>• The SEUPB also continued to manage the First Level Control process for all Northern Ireland partners approved under the INTERREG VB/VC Programmes.</li> </ul>

Objectives	Key Outputs
<p><b>4. Invest in the development of our human resources to ensure staff are well informed, highly motivated, adaptable and supportive members of staff; and foster the development of strong teams and networks.</b></p>	<ul style="list-style-type: none"> <li>• The SEUPB co-ordinated a high profile interactive project exhibition in Leinster House, Dublin sponsored by the Ceann Comhairle of Dáil Éireann, Seán Ó Fearghail TD. The exhibition was attended by a number of TDs and Senators including An Tánaiste, Simon Coveney TD.</li> <li>• The SEUPB provided formal and informal training to staff in areas defined within personal development plans.</li> <li>• The SEUPB continued to work diligently throughout 2018 to ensure that workplace efficiencies are achieved and prompt payment targets are met.</li> <li>• In terms of absence rates, the Percentage Days Lost of Total Available Working Days was 3.21% against a target of less than 4%. The Average Number of Days Lost per Employee was 7.21 days against a target of less than 6.5 days.</li> </ul>



# PEACE Programme Overview

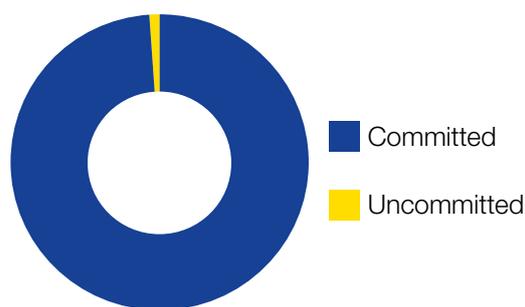
The PEACE Programme is a unique cross-border initiative designed to support peace and reconciliation in Northern Ireland and the Border Region of Ireland. The first PEACE Programme was agreed in 1995 and was the direct result of the European Union's desire to make a positive response to the opportunities presented in the Northern Ireland peace process, including the ceasefires of 1994.

As the process has evolved and matured, the PEACE Programmes have played an important role in reinforcing progress towards a more peaceful and stable society. However, divisions between communities are still very evident, with low levels of trust and high levels of residential and social segregation.

Within this context there remains a real need for the region to address a number of key issues in order to support the overall peace process. These include more efforts to develop and deepen reconciliation between divided communities; increase tolerance and respect to reduce the levels of sectarianism and racism; promote increased community cohesion; and address the legacy of the past.

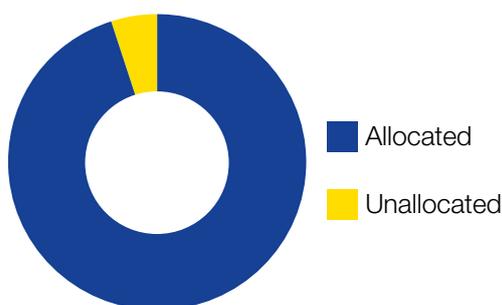
It has a total value of approximately €270 million, this includes an ERDF contribution of €229 million (85%) and a match-funding contribution from the Irish Government and Northern Ireland Executive of €41m (15%).

## Programme Commitment Level



By the end of 2018, 99.7% of the total value of the programme had been committed to 95 different projects.

## Funding Allocation Value



By the end of 2018, approximately €268.8m of the total programme value of €270m had been allocated.

The following case studies, overleaf, provide more detail on some of these new projects for the 2014-2020 programming period.



## Children & Young People

The PEACE IV Programme is supporting thousands of children and young people who feel that they have been marginalised or excluded. These young people are at risk of becoming involved in anti-social behaviour, violence or even paramilitary activity.

Under this objective of the programme, funding is being used to build the capacity of young people to form positive relationships with others of a different background and make a positive contribution to building a more cohesive society. Examples of this work include:

### 'STRIVE' project

The STRIVE project is a cross-community, cross-cultural and cross-border programme that engages young people in transformative good relations, citizenship and personal development work. It is led by Include Youth, in partnership with Youth Initiatives NI, Newstart Education Centre, Northern Ireland Alternatives and Lifford Clonleigh Resource Centre.

STRIVE is a youth-led programme through an 'Expert by Experience' (EBE) approach. EBE's are young people who have been through similar experiences, providing their expertise to design and deliver a programme that best meets the needs and interests of other young people.

**Funding Award: €3.9m**



Young people speaking at the official launch of the STRIVE project on 25 October 2018.



### 'Transformative Education for Positive Relationships' (TRANSFORM)

TRANSFORM is engaging with approximately 480 young people, aged 14 to 24 years old from Antrim; Down; Fermanagh; Tyrone; Derry-Londonderry; Armagh; Cavan; Monaghan; Louth; and Donegal.

Delivered in partnership with youth workers the project will reduce barriers to learning and enable young people to take their place as active citizens and peace builders within their own communities. The project is supporting them to fulfil their potential, develop skills, confidence and contribute towards greater social cohesion.

**Funding Award: €2.4m**



**Young participants of the TRANSFORM project, which is delivered on a cross-border and cross-community basis.**



## Building Positive Relations (Regional)

The PEACE IV Programme has been designed to help build positive relationships. It is supporting a number of regional level initiatives that transcend local authority boundaries.

These regional initiatives are also facilitating cross-border cooperation. All of the projects supported are designed to promote positive relations and help people to live, learn and socialise together, free from prejudice, hate and intolerance. Examples of this work include:

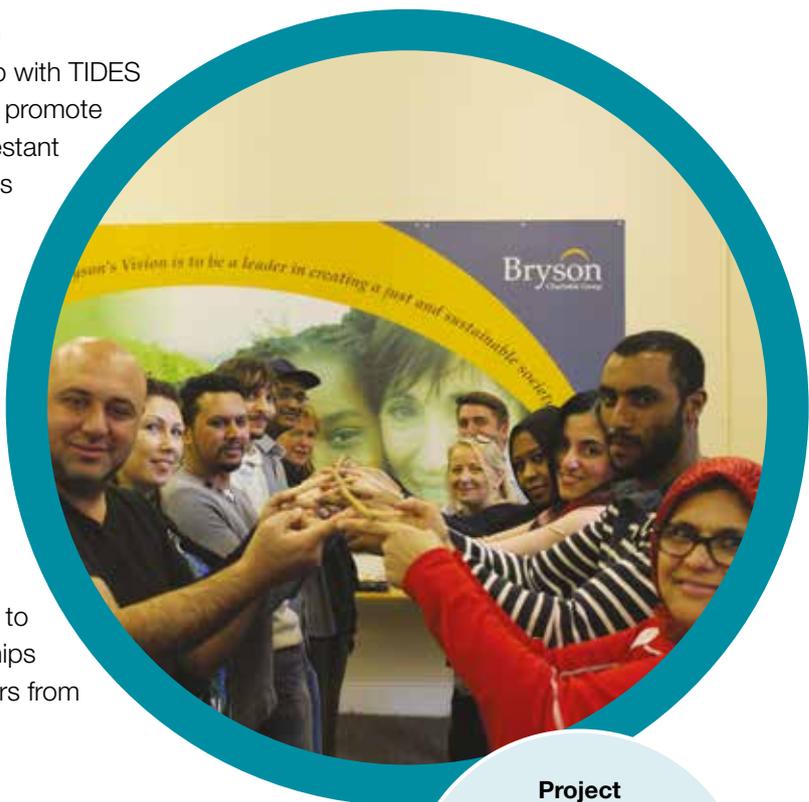
### **'DARE to Lead Change'** **(Dialogues About Race and Ethnicity)**

Led by Bryson Intercultural, in partnership with TIDES Training, DARE to Lead Change seeks to promote positive relations between Catholic, Protestant and Black & Minority Ethnic people across Northern Ireland and the Border Region of Ireland.

The project offers local people in communities, schools and the workplace an opportunity to participate in dialogues about race and ethnicity. Participants are encouraged to get involved and avail of free training on Good Relations and Understanding Diversity.

The project is using training and dialogue to help build, improve and sustain relationships with local people and their new neighbours from other cultures and communities.

**Funding Award: €843K**



**Project beneficiaries and coordinators attend the official launch of the DARE to Lead Change project on 13 March 2018.**



**‘Shaping Ourselves and Our Children’**

Led by the Lifestart Foundation, this project will bring together parents from different backgrounds and communities and encourage them to reflect upon how their own early life experiences, attitudes and values impact upon their children’s perceptions of self and others.

It aims to challenge narratives which may be contributing to the continuation of sectarianism and racism from one generation to the next. It will do this by delivering a child development and cultural diversity programme, where parents will learn how their behaviours and parenting styles can impact upon their children’s development.

**Funding Award: €1.3m**



**Young children participating in a Shaping Ourselves and Our Children project costume themed event.**



## Shared Education

**Overall, 92.6% of children in Northern Ireland attend schools that are predominantly associated with either the Catholic or Protestant religion. In Ireland only 2% of schools are described as being multi-denominational. This means that during their early years most children have little, or no, opportunity to mix with someone of a different religious background.**

**To help address this, the PEACE IV Programme provides support for shared education initiatives on both sides of the border. Shared education gives young people the skills and attitudes they need to help build a society where the cycle of segregation is broken. Examples of this work include:**

### **‘Collaboration through Sharing in Education’ (CASE)**

The CASE project is being delivered on a cross-border basis in partnership with the Education Authority Northern Ireland and Léargas Ireland. It will enable 377 schools and 135,000 pupils to take part in shared education through 163 school partnerships. In addition, 2,000 teachers will be trained to facilitate and deliver at least 30 hours of shared education for the pupils involved.

Shared education enables schools from different sectors to work in partnership to provide opportunities for pupils, staff and community to engage in collaborative and meaningful learning experiences.

**Funding Award: €28.9m**



**Young children attending the official launch of the CASE project on 21 March 2018.**



### **'Sharing from the Start'**

The Sharing from the Start project involves early year's settings throughout Northern Ireland and the border counties of Ireland forming cross-community and/or cross-border partnerships.

The children will take part in joint curricular classes, to improve their educational outcomes and promote good relations. Funding is being used to enable pre-schools to take part in shared education projects improving educational outcomes and cross-community cohesion, inclusion and diversity.

Led by Early Years, in collaboration with the National Childhood Network and the Fermanagh Trust, the project aims to engage almost 10,000 pre-school children in shared activities on a sustained basis by 2021.

**Funding Award: €4.25m**



**Back L-R) Denise McCormilla NCN; Lauri McCusker Fermanagh Trust. (Front L-R) Alison Chambers Department of Education; Ian McKenna Department of Education and Skills; Mark Feeney SEUPB and Siobhan Fitzpatrick (former CEO of Early Years) with children from Ardstraw Playgroup and Little Flower Playgroup.**



**‘CoH-Sync’**

The project is helping to help 'synchronise' the efforts of the community, voluntary and statutory health sectors in order to improve the health and well-being of individuals and communities on a cross-border basis. Led by the Health Service Executive it will help to break down barriers between the statutory and community sectors by creating locally based health and well-being Community Hubs.

# INTERREG VA Programme Overview

The INTERREG Programme has been specifically designed to address problems that arise from the existence of borders. Borders can reduce economic development, hamper the efficient management of the environment, obstruct travel and hinder the delivery of essential health and social care services.

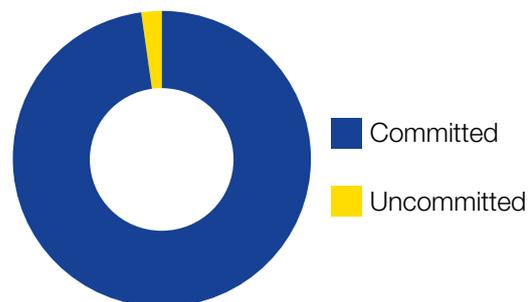
From the beginning of INTERREG IA in 1991 to the conclusion of INTERREG VA in 2020, the Programme will have contributed approximately €1.13 billion to the region. Of this figure, approximately €810 million was provided directly from the European Union.

The INTERREG VA Programme is one of over 60 funding programmes across the European Union that have been specifically designed to address problems that arise from the existence of borders.

The new INTERREG VA Programme (2014-2020) has been designed to promote greater levels of economic, social and territorial cohesion across Northern Ireland, the Border Region of Ireland and Western Scotland.

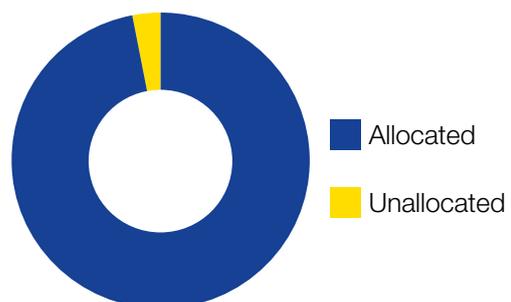
It has a total value of approximately €283 million, this includes an ERDF contribution of €240 million (85%) and a match-funding contribution from the Irish Government and Northern Ireland Executive of €43 million (15%).

## Programme Commitment Level



By the end of 2018, 97.3% of the total value of the programme had been committed to 32 different projects.

## Funding Allocation Value



By the end of 2018, approximately €275.08m of the total programme value of €283m had been allocated.

The following case studies provide more detail on some of these new projects for the 2014-2020 programming period.



## Research & Innovation

All three regions of the INTERREG VA Programme suffer from low-levels of Research & Innovation in business. This slows economic growth and prevents businesses from being as competitive as they could be.

By working together however, with universities and colleges, on a cross-border basis, businesses can enhance their levels of Research & Innovation. This will help them to develop new products, processes and services; thereby making more profit and creating new jobs. Examples of this work include:

### The 'Eastern Corridor for Medical Engineering Centre' (ECME)

Advances in technology have the potential to revolutionise healthcare delivery, reduce the time spent in hospitals, and support older people in their own home and community safely, independently and comfortably.

The innovative ECME project will create improved healthcare pathways for cardiac related health conditions by carrying out fundamental research and developing commercially focused platform technologies. The project will create a cardiac health database, sensor technology and medical grade smart wearable technology.

**Funding Value: €8.15m**



### 'The North West Centre for Advanced Manufacturing'

Led by Catalyst, the project will create a new cross-border 'super cluster' within the Health & Life Sciences business and research sector. It will support nine key Health & Life Sciences companies, involved in 15 different research projects, to develop new products and processes.

A total of 26 PhD and post-doctoral researchers will be recruited over the life-time of the project, to work with the eight participating companies, creating up to 98.5 years' worth of PhD full-time equivalent research.

The project brings together the expertise of the Engineering Research Institute at Ulster University; the James Watt Nanofabrication Centre at Glasgow University; the PEM Centre at Sligo Institute of Technology; and the CoLab facility at the Letterkenny Institute of Technology.

**Funding Award: €8.5m**





## Environment

**The environment does not recognise the existence of borders. All three jurisdictions of the INTERREG VA Programme have animal species and habitats that are facing severe decline and must be protected. They also share drinking water, rivers and coastline areas that are being polluted.**

**Cross-border cooperation is essential in order to address such issues. The programme has targeted seven separate types of habitats and priority species that it will protect. It is also funding initiatives which will monitor and prevent pollution in our rivers and seas. Examples of this work include:**

### **‘Marine Protected Area Management and Monitoring’ (MarPAMM)**

The project is collating information on species and habitats for Marine Protected Areas (MPAs) in Northern Ireland, Western Scotland and the Border Region of Ireland.

This information is being used to construct four computer models on the distribution of mobile species such as seabirds and seals as well as for seabed-dwellers and the coastal processes that shape the environment.

It will help to safeguard the health and sustainability of the cross-border marine ecosystem in all three jurisdictions. The project is being led and coordinated by researchers from the Agri-Food and Biosciences Institute (AFBI) and involves another six leading marine research providers, forming a unique cross-border collaboration network.



**Funding Award: €5.9m**

### 'Collaborative Action for the Natura Network' (CANN)

Led by Newry, Mourne and Down District Council the project represents a unique cross-border partnership consisting of 11 organisations including local authorities, research institutions and charities from across the region.

The project is carrying out critical environmental conservation work on 25 selected designated sites, protecting habitats and supporting priority species found in Northern Ireland, the Border Region of Ireland and Western Scotland.

It will produce 27 Conservation Action Plans to guide the environmental recovery of over 25,000 hectares of designated land and directly improve the conservation status of over 3,000 hectares of protected habitats.

Protected habitats and species will include birds such as the hen harrier; golden plover; and red grouse; insects such as the marsh fritillary butterfly; and freshwater species such as white-clawed crayfish.

**Funding Award: €9.23m**



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## Health & Social Care

**Our ever-growing and ageing population means there is an ever-increasing demand on an already stretched healthcare system. Cross-border cooperation can alleviate this by joining up healthcare services to make them more efficient.**

**Under this objective of the programme, funding is being used to improve the health and well-being of people living across the region by enabling them to access quality health and social care services in the most appropriate setting to their needs. Examples of this work include:**

### **Mental Health Project: 'Innovation Recovery'**

The project will establish a cross-border Mental Health Recovery College Network between Ireland and Northern Ireland to support people recovering from mental health issues.

The Recovery Colleges will provide education as a route to recovery, with courses devised and delivered collaboratively by people with their own experience of mental illness, alongside mental health professionals.

The project represents a radical shift from traditional medical models of treatment to a more collaborative-based approach that will allow people to become active partners in their own recovery.

**Funding Award: €7.6m**



**‘Cross-Border Healthcare Intervention Trials in Ireland Network’ (CHITIN)**

The CHITIN project is a unique cross-border partnership between the Public Health Agency in Northern Ireland and the Health Research Board in Ireland.

It aims to develop infrastructure and deliver health intervention trials to prevent and cure illness, improving the health and well-being of approximately 3,500 people living on both sides of the border.

Funding will enable 11 health intervention trials in the priority areas of Population Health; Primary Care and Older People’s Services; Mental Health; Acute Services; Disability Services; and Children’s Services.

Such trials will investigate if a new treatment or procedure is safe; assess whether it is better than the current treatment; and help direct resources to the strategies and treatments that work best.

**Funding Award: €8.8m**





## Sustainable Transport

Transportation across the region is dominated by the use of cars which leads to high carbon emissions. This will only increase as the population continues to grow. The programme is supporting more cross-border 'connectivity' to help create joined-up, more environmentally friendly, transport networks.

Under this objective of the programme, funding is being used to increase the number of cross-border journeys made by walking, cycling or other more sustainable forms of transport. Examples of this work include:

### 'North West Transport Hub'

Led by the Department for Infrastructure in Northern Ireland, in partnership with Derry City and Strabane District Council; Translink; Sustrans; Department of Transport, Tourism and Sport Ireland; Donegal County Council; and Transport Scotland, this project will deliver a multi-modal transport hub that will improve connectivity in the North-West of Ireland.

Proposals include restoration and refurbishment of the former listed Waterside Railway Station; new platforms; an enhanced Park & Ride; an Active and Sustainable Travel Centre; a new bus turning circle; Greenway link (that will connect the Hub to the existing Urban Greenway Network) as well as Track; Signalling and Telecoms works.



*An artists impression of the new facility.*

**Funding Value: €23.5m**



### 'North West Greenway Network'

The North West Region – comprising the Derry City & Strabane District Council (DCSDC) area, north and east Donegal – is home to a rich natural, cultural and built heritage landscape and some of the island's highest quality, natural scenery. Situated on the Northern Ireland/Ireland border, the area is heavily reliant on cross-border movement of both people and goods, with approximately 325,000 cross-border vehicle journeys made in the region per week.

Led by Derry City & Strabane District Council, together with project partners Donegal County Council; Department for Infrastructure; and Sustrans, the project will construct 46.5km of Greenway infrastructure along three key border crossings in the North West of Ireland.

Once complete, these routes will offer safe and accessible infrastructure to encourage cross-border cycling and walking, while delivering modal shift and sustainable travel to reduce the carbon footprint in the North West Region.

**Funding Value: €14.9m**





**'Futures'**

Young beneficiaries take part in a residential for the Futures project which is helping hundreds of 16-24 year olds enhance their capacity to form positive and effective relationships with others of a different background and make a positive contribution to building a more cohesive and forward-looking society.

# Transnational and Interregional Programmes

Throughout 2018, the SEUPB continued to support the development of projects within Northern Ireland working with colleagues in the Irish Regional Assemblies to ensure that projects are developed with cross-border partnerships where possible.

The programme of support offered by the SEUPB included one-on-one sessions throughout the year with potential applicants, workshops/programme information seminars with the SEUPB and the UK National Contact Points and newsletters communicating information in relation to the four VB and VC Programmes including the Northern

Periphery and Arctic Programme, the North West Europe Programme, Atlantic Area Programme and Interreg Europe Programme.

By the 31<sup>st</sup> December 2018, a total of 56 projects had been approved with at least one Northern Ireland Partner involved (67 NI partners approved in total). Many of these projects involve Northern Irish and Irish partners working collaboratively to address common problems with over €15.6m (ERDF) allocated to Northern Irish partners to complete activity under the Programmes.

## **'CLIMATE' project**

Approximately €1.37m has been awarded to the 'Collaborative Learning Initiative Managing and Adapting to the Environment' or CLIMATE project, funded under the Northern Periphery and Arctic Programme. The project aims to promote and improve climate change awareness in rural communities across Europe through a knowledge based approach and community-led sustainable resourcing planning.

It will identify models of best practice in order to inform the development of Climate Adaptation Plans. The project is being delivered across four different regions including Northern Ireland, Sweden, Ireland and the Faroe Islands. Recently the project held a climate adaptation workshop with representatives from Derry and Strabane District Council.



**CLIMATE Programme Steering Group members.**



## Sharing the Programmes in 2018

As part of its stakeholder engagement strategy, the SEUPB co-ordinated a number of exhibitions and project visits with a wide-range of political stakeholders to help promote the work of the PEACE IV and INTERREG VA Programmes.

On 12 September 2018, the SEUPB co-ordinated a number of PEACE IV and INTERREG VA project visits for Ireland’s Minister of State for European Affairs, Helen McEntee TD. These visits were extremely well received by the Minister and gave a detailed insight into the outputs of both programmes.



**Ireland’s Minister of State for European Affairs, Helen McEntee TD visits a number of INTERREG VA funded projects at Ulster University.**



**Ireland’s Minister for Finance & Public Expenditure and Reform, Paschal Donohoe TD meets beneficiaries of the PEACE IV funded Journeys project.**

The SEUPB also facilitated a project visit for the Minister for Finance & Public Expenditure and Reform, Paschal Donohoe TD on 17 September 2018. The visit took place at a workshop delivered through the PEACE IV funded ‘Journeys’ project.



Working with the European Policy and Co-ordination Unit of The Executive Office, the SEUPB co-ordinated a project engagement visit on the 24 September 2018 for the UK's Deputy Permanent Representative to the EU, Katrina Williams. This included a roundtable discussion with PEACE IV funded projects in Bagenal Castle Newry, followed by an evening reception, held in Belfast, with a further selection of funded projects.

On 12 October 2018, An Taoiseach, Leo Varadkar TD attended the official launch of the PEACE IV funded 'Rural Respecting Difference' project in Monaghan. Over a three-year period, the project will engage with young children attending rural pre-school, day care and afterschool settings to build a better understanding of social, ethnic and cultural difference.



**The UK's Deputy Permanent Representative to the EU, Katrina Williams meets with a number of PEACE IV and INTERREG VA funded projects.**

On 21 November 2018, the SEUPB also arranged visits to two PEACE IV projects for the Permanent Secretary for the Department of Finance Sue Gray.

All of this activity has helped to raise the profile of the PEACE IV and INTERREG VA Programmes and showcase the transformative impact they are having on both sides of the border.



**Michel Barnier, European Chief Negotiator for the UK's exit from the EU, speaks to a number of PEACE IV and INTERREG VA funded projects in Dundalk. (See detail overleaf).**



## Major Information Activities in 2018

On 30 April 2018, the SEUPB co-ordinated a project focused exhibition at the All-Island Civic Dialogue event in Dundalk. At the event Michel Barnier, European Chief Negotiator for the UK's exit from the EU, met with a number of PEACE IV and INTERREG VA funded projects.

On 16 May 2018 the SEUPB co-ordinated an interactive project exhibition in Leinster House, Dublin sponsored by the Ceann Comhairle of Dáil Éireann, Seán Ó Fearghaíl TD. The exhibition was attended by a number of TD's and Senators including An Tánaiste, Simon Coveney TD. At the event, a number

of PEACE IV funded projects exhibited and gave short presentations as part of a panel discussion in the AV room of Leinster House.

The SEUPB also exhibited at the National Ploughing Championships from 18 – 20 September 2018, in Tullamore, County Offaly in Ireland. During the event the President of Ireland, Michael D. Higgins, visited the stand to learn more about the impact that PEACE IV funded projects are having on a cross-border basis.



**The Ceann Comhairle of Dáil Éireann, Seán Ó Fearghaíl TD gives a short presentation in Leinster House alongside a selection of PEACE IV and INTERREG VA funded projects.**





Photo taken at the official launch of the Journeys children & young people project, an innovative cross-community initiative designed to support disadvantaged and at-risk young people from diverse communities in Greater Belfast/ Limavady & Monaghan/Cavan.



# Accounts Year Ended 31 December 2018

## Background Information

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. The SEUPB was established on 2 December 1999 under the Good Friday Agreement 1998 and the British-Irish Agreement 1998 establishing implementation bodies, which is underpinned by the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999.

Reporting to the North/South Ministerial Council, the SEUPB's principal functions are to administer certain EU Structural Funds such as PEACE and INTERREG, and thereby to support a range of development and regeneration programmes in Northern Ireland, the Border Region of Ireland, and Western Scotland.

These accounts have been prepared in accordance with:

- The financial arrangements of Part 7 of Annex 2 to the British-Irish Agreement establishing Implementation Bodies;
- A direction by the Department of Finance and the Department of Public Expenditure & Reform as provided for in SEUPB's Financial Memorandum; and
- The Annual Report and Accounts Guidance provided by the Department of Finance and the Department of Public Expenditure & Reform which is in line with the Financial Reporting Standard (FRS) 102 applicable in the UK and Republic of Ireland.

## Business Overview/Principal Activities

An overview of the SEUPB's activities and future developments is provided in the Annual Report. The North / South Ministerial Council (NSMC) is responsible for approving the business plans for the organisation. Due to the absence of the Northern Ireland Assembly the NSMC has not been able to meet and as a result the 2017, 2018 and 2019 business plans have not yet been approved. Contingency arrangements have been put in place by DoF to ensure the continuation of service delivery by all the North South bodies, while avoiding illegal spend by the Departments.

The current Programme period is 2014-20, with the UK/Ireland PEACE IV and INTERREG VA Programmes officially launched in early 2016.

## Results for the year

The income and expenditure of the Special EU Programmes Body is set out in detail on page 54. The surplus for the 2018 year was €nil (Stg £nil) - (2017: €nil (Stg £nil)).

Programme expenditure increased significantly from 2017 to 2018, as a result of new PEACE IV and INTERREG V payments.

## Fixed Assets

Details of the movement of fixed assets are set out in Note 8 to the accounts.

During the year the main expenditure on fixed assets was in relation to IT hardware and software.



### Research and Development

There was no significant expenditure in this area.

### Important Events Occurring After the Year End

There have been no important events since the year end that have had an impact on these Accounts.

### Charitable Donations

The Special EU Programmes Body made no charitable donations during the financial year.

### Board Members

The functions of the SEUPB are exercised by the Chief Executive. There are no board members.

The Chief Executive holds no other directorships or interests which would conflict with her management responsibilities.

### Payment to Suppliers

The Special EU Programmes Body is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment Of Commercial Debts (Interest) Act 1998, as amended by the Late Payment of Commercial Debts Regulations 2013, and the Irish Late Payments in Commercial Transactions Regulations 2013.

Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later.

The SEUPB operates a 30-day prompt payment rule across all of its offices regardless of the jurisdiction where the bill originated. Regular reviews conducted to measure how promptly the Special EU Programmes Body paid its bills found that 96.81% (2017 - 99.9%) of bills were paid within this target.

In December 2008, Public Bodies in Northern Ireland were instructed to support businesses through every effort to make payments to suppliers within 10 days of receipt of a valid invoice. During 2018 SEUPB paid 80.91% of its invoices within 10 days (2017: 86%).

The SEUPB has entered into Terms and Conditions for Payment of Grant with Accountable Departments in order to make payments to projects via the Centralised Payment Unit. This requires the SEUPB to make payments to projects within 8 working days of Managing Authority approval of the corresponding project report.

This has been achieved for 99.81% (2017 - 95.12%) of payments made during the year, analysed as follows:

	No. of Invoices	% on target	Late payments
PEACE IV	557	99.64%	2
INTERREG VA	507	100.00%	0
<b>Total</b>	<b>1,064</b>	<b>99.81%</b>	<b>2</b>

### Health & Safety Policy

The SEUPB has developed a written Health and Safety Policy and circulated it to all staff. The policy reflects the legal requirements to be fulfilled on health and safety in both jurisdictions in order for the SEUPB to attain a high standard of health and safety within the organisation.

### Disabled Employees

The SEUPB's Disability Action Plan is a statement of the organisation's commitment to fulfil its statutory obligations in compliance with Section 49A of the Disability Discrimination Act 1995.



The plan outlines measures that the SEUPB will take to ensure that equality of opportunity is achieved not only for its own employees but also applicants and future employees. The plan is reviewed and updated every three years in line with the SEUPB Corporate Planning timetable.

The SEUPB is committed to treating all staff or applicants for employment with disabilities with dignity and respect and will provide a working environment free from unlawful discrimination, victimisation or harassment on the grounds of disability.

Specifically, the SEUPB will aim to:

- Promote a positive working environment within which people with disabilities are readily accepted;
- Examine the working environment and practices to ensure that barriers impacting on the ability of staff with disabilities to participate fully in the life of the SEUPB are removed where practicable;
- Provide a safe working environment;
- Ensure the development of skills and potential of staff with disabilities, through training and staff development; and
- Provide access to the full range of recruitment and career development opportunities to people with disabilities.

The current Disability Action Plan covers the period 2017- 2019. The plan is aligned with the strategic commitments to disability issues included in our 3 year Corporate Plan 2017-2019.

### **Employee Involvement**

Employees have been kept informed of developments through formal and informal means, including staff meetings, ad hoc staff working groups, and structured annual corporate planning events. Communication of all staff policies is managed through an online portal, ensuring that information is available and up to date.

**Gina McIntyre**  
**Chief Executive Officer**  
**27 June 2019**



# Statement of Accountable Person's Responsibilities

The Department of Finance and the Department of Public Expenditure and Reform have directed the Special EU Programmes Body to prepare a statement of accounts for each year ended 31 December in the form and on the basis set out in the accounts direction in the appendix to these financial statements.

The accounts are prepared on an accruals basis and must give a true and fair view of the SEUPB's state of affairs at the year end and of its income and expenditure, changes in equity, and cash flows for the calendar year.

In preparing the accounts the SEUPB is required to:

- Observe the accounts direction issued by the Sponsor Departments, including the relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;

- State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Body will continue in operation.

The Chief Executive's responsibilities as the Accountable Person for the SEUPB, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Financial Memorandum of the body.



# Statement on the System of Internal Control / Governance Statement

## Introduction

This Statement on the System of Internal Control / Governance Statement for the Special EU Programmes Body sets out the governance structures, risk management and internal control procedures that operated within the organisation during the 2018 financial year and up to the date of approval of the Annual Report and Accounts. This statement has been prepared in accordance with guidance issued by the Department of Finance (DoF) and the Department of Public Expenditure & Reform (DPER) in 2017.

## Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the SEUPB's policies, aims and objectives, whilst safeguarding the public funds and the SEUPB's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland and Public Financial Procedures (guide for Irish Government Departments & Offices).

The Financial Memorandum (2006) between the SEUPB and its Sponsor Departments sets out in detail the responsibilities of the Accounting Officer (the Chief Executive Officer), within a financial and business framework. The SEUPB must operate within the standards and guidance on accounting and financial procedures, as set out in the Managing Public Money (NI) manual and Irish Public Financial Procedures. An updated version of the Financial Memorandum is currently being reviewed by the Departments of Finance in Northern Ireland and Ireland.

## SEUPB Governance & Management Structure

The SEUPB is one of six cross-border bodies set up under the "Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland establishing implementing bodies" signed on 8 March 1999 (the British-Irish Agreement of 8 March 1999).

As a North-South Implementation Body the SEUPB is sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. For the European Union's 2014-2020 programming period, it manages the EU Programme for Peace and Reconciliation (PEACE) and the INTERREG Programme (Northern Ireland, Ireland and Western Scotland).

## Organisational Structure

In the period covered by this Annual Report, the SEUPB was structured on the basis of the three Directorates, as detailed below:

### Managing Authority

Overall responsibility for the management and implementation of the Operational Programmes. It has a number of responsibilities which include:

- Ensuring projects are selected according to criteria approved by the Programme Monitoring Committee;
- Establishing and monitoring procedures to ensure that project expenditure has been properly and legally incurred, claimed and paid;



- Maintaining systems to store data on all aspects of programme implementation including financial management, audit, monitoring and evaluation;
- Ensuring proper evaluation of the programmes;
- Guiding the work of the Monitoring Committee and providing it with documents required to allow it to complete its functions;
- Verifying the legality and regularity of expenditure, and ensure adequate audit trails are maintained;
- Preparing annual and final reports on implementation; and
- Ensuring that information and publicity requirements established by European Regulations are met.

#### The Joint Secretariat

Oversees the day-to-day implementation of the PEACE IV and INTERREG VA Programmes, supporting and advising both the Managing Authority and the Programmes' Steering Committees. The Programme Support Unit within JS is responsible for project assessment; provision of secretarial services to the Steering Committees; issuing contracts to successful applicants; and project management.

#### Corporate Services

Incorporates a range of different roles which support the implementation of the programmes. The SEUPB's Communications, ICT, Corporate Finance and HR teams all lie within Corporate Services. A key part of the directorate is the Certifying Authority which has responsibility for the certification of all expenditure claims submitted to the EU Commission ensuring eligibility with EU National Rules. It also controls the cash flow of the programme, including making payments to lead partners, drawdown of funds from the European Commission and subsequent reimbursement to each Member State.

#### **Governance Framework**

During 2018, the SEUPB's Audit & Risk Assurance Committee (In December 2018 the Committee adopted updated Terms of Reference and changed its name to Audit and Risk Assurance Committee) met four times and considered a range of issues including the systems of internal control in operation within the SEUPB. The Committee discharged its oversight responsibilities in accordance with the Terms of Reference and it has the requisite skills (including governance, financial reporting, risk management, auditing, strategic planning and understanding the core functions of the organisation) to discharge its responsibilities effectively.

The membership of the Audit & Risk Assurance Committee during the year was as follows:



Name	March	June	October	December
Brendan Mullan (Independent Chair). Term ended June 2018	✓	✓		
Joe Campbell (Independent Member). Term ended March 2018	✓			
Derek Staveley (Independent Member).	-	✓	✓	-
Gerry Finn (Independent Chair). Started July 2018		✓ (As Chairman Designate)	✓	✓
Brona Slevin (Independent Member). Started July 2018			✓	✓
Frank Duffy (DOF Member)	✓	✓	✓	✓
Gearoid O'Keeffe (DPER Member)	✓	✓	✓	-

In addition to the members of the Committee listed above, meetings were also attended by:

- Chief Executive Officer
- Director of Corporate Services
- Corporate Accountant
- NIAO representative
- Head of Internal Audit
- Head of the Audit Authority.

The responsibilities of the Committee as a whole are laid out in its Terms of Reference, and include providing advice to the Accounting Officer on the following:

- The strategic processes for risk, control and governance;
- The accounts, accounting policies and Annual Report;

- Planned activity of internal and external audit;
- Anti-fraud policies, whistle blowing policies, and arrangements for special investigations; and
- Assurances relating to governance and management of the EU Programmes.

To aid in the discharge of these responsibilities, the Committee meets to review its own effectiveness and all members also receive minutes of key senior staff meetings.

The Committee also prepares an Annual Report to summarise its activity during the year, and has concluded that risk control and governance is at a satisfactory level within SEUPB.



## Business Planning and Risk Management

### Business Planning

Within SEUPB, business planning is an iterative process involving a number of stages including the following:

- Consideration of relevant priorities set out in the EU Regulations, Co-Operation Programmes for PEACE IV and INTERREG VA, each Sponsor Department's Corporate and Business Plans as well as other the statutory responsibilities placed on the organisation;
- Senior Management Team review of performance against the previous year's targets and Key Performance Indicators, identifying areas where further work might be undertaken;
- Review of feedback from consultations with stakeholders;
- Preparation of a first draft of the Business Plan for consideration by the Sponsor Departments;
- Consideration of comments from the Sponsor Departments and submission of the final draft Business Plan for Ministerial approval and
- The setting of objectives and targets at individual staff member level through the staff appraisal process.

### Risk Management

The Risk Management framework is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve the aims, objectives and policies; it can therefore only provide reasonable, not absolute, assurance of effectiveness.

Within the SEUPB, Risk Management is designed to:

- Identify and prioritise the risks to the achievement of aims, objectives and policies
- Evaluate the likelihood of those risks being realised and the impact should they be realised
- Manage them efficiently, effectively and economically.

The Risk Management framework is set out in the following documents which are subject to regular review:

- A Risk Management Strategy
- A Risk Appetite Statement
- A Corporate Risk Register.

Each risk is allocated a risk rating based on an evaluation of its impact and likelihood in two stages:

- Assessment of inherent risk before any controls are identified
- Assessment of residual risk taking account of current risk response and controls and the required action plan.

The residual risk rating is then compared to the risk appetite which establishes an acceptable level of risk for a particular business activity. If the controls are judged to be inadequate to manage risk to within the risk appetite then further action is identified to strengthen these controls.

The Corporate Risk Register identifies the key risks directly related to the achievement of the SEUPB's corporate objectives and is linked to the annual Business Plan. The Senior Management Team, comprising the Chief Executive and Directors, meet



monthly to review and revise the Corporate Risk Register to ensure that it remains relevant. It also considers new risks that have been identified through management channels and changes in the operating environment and the actions necessary to mitigate them as well as the success of actions taken to address existing risks. The Corporate Risk Register is reviewed in detail at each Audit and Risk Assurance Committee meeting.

As at the year end, the Corporate Risk Register contained risks relating to Programme performance framework targets, database contractual status, Business Plan approval, Resource management timeframes, the impact of the UK's exit from the European Union and the Reputation of the organisation.

During 2018, the INTERREG VA and PEACE IV programmes had financial and output related performance framework targets to attain. As the attainment of these targets was not assured in the year, the Body elevated the risk of the non-attainment of all the framework targets onto the Corporate Risk Register.

From April 2018 the programme database (eMS) has been operational for both the PEACE IV and INTERREG VA Programmes the risk at the year-end related to the extension of the current contractual relationship in order to allow the organisation to test the market to acquire a support maintenance and hosting contract for the system for the remaining years of the programmes.

The North South Ministerial Council (NSMC) was established under the Belfast/Good Friday Agreement (1998), to develop consultation, co-operation and action within the island of Ireland. It is responsible for the Corporate Plan, annual business plan and budget for all North South bodies. Due to

the absence of the Northern Ireland Assembly the NSMC was not able to meet and as a result the corporate plan, business plan and budget have not been approved for 2017 and 2018. In the interim, a contingency arrangement has been put in place in Northern Ireland, whereby a grant can continue to be paid until the end of December 2018. This expenditure will be retrospectively regularised when the Plan is approved by NSMC. In Ireland, the grant has already been approved via the 'estimates' process, and no contingency arrangement is required. There is therefore no significant risk in respect of going concern.

The SEUPB will continue to monitor and resource the areas of need which are required to ensure the services of the organisation are delivered effectively and efficiently.

The risk relating to the UK's exit from the EU is still identified on the risk register and until the specific details of the exit are agreed the SEUPB will continue to monitor the risk.

A risk elevated towards the latter end of the year was that of the organisation's readiness for the new GDPR requirements. The Body is content that all processes and procedures are in place but due to the complex nature of the regulations it was proposed to keep the risk under review corporately over the next period.

SEUPB are an organisation which deals in activities which are high profile. As a result the risk of potential reputational damage to the organisation was elevated to the Corporate Risk Register to ensure its high priority status in the organisation as a whole.

SEUPB operates three specific information systems; eMS, which holds the operational data for the PEACE IV and INTERREG VA programmes; SUN,



the financial system of SEUPB and TRiM, the Electronic Document and Record Management System (EDRMS). Each system has been tested and sufficient controls in place around information.

SEUPB uses information from a number of data sources and systems operated by the body. In relation to performance metrics, SEUPB draws assurance from the fact that the main system, eMS is a system used across the EU to manage programme information and a review was conducted into the robustness of the system as part of designation. Data relating to Finance and HR is derived from systems that are subject to regular scrutiny by SEUPB's Internal Audit Service. Information received from these systems by the SEUPB Senior Management allows them to discharge its duties with regard to its decision making and accountability obligations.

### **Fraud Risk and Information Risk**

#### Fraud Risk

The SEUPB has a number of policies in place, designed to minimise the risk of fraud. These include:

- Anti-Fraud Policy
- Conflicts of Interest Policy
- Guidance on Offers and Acceptance of Gifts and Hospitality
- Guidance on the Provision of Gifts and Hospitality
- Whistleblowing Policy and associated guidance (Raising a Concern)
- Code of Conduct for Staff.

Associated procedures have been established to assist with the prevention of fraud and the management of actual or potential frauds, including:

- Travel and Subsistence Reimbursement Claim procedures
- Fraud Response Plan.

The SEUPB is committed to the prevention of fraud and the promotion of an anti-fraud culture. The organisation operates a zero-tolerance attitude to fraud and requires staff, Lead Partners and final beneficiaries to act honestly and with integrity at all times and to report all reasonable suspicions of fraud. The SEUPB will investigate all instances of actual, attempted and suspected fraud and will seek to recover funds and assets lost through fraud. The SEUPB is placing a clear emphasis on the prevention of fraud and has embarked on a series of exercises to promote an anti-fraud culture within the Programmes. Fraud Awareness forms part of SEUPB's Training Programme which was delivered to Programme beneficiaries in 2018. SEUPB will also use the ARACHNE data mining tool as part of its suite of anti-fraud measures.

Where appropriate, in response to serious issues, SEUPB will withdraw funding offers and issue recovery orders to Lead Partners, informing the relevant authorities as necessary. There were no actual or suspected frauds in 2018.

#### Information Risk

I recognise my responsibility for accurate and secure handling of all information, and the accurate capture and processing of information, particularly where this may be used by third parties, or relied on by other parts of government. In order to discharge this responsibility effectively, the following actions have been taken:

- The Director of Corporate Services has been appointed as the SEUPB's Senior Information Risk Officer (SIRO). The SIRO has in turn taken assurance from managers, who have added



information considerations to their risk registers, which are reported on a monthly basis. The SIRO responsibilities revert to the CEO for any periods during which the Director of Corporate Services post is vacant.

- An Information Officer is in post to assist with the ongoing implementation of the SEUPB's information policies and an information audit has been carried out, with all staff assessing common areas of good practice, risks and improvements required.

There were no incidents of data loss which required to be notified to the Information Commissioner.

#### General Data Protection Regulation (GDPR)

The General Data Protection Regulation came into force on 25 May 2018. SEUPB undertook extensive preparatory work between September 2017 and May 2018 to be compliant with the implementation date for GDPR of 25 May 2018. Subsequent work was also undertaken in operating within the Data Protection Act 2018 and the General Data Protection Regulation (GDPR (EU) 2016/679) to ensure on-going compliance. The following actions were taken in 2018 to ensure compliance.

- A member of staff was appointed to take forward the implementation of GDPR across SEUPB. A detailed Implementation Action Plan was developed to ensure the organisation would be compliant by 25 May 2018.
- A Project team was set up to take forward implementing GDPR.
- An Information Audit was undertaken across all sections of the Body to identify personal data held within the Body. A Project Plan was developed to review security of both electronic and manual hard copy data and to destroy any personal data no longer to be retained.

- The Personal Data Information Audit also provided the basis for the preparation of a Retention Schedule for holding of Personal Data.
- A number of ½ day training sessions on Data Protection and GDPR to all staff in advance of 25 May 2018. All staff have received this training.
- A Data Protection Officer (DPO) has been designated with training provided in GDPR.
- The following Policies / Protocols were reviewed and updated to ensure compliance with GDPR and the Data Protection Acts 2018:

- Data Protection Policy
- Subject Access Requests Procedure
- Data Breach Management Protocols.

- Privacy Notices compliant with GDPR and the Data Protection Act 2018 were drafted in respect of the following areas:

- Recruitment
- Employee Data
- Programme Management & Delivery
- Communications
- North South Pension Scheme.

These Privacy Notices were communicated to staff through e-mail and also posted onto our SEUPB website, the SEUPB E-Recruit website and the eMS Programmes Database.

#### **Governance and Accountability**

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The Accounting Officer and the ARAC obtain assurances from independent providers as appropriate.



The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the successful achievement of the SEUPB's policies, aims and objectives. The SEUPB evaluates the likelihood of those risks being realised and the impact of that realisation and the actions required to manage them efficiently, effectively and economically. The system of internal control has been in place in the SEUPB for the year ended 31 December 2018 and up to the date of approval of the annual report and accounts, and accords with the Finance Departments' guidance.

The SEUPB operates within the terms of its Financial Memorandum (2006). Governance units within the administrations in both jurisdictions continue to work towards the provision of an updated Financial Memorandum for all North/South Bodies.

The Senior Management Team normally comprises the Chief Executive Officer, the Director of Corporate Services, the Director of Managing Authority and the Director of the Joint Secretariat.

Other elements of the corporate governance structure include:

- An agreed Organisational Structure with detailed job descriptions for staff at all levels and associated processes, including a staff appraisal scheme, to ensure that all members of staff are clear about their respective roles and responsibilities;
- A Corporate Plan for the period 2017-2019;
- An annual Business Plan, setting out, among other things, the vision, mission, aims and corporate objectives of the SEUPB as well as key activities and targets;
- A range of policies, strategies and procedures, which guide the work of the organisation and are regularly reviewed;

- A Risk Management Framework, incorporating a Risk Management Strategy, endorsed by the Accounting Officer and the Audit and Risk Assurance Committee. The Strategy specifies the risk management process within SEUPB;
- An Internal Audit Service, which provides assurance to the Accounting Officer and the ARAC on the adequacy and effectiveness of governance arrangements and
- Assurance Statements, completed quarterly by the Accounting Officer based on similar stewardship statements from the Directors, who in turn receive assurances from the managers who report to them. The Accounting Officer's Statements are scrutinised by the Audit and Risk Assurance Committee.

#### Register of Interests

None of the ARAC Members, members of the key management staff or other related parties has undertaken any material transactions with SEUPB during the year. A Register of Members' Interests and a Register of Interests of the Chief Executive and Directors is kept and can be inspected also on application to the Director of Corporate Services. Please refer to Note 18, Related Party Transactions within the Accounts.

#### **Sources of Independent Assurance**

##### Internal Audit

The SEUPB has a Service Level Agreement with the Department of Finance (DoF) Internal Auditor, who operates to standards defined in the Public Sector Internal Audit Standards. Regular reports are received which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the SEUPB's system of internal control together with recommendations for improvement. The individual audits in 2018 resulted in an assurance level of satisfactory. The areas covered by internal audits included:



System	Rating
IA 13/18 Certifying Authority – Procedures for drawing up programme accounts	Satisfactory
IA 18/18 - Quality of Project Selection and Administration; On the Spot Verifications	Satisfactory
Functioning and Security of IT Systems	Satisfactory
IA 24/18 - Article 125(3) – Adequate and Effective information and communication with Beneficiaries	Satisfactory
Corporate Services – Recruitment	Satisfactory
SEUPB Final Follow-up Report - SEUPB Anti-Fraud Measures	Complete
IA 32-18 – Follow up - Joint Secretariat Delegated Functions on behalf of MA	Satisfactory

In addition to the above named audits Internal Audit also carry out a number of associated reviews. In 2018 these included quarterly payroll reviews (for TA claim verification). No issues were found during these reviews.

For 2018, the Head of Internal Audit in his Annual Report stated '*I, therefore, remain satisfied that SEUPB has established and matured an adequate and effective system of risk management, control and governance and I can confirm a satisfactory audit opinion is appropriate.*'

#### Audit Authority

Under article 59 of Council Regulation (EC) No 1083/2006, an Audit Authority has been designated by the Member States to take responsibility for verification of the effective functioning of the management control systems for PEACE IV and INTERREG VA. A team within NICS has been designated to fulfil this role, which is accountable directly to the EU Commission. The Audit Authority has additional specific responsibility for:

- Audits of operations on the basis of an appropriate sample to verify expenditure declared;
- Presentation of an audit plan to the Commission and
- Submission of Annual Control Reports and Audit Opinions to the EU Commission.

The Audit Authority conducted audit of operations across both programmes in the year. The result of the audits enabled the Audit Authority to give an unqualified opinion for the year 2017/2018 (July 17 – June 18).

#### Northern Ireland Audit Office and Office of the Auditor and Comptroller General Ireland

No significant regularity issues or internal weaknesses were identified in the prior year accounts and in the Report to those Charged with Governance.

#### **UK Referendum on EU Membership**

The result of the Referendum to leave the EU means that there is still uncertainty regarding how the PEACE and INTERREG programmes will operate in the future. The PEACE IV and INTERREG VA Programmes have received extensive support and commitments from all parties involved, to ensure that they can be continued until their conclusion, and this commitment has been agreed to and included within the Withdrawal Agreement between the UK and the EU.

As part of the EU contingency planning to prepare for the withdrawal of the UK, in December 2018 the Commission developed an EC Regulatory proposal which was approved by the European Council of Ministers and the European Parliament during March 2019.



This proposal aims to ensure, if the Withdrawal Agreement is not ratified, the continuation of two bilateral cooperation programmes involving Ireland, namely the PEACE IV (Ireland-United Kingdom) programme and the United Kingdom-Ireland (Ireland-Northern Ireland-Scotland) programme, without modifying the amounts allocated to them and their financing.

Consequently, it is the SEUPB's understanding that funding to all projects under the PEACE IV and INTERREG VA Programmes is guaranteed under the current programming period, irrespective of the Withdrawal Agreement between the UK and the EU.

### **Review of Effectiveness**

As Accounting Officer, I have responsibility for the propriety and regularity of the public finances allocated to SEUPB in accordance with the responsibilities assigned to me. I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors in addition to the managers within the SEUPB, who have responsibility for the development and maintenance of the internal control framework. The comments made by the external auditors in their report to those charged with governance and other reports is also a significant part of this review. I have been advised of the implications of the results of my review by the Audit and Risk Assurance Committee and ensure continuous improvement of the system is in place.

### **Financial Management**

Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with the Accounting Officer. The systems of internal financial control provide reasonable but not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded,

and that material errors or irregularities are either prevented or will be detected within a timely period.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability.

SEUPB has established Financial Policies and Procedures that address areas of risk as well as operational efficiency and effectiveness.

All staff are briefed on these policies during their induction and at regular staff meetings. Any needs identified are addressed through the SEUPB annual training and development plan.

### **Internal Governance Divergences**

#### Prior Year Issues

There were no governance divergences reported in the 2017 financial year.

#### Current Year issues

There were no governance divergences reported in the 2018 financial year.

### **Conclusion**

As Accounting Officer, I am satisfied that an appropriate system of internal governance is in place within SEUPB.



**Gina McIntyre**  
**Accounting Officer**  
**27 June 2019**



# Remuneration Report

## Remuneration Policy

### Appointment

The CEO is appointed by the North South Ministerial Council (NSMC). For operational purposes the CEO reports to the Department of Finance (DoF) in Northern Ireland and the Department for Public Expenditure and Reform (DPER) in Ireland in their capacity as Sponsor Departments on behalf of the NSMC.

The Directors appointments are made in accordance with the Special EU Programmes Body's recruitment policy. The policy requires appointments to be made on merit through a fair and open recruitment competition.

### Remuneration

On initial appointment the CEO / Directors are normally placed on the minimum point of their salary scale. Thereafter, there is annual incremental progression up the scale until the maximum of the scale is reached.

An incremental date of August is used for all CEO / Director posts in line with the annual pay award date.

### Total Reward Package

CEO / Director posts are based on a minimum 37 working hours per week. They are also entitled to 25 days holiday per year rising to 30 days after 5 years' service, and a further twelve statutory and public holidays.

The CEO / Directors have access to the North / South Pension Scheme (alpha). The alpha scheme provides a defined benefit worked out on a Career Average basis.

### Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Body.



## Remuneration Report (continued)

### Remuneration (including salary) and Pension Entitlements of Senior Management Staff

Officials	2018					2017				
	Salary	Bonus Payments	Benefits in kind	Pension Benefits*	Total	Salary	Bonus Payments	Benefits in kind	Pension Benefits*	Total
	£	£	£	£	£	£	£	£	£	£
Ms Gina McIntyre Chief Executive	71,107	-	-	40,000	<b>111,107</b>	69,841	-	-	35,000	<b>104,841</b>
Mr Paul Sheridan Corporate Services Director	52,391	-	-	24,000	<b>76,391</b>	50,111	-	-	23,000	<b>73,111</b>
Mr Mark Feeney Managing Authority Director	50,576	-	-	24,000	<b>74,576</b>	3,498 (50,041 full year equivalent)	-	-	1,600	<b>5,098</b>
Ms Leanne Massey Joint Secretariat Director (from 06/08/2018)	20,847 (51,700 full year equivalent)	-	-	10,000	<b>30,847</b>	-	-	-	-	-
Mr Shaun Henry Ex-Managing Authority Director (until 26/07/17)	-	-	-	-	-	33,021 (56,252 full year equivalent)	-	-	20,000	53,021
Mr John Greer Ex-Joint Secretariat Director (until 13/03/2018)	10,730 (47,749 full year equivalent)	-	-	2,000	<b>12,730</b>	47,318	-	-	21,000	<b>68,318</b>
Highest Paid Staff Salary	71,107					69,841				
Median Total Remuneration	31,760					31,446				
Ratio	2.23					2.22				

\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

#### Salary

Salary includes gross salary and is subject to UK/Irish taxation.

#### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs / Ireland's Department of Revenue as a taxable emolument.

#### Bonuses

The SEUPB does not operate a bonus policy. No bonuses have been paid in 2017 or 2018.



## Remuneration Report (continued)

### Pension Entitlements

	Accrued pension at Pension Age (as at 31/12/18)	Accrued lump sum at Pension Age (as at 31/12/18)	Real increase in pension at pension age	Real increase in lump sum at pension age	CETV at 31/12/2018	CETV at 31/12/2017	Real Increase in CETV
	£	£	£	£	£	£	£
Ms Gina McIntyre Chief Executive	20,000	42,000	2,000	-	355,000	309,000	46,000
Mr Paul Sheridan Corporate Services Director	2,500	-	1,200	-	27,000	13,000	14,000
Mr Mark Feeney Managing Authority Director	1,200	-	1,200	-	12,000	600	11,400
Ms Leanne Massey Joint Secretariat Director (from 06/08/2018)	500	-	500	-	5,000	-	5,000
Mr John Greer Ex-Joint Secretariat Director (until 13/03/2018)	2,100	-	100	-	22,000	18,000	4,000

\* the revised pension scheme (career average) no longer includes an automatic pension lump sum. A lump sum remains in place for service within the previous scheme.

### Pension Arrangements

The SEUPB operates a defined benefit pension scheme which is funded annually on a 'pay as you go' basis from monies available to it and including monies provided by the Department of Finance (DoF) in Northern Ireland and the Department of Public Expenditure & Reform (DPER) in Ireland. Further information on the Pension Scheme can be found in Note 12.

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a



pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the North / South pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

#### Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

#### Compensation for Loss of Office

There were no amounts paid in the year in respect of compensation for loss of office.

#### Audit and Risk Assurance Committee Remuneration

	2018 £	2017 £
Gerry Finn (Chairperson from June 2018 )	4,078	0
Brendan Mullan (Ex- Chairperson to June 2018)	4,874	3,679
Brona Slevin (Independent Member from June 2018)	789	0
Joe Campbell (Ex-Independent Member to March 2018)	639	1,906
Derek Staveley (Independent Member)	1,300	0

The above Remuneration amounts also include mileage paid to Audit Committee members.

#### Salary Bands for all Employees

Number of employees whose emoluments for the twelve months ending 31 December 2018 fell within the following bands:

Salary Bands (£)	2018 (number of Staff in Post - SIP)	2017 (number of Staff in Post - SIP)
Less than 40,000	51	50
40,000 - 49,999	6	8
50,000 - 59,999	4	3
60,000 - 69,999	0	1
70,000 - 79,999	1	0
<b>Total</b>	<b>62</b>	<b>62</b>



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

## Opinion on the accounts

We certify that we have audited the accounts of the Special EU Programmes Body (the Body) for the year ended 31 December 2018 as required pursuant to the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 which require us to audit and certify, in co-operation, the accounts presented to us by the Body. The accounts comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cashflows; and
- the related notes including significant accounting policies.

These accounts have been prepared under the accounting policies set out within them.

In our opinion, the accounts:

- give a true and fair view of the state of the Body's affairs as at 31 December 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the accounts direction in the appendix to the accounts.

## Opinion on regularity

In our opinion, the expenditure and income recorded in the accounts have in all material respects been applied to the purposes intended by the Northern Ireland Assembly and the Houses of the Oireachtas and the financial transactions reported in the accounts conform to the authorities which govern them.

## Basis of opinions

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of this certificate. We are independent of the Body in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016 and of the Code of Ethics issued by the International Organisation of Supreme Audit Institutions and have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Information other than the accounts

The Body has presented certain other information together with the accounts. This comprises the annual report, the foreword to the accounts and the statement on the system of internal control/ governance statement and the remuneration report. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



### **Matters on which we report by exception**

We have nothing to report in respect of the following matters which we report if, in our opinion:

- we have not received all of the information and explanations we require for our audit; or
- the accounting records were not sufficient to permit the accounts to be readily and properly audited, or
- the accounts are not in agreement with the accounting records, or
- the statement on the system of internal control/ governance statement does not reflect compliance with applicable guidance on corporate governance.

### **Responsibilities of the Body, and the Accounting Officer for the accounts**

As explained more fully in the Statement of Responsibilities, the Body is responsible for the preparation of the accounts on the basis of the accounts direction included in the appendix to these accounts and for being satisfied that they give a true and fair view. The Chief Executive, as Accounting Officer, is responsible for the propriety and regularity in relation to the use of public funds.

### **Responsibilities of the Auditors**

Our responsibility is to audit the accounts in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 and to report thereon to the Northern Ireland Assembly and the Houses of the Oireachtas.

Our objective in carrying out the audit is to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these accounts.

As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. In doing so

- We identify and assess the risks of material misstatement of the accounts whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- We conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Body's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Body to cease to continue as a going concern.



- We evaluate the overall presentation, structure and content of the accounts, including the disclosures, and whether the accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**Seamus McCarthy**

*Irish Comptroller and Auditor General  
3A Mayor Street Upper  
Dublin 1  
Ireland*

28 June 2019

In addition, we are required to obtain evidence sufficient to give reasonable assurance that expenditure and income recorded in the financial accounts have been applied to the purposes intended by the Northern Ireland Assembly and Houses of the Oireachtas and that the financial transactions recorded in the accounts conform to the authorities which govern them.

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**Kieran Donnelly**

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

28 June 2019



## INCOME STATEMENT for the year ended 31 December 2018

INCOME	Notes	2018	2017	2018	2017
		€'000	€'000	£'000	£'000
Grant from Sponsor Departments (Administration)	2	2,104	2,044	1,862	1,791
Other Operating Income	4	0	1	0	1
Capital Grant Release	3	137	135	121	118
Net Deferred Funding for Pensions	12(b)	1,166	1,467	1,032	1,286
<b><i>CENTRAL PAYMENTS UNIT</i></b>					
Grant from Accountable Departments (Programmes)	3	8,718	2,240	7,715	1,963
<b><i>EU COMMISSION</i></b>					
Claims Receivable from the EU	3	49,405	12,703	43,721	11,133
<b>TOTAL INCOME</b>		<b>61,530</b>	18,590	<b>54,451</b>	16,292
<b>EXPENDITURE</b>					
Depreciation	8	(137)	(135)	(121)	(118)
Staff Costs	5	(2,657)	(2,900)	(2,352)	(2,541)
Other Operating Costs	7	(613)	(611)	(542)	(536)
Interest repayable to Department of Finance	3	0	(1)	0	(1)
<b><i>CENTRAL PAYMENTS UNIT</i></b>					
Payments Made to Projects	3	(58,123)	(14,943)	(51,436)	(13,096)
<b>TOTAL EXPENDITURE</b>		<b>(61,530)</b>	(18,590)	<b>(54,451)</b>	(16,292)
<b>Surplus for the year transferred to Income Account Reserve</b>		<b>-</b>	-	<b>-</b>	-

All amounts above relate to continuing activities.

The notes on pages 59 to 81 and the appendix on page 82 form part of these accounts.



## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2018

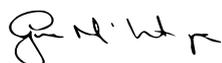
	Notes	2018	2017	2018	2017
		€'000	€'000	£'000	£'000
<b>Surplus for the year</b>		-	-	-	-
Experience gains on pension scheme liabilities including exchange rate effect	12(a)	167	1,088	147	954
Changes in assumptions underlying the present value of pension scheme liabilities	12(a)	913	380	809	333
<b>Actuarial gains / (losses)</b>	12(a)	1,080	1,468	956	1,287
<b>Adjustment to deferred pension funding</b>		(1,080)	(1,468)	(956)	(1,287)
		-	-	-	-
Currency exchange gains/(losses)		-	-	-	-
<b>Total recognised gain/(loss) for the year</b>		-	-	-	-



## STATEMENT OF FINANCIAL POSITION as at 31 December 2018

	Notes	2018 €'000	2017 €'000	2018 £'000	2017 £'000
<b>Fixed Assets</b>					
Tangible Assets	8(a)	133	218	120	194
Intangible Assets	8(b)	98	110	87	97
<b>Total Fixed Assets</b>		<b>231</b>	328	<b>207</b>	291
<b>Current Assets</b>					
Debtors amounts falling due within one year	9(a)	37,904	34,794	33,993	30,873
Cash & Cash Equivalents	10	39,192	44,896	35,150	39,837
<b>Total Current Assets</b>		<b>77,096</b>	79,690	<b>69,143</b>	70,710
<b>Current Liabilities</b>					
Creditors amounts falling due within one year	11(a)	(77,090)	(79,718)	(69,138)	(70,735)
<b>Net Current (Liabilities)/Assets</b>		<b>6</b>	(28)	<b>5</b>	(25)
Debtors - amounts falling due after more than one year	9(b)	2,395	156	2,148	139
<b>Total Assets less Current Liabilities, before Non-Current Liabilities</b>		<b>2,632</b>	456	<b>2,360</b>	405
Creditors - amounts falling due after more than one year	11(b)	(2,395)	(127)	(2,148)	(113)
<b>Retirement Benefits</b>					
Deferred pension funding	12(a)	13,698	13,760	12,285	12,209
Pension liabilities	12(a)	(13,698)	(13,760)	(12,285)	(12,209)
<b>Total Net Assets</b>		<b>237</b>	329	<b>212</b>	292
<b>Represented by:</b>					
<b>Capital and Reserves</b>					
Income Account Reserve		-	-	-	-
Capital Grant Reserve		237	329	212	292
		<b>237</b>	329	<b>212</b>	292

The accounts were approved by the Chief Executive on 27 June 2019



**Gina McIntyre**  
Chief Accounting Officer

The notes on pages 59 to 81 and the appendix on page 82 form part of these accounts.



## STATEMENT OF CHANGES IN EQUITY as at 31 December 2018

### Income Account Reserve

	2018 €'000	2017 €'000	2018 £'000	2017 £'000
Balance at 1 January	-	-	-	-
(Deficit)/Surplus for the year	-	-	-	-
Actuarial Gain/(Loss)	1,080	1,468	956	1,287
Deferred Pension Funding	(1,080)	(1,468)	(956)	(1,287)
Exchange gain/(loss)	-	-	-	-
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Capital Grant Reserve

	2018 €'000	2017 €'000	2018 £'000	2017 £'000
At 1 January	329	321	292	276
Capital funding receivable during the period	42	44	37	38
Funding received via technical assistance	27	99	24	87
Profit/loss on disposal of fixed assets	-	-	-	-
Less amount released to income and expenditure account	(137)	(135)	(122)	(118)
Difference on foreign exchange translation	(24)	-	(19)	9
<b>At 31 December</b>	<b>237</b>	<b>329</b>	<b>212</b>	<b>292</b>
<b>Total Equity at Year End</b>	<b>237</b>	<b>329</b>	<b>212</b>	<b>292</b>



## STATEMENT OF CASH FLOWS for the year ended 31 December 2018

	Notes	2018 €'000	2017 €'000	2018 £'000	2017 £'000
<b>Net cash generated from Operating Activities</b>	13.1	<b>(5,277)</b>	20,696	<b>(4,211)</b>	19,088
<b>Cash Flows from investing activities</b>					
Payments to acquire fixed assets		<b>(70)</b>	(143)	<b>(62)</b>	(125)
<b>Cash Flows from financing activities</b>					
Capital funding received		<b>70</b>	143	<b>62</b>	125
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(5,277)</b>	20,696	<b>(4,211)</b>	19,088
<b>Cash and cash equivalents at the beginning of the year</b>	13.2	<b>44,469</b>	24,200	<b>39,361</b>	20,749
<b>Cash and cash equivalents at the end of the year</b>		<b>39,192</b>	44,896	<b>35,150</b>	39,837



# Notes to the Accounts for the year ended 31 December 2018

## 1. ACCOUNTING POLICIES

### 1.1. Accounting Convention

In accordance with the North South Implementation Bodies Annual Reports and Accounts guidance issued by the Department of Finance (DoF) and by the Department of Public Expenditure and Reform (DPER), in June 2017, the financial statements have been prepared in accordance with the historical cost convention.

### 1.2. Transition to the FRS102 - North / South Guidance 2017

The year ended 31 December 2017 was the first year that the accounts were prepared under the 2017 North / South Bodies Accounts Guidance and Financial Reporting Statement (FRS) 102. Some of the FRS 102 recognition, management, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP and updates have been made accordingly.

### 1.3. Income & Expenditure

Income includes cash grants received from the Department of Finance (DoF) in Northern Ireland and the Department of Public Expenditure & Reform (DPER) in Ireland. Grant income is credited to the Income Statement (IS), to the extent required to cover associated expenditure (which is recognised on an accruals basis). Surplus grant is recognised as deferred income on the Statement of Financial Position. (SoFP)

Expenditure relates to the operational activities of SEUPB and is accounted for on an accruals basis.

### 1.4. Debtors & Creditors

Debtors are stated after providing for any bad or doubtful debts (if applicable). Creditors relates to the operational activities of SEUPB and are accounted for on an accruals basis.

### 1.5. Fixed Assets

Fixed Assets are valued at their cost to the SEUPB, and capitalised where individual asset values are £500 or greater. Intangible assets include purchased software.

Fixed assets are depreciated from the month following their dates of acquisition, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter. The estimated useful lives of the main categories of fixed assets are:

Fixtures and Fittings	7 years
Computer Equipment	5 years
Office Equipment	7 years
Leased assets	The shorter of the term of the lease and the useful economic life of the asset
Intangible assets	5 years

The value of the operational assets in use within the SEUPB is not considered sufficient to require annual revaluation.



## 1.6. Pension Costs

The SEUPB operates a defined benefit pension scheme which is funded annually on a 'pay as you go' basis from monies available to it, including monies provided by the Department of Finance (DoF) in Northern Ireland and the Department of Public Expenditure & Reform (DPER) in Ireland.

Funding is also provided by way of deductions from staff salaries, which are repaid by the SEUPB to DoF and DPER. Deductions are included within staff costs (note 5).

Pension Scheme liabilities are measured on an actuarial basis using the projected unit method.

Pension costs reflect pension benefits earned by employees in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising from changes in Actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Changes in Equity for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from DoF/DPER.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from DoF/DPER.

## 1.7. Value Added Tax

The SEUPB is not in a position to reclaim VAT. Therefore VAT is included as expenditure and where appropriate capitalised in the value of fixed assets.

## 1.8 Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease and are charged to the income statement.

Rentals are charged to the income statement over the term of the lease.

## 1.9 Currencies

The SEUPB's transactions and balances are reported in both Euro and Sterling. The Income Statement (IS) and the Statement of Comprehensive Income (SoCI) are presented in both currencies, each representing an aggregation of all transactions for the year in each jurisdiction translated at the average respective exchange rates during the year.

At the year end the Statement of Financial Position (SoFP) and the assets and liabilities are translated at the closing exchange rate held at the time.



The rates of exchange used for 2017 and 2018 are as follows:

	2018	2017
Average rate	£1 = €1.130	£1 = €1.141
Year-end rate	£1 = €1.115	£1 = €1.127

Variations between current year figures and comparators in the secondary currency may appear to be exaggerated or understated due to the impact of movements in exchange rates.

### 1.10 Central Payments Unit

The SEUPB operates a Central Payments Unit which has been established to make payments to projects funded under relevant EU Programmes on behalf of Accountable Government Departments in Northern Ireland and Ireland. Service Level Agreements operate between the SEUPB and each Accountable Department, outlining responsibilities of both parties, and clearly state that the funds may not be used at the discretion of the SEUPB, but only for the purposes of making payments to projects under the relevant Accountable Department, Programme and Theme.

Funds are drawn from the Departments and held in dedicated bank accounts. Payments are made to projects on the basis of suitably authorised electronic vouchers.

For the INTERREG and PEACE programmes, payments made to projects (as adjusted for accruals and unearned advances) are shown within expenditure on the Income Statement. Income to cover these payments is split between the EU Commission 'Claims Receivable', and match funding from Accountable Departments. Any surplus/

shortfall in funding received from Departments is shown as accrued/deferred income within debtors/creditors.

The SEUPB carries out this function in its role as Certifying Authority for the PEACE and INTERREG Programmes.

Payments made to beneficiaries which are subsequently deemed to be ineligible are recovered by the SEUPB either via offset against subsequent Lead Partner claims, or via a direct reimbursement from the project. Should recovery by these means prove unsuccessful, the SEUPB seeks guidance from the relevant Accountable Departments as to the recovery process. In cases where recovery is not possible, responsibility reverts to the Member States.

### 1.11 Capital Grant Reserve

Grants for capital purposes are credited to a Capital Grant Reserve and released to the Income Statement over the expected useful lives of the assets.

### 1.12 Commitments

Commitments represent contracted obligations in future years in respect of contracts existing at the year end. Any liabilities which relate to project activity in the current year are provided for by accruals or provisions, as deemed appropriate.



## 2. GRANT FROM THE DEPARTMENTS

	DOF	DPER	TOTAL	TOTAL
	2018	2017	2018	2017
	€'000	€'000	€'000	€'000
<b>Grant receivable:</b>				
Administration and Expenses	1,115	989	2,104	2,044
Capital funding	23	21	44	44
<b>Total</b>	<b>1,138</b>	<b>1,010</b>	<b>2,148</b>	<b>2,088</b>

Split as follows:

Grants credited to Income Statement	1,115	989	2,104	2,044
Grants credited to Capital Grant Reserve	23	21	44	44
<b>Total</b>	<b>1,138</b>	<b>1,010</b>	<b>2,148</b>	<b>2,088</b>

	DOF	DPER	TOTAL	TOTAL
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
<b>Grant receivable:</b>				
Administration and Expenses	987	875	1,862	1,791
Capital funding	20	18	38	38
<b>Total</b>	<b>1,007</b>	<b>893</b>	<b>1,900</b>	<b>1,829</b>

Split as follows:

Grants credited to Income Statement	987	875	1,862	1,791
Grants credited to Capital Grant Reserve	20	18	38	38
<b>Total</b>	<b>1,007</b>	<b>893</b>	<b>1,900</b>	<b>1,829</b>

Grants from Sponsor Departments are issued on an agreed North/South funding ratio (53/47), as adjusted for specific individual pension funding ratios.



### 3. OPERATIONAL ANALYSIS

In terms of the areas of activity, the results for the year can be analysed as follows:

	Central Payments Unit	Administration €'000	TOTAL 2018 €'000	TOTAL 2017 €'000
<b>Income</b>				
Grant from Sponsor Departments (Administration)	(i)	-	2,104	2,044
Grants from Accountable Departments (Programmes)	(ii)	8,718	-	2,240
Other Operating Income		-	0	1
Capital Grant Release		-	137	135
Claims receivable from the EU		49,405	-	12,703
N/S Pension Scheme Funding		-	1,166	1,467
		<b>58,123</b>	<b>3,407</b>	<b>61,530</b>
				<b>18,590</b>
<b>Expenditure</b>				
Depreciation		-	(137)	(135)
Staff Costs		-	(2,657)	(2,900)
Other Operating Costs		-	(613)	(611)
Interest repayable to Department of Finance		-	0	(1)
Project Payments	(iii)	(58,123)	-	(14,943)
		<b>(58,123)</b>	<b>(3,407)</b>	<b>(61,530)</b>
				<b>(18,590)</b>
<b>Surplus/(Deficit)</b>		-	-	-

	Central Payments Unit	Administration €'000	TOTAL 2018 €'000	TOTAL 2017 €'000
<b>Income</b>				
Grant from Sponsor Departments (Administration)	(i)	-	1,862	1,791
Grants from Accountable Departments (Programmes)	(ii)	7,715	-	1,963
Other Operating Income		-	0	1
Capital Grant Release		-	121	118
Claims receivable from the EU		43,721	-	11,133
N/S Pension Scheme Funding		-	1,032	1,286
		<b>51,436</b>	<b>3,015</b>	<b>54,451</b>
				<b>16,292</b>
<b>Expenditure</b>				
Depreciation		-	(121)	(118)
Staff Costs		-	(2,352)	(2,542)
Other Operating Costs		-	(542)	(535)
Interest repayable to Department of Finance		-	0	(1)
Project Payments	(iii)	(51,436)	-	(13,096)
		<b>(51,436)</b>	<b>(3,015)</b>	<b>(54,451)</b>
				<b>(16,292)</b>
<b>Surplus/(Deficit)</b>		-	-	-



### 3. OPERATIONAL ANALYSIS (cont'd)

- (i) 'Grant from Sponsor Departments' includes funding for running costs receivable from the SEUPB's Sponsor Departments (DoF & DPER).
- (ii) 'Grants from Accountable Departments' includes 'match funding' from Accountable Departments, to cover expenditure under the PEACE and INTERREG Programmes.
- (iii) Project Payments (and income recognised to fund such expenditure) of €58,123k (£51,436k) can be analysed by Programme as follows:

	€'000	£'000
<b>PEACE IV</b>		
Programme grants used for the promotion of Peace and Reconciliation in Northern Ireland and the Border Counties. Grant activities included shared education, shared space and services, children and young people and building positive relations. E.g - In 2018 payments of (€1.3m) was on Technical Assistance with the balance on projects on shared education and building positive relations via local authority action plans.	27,735	24,544
<b>INTERREG VA</b>		
Programme grants were used to help overcome issues that arise from the existence of a border. Grant activities included research & Innovation for cross-border enterprise development, environmental initiatives, sustainable transport projects and cross border health and social care activities. E.g. In 2018 €1.1m was spent on Technical Assistance with €12.2m on Priority Axis 1 'Research & Innovation', €7.7m on Priority Axis 2 Environment', €5.1m Priority Axis 3 'Sustainable Transport' and €4.3m on Priority Axis 4, 'Health'.	30,388	26,892
	<b>58,123</b>	<b>51,436</b>

The expenditure reflected in the SEUPB accounts excludes Scottish 'match funding' which does not flow through the SEUPB, but rather is funded by the projects themselves via various sources. In 2018 the value of Scottish 'match funding' amounted to approximately €0.33m (2017: €0.027m).



### 3. OPERATIONAL ANALYSIS (cont'd)

Included within 'Project Payments' are Technical Assistance costs (TA) incurred by the SEUPB amounting to €2.4m (£2.1m) in 2018, €2.4m (£2.1m) in 2017. TA activities included the proper implementation, monitoring and inspection of the programme. Further TA activities also included effective evaluations completed and that potential beneficiaries and general public were made aware of the opportunities and outputs and results of the programme. Analysis is as follows:

<b>2018</b>	€'000	£'000
SEUPB	2,358	2,087
	<b>2,358</b>	<b>2,087</b>
<b>2017</b>	€'000	£'000
SEUPB	2,394	2,098
	<b>2,394</b>	<b>2,098</b>

### 4. OTHER OPERATING INCOME

	2018 €'000	2017 €'000	2018 £'000	2017 £'000
Interest Receivable	0	1	0	1



## 5. STAFF COSTS

(a) The average number of employees throughout 2018 (full time equivalent, including temporary staff) was:

	2018	2017
Senior Management	4	3
Programme Management	6	5
Project Assessment & Support (including verification)	33	33
Corporate Services (including project payments & certification)	17	18
<b>Total</b>	<b>60</b>	<b>59</b>

(b) The costs incurred in respect of these employees were:

	2018 €'000	2017 €'000	2018 £'000	2017 £'000
Wages and Salaries	2,164	2,205	1,915	1,933
Temporary agency staff	492	289	436	254
Social Security Costs:	218	219	193	192
Other Pension Costs:				
- Current service & interest costs (Note 12c)	1,252	1,555	1,108	1,363
	<b>4,126</b>	<b>4,268</b>	<b>3,652</b>	<b>3,742</b>
Funded via PEACE IV Technical Assistance	(749)	(684)	(663)	(601)
Funded via INTERREG VA Technical Assistance	(720)	(684)	(637)	(600)
<b>Total</b>	<b>2,657</b>	<b>2,900</b>	<b>2,352</b>	<b>2,541</b>

The Chief Executive's pay, together with that of Senior management is disclosed in the Remuneration Report. The total salary payments to Senior Management in 2018 amounted to £206,545. (2017 : £203,789)



## 6. PERFORMANCE AGAINST KEY FINANCIAL TARGETS

The SEUPB successfully operated within its budget allocation for the year. The N+3 targets plus performance framework targets for PEACE IV and INTERREG VA were met in 2018.

## 7. OTHER OPERATING COST

	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>	<b>£'000</b>	<b>£'000</b>
Office Premises Costs	581	556	514	487
ICT	233	213	206	187
Other Administration	40	35	35	31
Travel & Subsistence	119	105	105	92
Training & Subscriptions	47	63	42	55
Other Professional Services	184	138	163	121
Audit fees				
External Audit	29	23	26	20
Audit Authority	257	254	227	223
Other Audit (incl. Internal audit)	51	44	45	39
Communications	157	187	139	164
Programme Management & Evaluation	359	260	318	228
Project Assessment, Implementation & Monitoring	453	229	401	201
<b>TOTAL GROSS OPERATING COSTS</b>	<b>2,510</b>	<b>2,107</b>	<b>2,221</b>	<b>1,848</b>
Funded by Technical Assistance	(1,897)	(1,496)	(1,679)	(1,312)
<b>TOTAL NET OPERATING COSTS</b>	<b>613</b>	<b>611</b>	<b>542</b>	<b>536</b>

Since 2016, the presentation of this note has been amended to show total gross costs for each category, with Technical Assistance funding contribution then deducted to leave net costs (funded by Sponsor Department administration grants).

Included above in Other Operating Costs is hospitality expenditure of £6,609 in 2018 (£7,400 in 2017).

The External Audit Fee for the Northern Ireland Audit Office (NIAO) is £26,000 in 2018 (2017 : £22,000 - the £20k in the above note relates to an accrual adjustment of £2k from 2016.)



## 8. FIXED ASSETS

### (a) Tangible Assets

	Leasehold Improvements €'000	Office Equipment €'000	Computer Equipment €'000	Fixtures & Fittings €'000	Total €'000
<b>Cost or Valuation</b>					
At 1 January 2018	1,247	64	679	120	2,110
Additions	0	3	17	0	20
Disposals	0	0	0	0	0
At 31 December 2018	1,247	67	696	120	2,130
<b>Depreciation</b>					
At 1 January 2018	1,132	58	585	117	1,892
Provision for year	63	1	40	1	105
Depreciation on disposals	0	0	0	0	0
At 31 December 2018	1,195	59	625	118	1,997
<b>Net Book Value (€)</b>					
<b>At 31 December 2018</b>	<b>52</b>	<b>8</b>	<b>71</b>	<b>2</b>	<b>133</b>
<b>At 31 December 2017</b>	<b>115</b>	<b>6</b>	<b>94</b>	<b>3</b>	<b>218</b>
<b>Net Book Value (£)</b>					
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 31 December 2018</b>	<b>46</b>	<b>6</b>	<b>65</b>	<b>1</b>	<b>118</b>
<b>Currency Translation Adjustment</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>
<b>At 31 December 2018 (as adjusted)</b>	<b>47</b>	<b>6</b>	<b>66</b>	<b>1</b>	<b>120</b>
<b>At 31 December 2017</b>	<b>102</b>	<b>5</b>	<b>85</b>	<b>2</b>	<b>194</b>

Currency translation adjustment is the difference between the net book value of fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

No assets are held under finance leases or hire purchase contracts.



## 8. FIXED ASSETS (Cont'd)

### (b) Intangible Assets

	<b>Software Licences</b>
	<b>€'000</b>
<b>Cost or Valuation</b>	
At 1 January 2018	471
Additions	20
Disposals	
At 31 December 2018	<u>491</u>
<b>Depreciation</b>	
At 1 January 2018	361
Provision for year	32
Disposals	
At 31 December 2018	<u>393</u>
<b>Net Book Value (€)</b>	
<b>31 December 2018</b>	<u><b>98</b></u>
<b>31 December 2017</b>	<u><b>110</b></u>
<b>Net Book Value (£)</b>	
<b>31 December 2018</b>	<b>88</b>
<b>Currency Translation Adjustment</b>	<b>(1)</b>
<b>31 December 2018 (adjusted)</b>	<u><b>87</b></u>
<b>31 December 2017</b>	<u><b>97</b></u>

Currency translation adjustment is the difference between the net book value of fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.



## 9(a) DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	2018 €'000	2017 €'000	2018 £'000	2017 £'000
Prepayments and accrued income	(i)	32,080	7,005	28,771	6,216
Amounts due from EU Commission	(ii)	5,765	27,705	5,170	24,583
Other debtors		59	84	52	74
		<b>37,904</b>	<b>34,794</b>	<b>33,993</b>	<b>30,873</b>

## 9(b) DEBTORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Note	2018 €'000	2017 €'000	2018 £'000	2017 £'000
Amounts due from EU Commission	(ii)	2,395	156	2,148	139
		<b>2,395</b>	<b>156</b>	<b>2,148</b>	<b>139</b>

(i) On demonstration of need, advance payments are made to projects, to be converted to actuals at a later date. This is in line with EU Regulations and Managing Public Money NI.

(ii) The SEUPB acts as Certifying Authority for the INTERREG VA and PEACE IV Programmes and is responsible for claiming funds from the EU Commission. As at 31 December 2018 a total of €8,159,714 (£7,318,129) related to submitted and unsubmitted claims receivable from the EU Commission. €5,764,423 (£5,169,886) was due within one year and €2,395,291 (£2,148,243) due after one year.



## 10. CASH & CASH EQUIVALENTS

	Note	2018 €'000	2017 €'000	2018 £'000	2017 £'000
Cash at bank:					
-Held for administration payments		275	286	247	254
-Held for Programme payments	(i)	38,917	44,610	34,903	39,583
<b>Total</b>		<b>39,192</b>	<b>44,896</b>	<b>35,150</b>	<b>39,837</b>

(i) Cash held for Programme payments reflects amounts drawn from Government Departments to enable the SEUPB to meet its obligations to make payments to projects on a timely basis, plus any EU receipts not yet reimbursed to Government Departments. These balances are used and re-drawn on a quarterly basis in line with forecasted requirements. At 31 December 2018, the balance included £24.21m (€26.99m) relating to EU advance payments for PEACE IV and INTERREG VA.

## 11(a) CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	2018 €'000	2017 €'000	2018 £'000	2017 £'000
Trade and Project Creditors		0	10	0	9
Accruals and Deferred Income	(i)	34,988	13,736	31,379	12,188
ERDF due to Accountable Departments / EU Commission	(ii)	41,951	65,784	37,624	58,371
Other amounts due to Departments	(iii)	151	188	135	167
		<b>77,090</b>	<b>79,718</b>	<b>69,138</b>	<b>70,735</b>



## 11(b) CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Note	2018 €'000	2017 €'000	2018 £'000	2017 £'000
ERDF due to Accountable Departments	(ii)	2,395	127	2,148	113
		<b>2,395</b>	<b>127</b>	<b>2,148</b>	<b>113</b>

(i) For the PEACE IV and INTERREG VA Programmes, funding received in excess of recognised expenditure is treated as deferred income and recorded within 'Accruals and Deferred Income'.

(ii) Funds are drawn from the Departments and used to facilitate payments to projects during the course of the year. Claims are then submitted for reimbursement of the ERDF element of eligible expenditure incurred. Upon receipt of these reimbursements from the EU Commission, the SEUPB is required to reimburse Accountable Departments (via DoF and DPER). At 31 December 2018 the amount due to Departments in respect of PEACE IV and INTERREG VA was €13,791,308, (£12,368,886), due for reimbursement within one year and €2,395,291 (£2,148,243) due for reimbursement after one year. At 31 December 2018 the amounts due to the EU Commission in respect of over-recoveries relating PEACE IV and INTERREG VA was €1,162,492 (£1,042,593), due for reimbursement at the end of the programme.

Advances of €26,997,228 (£24,212,761) relating to the PEACE IV and INTERREG VA Programmes are also included in this balance.

(iii) Other amounts due to Departments primarily comprise running balances of core funding from SEUPB's Sponsor Departments



## 12. Pensions

### a) Movement in Net Pension Liability during the financial year

	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>	<b>£'000</b>	<b>£'000</b>
Net Pension Liability at 1 January	13,760	14,225	12,209	12,210
Current Service Cost	1,099	1,223	973	1,072
Interest on scheme liabilities	319	332	282	291
Actuarial (gain)/loss - inc currency movements	(1,080)	(1,468)	(956)	(1,287)
Net transfers in/(out)	(166)	0	(147)	0
Benefits paid during the year	(86)	(88)	(76)	(77)
Currency Translation	(148)	(464)	0	0
Net Pension Liability at 31 December	<b>13,698</b>	<b>13,760</b>	<b>12,285</b>	<b>12,209</b>

Member contributions are included within the Current Service Cost, and amounted to £108k (€122k) in 2018, and £107k (€122k) in 2017. These amounts were paid over to Sponsor Departments in line with the agreed funding mechanisms.

The currency translation adjustment reflects the amount of the movement in the value of the pension scheme liability which is attributable to the change in exchange rates over the year.

#### Analysis of the movement in deficit in the plan during the period is as follows:

Experience gain / (loss)	167	1,088	147	954
Gain / (Loss) due to currency movements	(21)	(81)	(18)	(71)
Gain/(Loss) on change of financial assumptions (inc currency movements)	934	461	827	404
<b>Actuarial (loss)/gain</b>	<b>1,080</b>	<b>1,468</b>	<b>956</b>	<b>1,287</b>

The main element of the actuarial gain of £956,000 relates to the changes in the actuarial assumptions which have decreased the value placed on the liabilities. The change in the Northern and Southern discount rates result in an £759,000 decrease in the value of the liabilities. The change in mortality assumption decreases the liabilities further by around £68,000. The primary driver for the gain on change in assumptions, and the fact that a full actuarial valuation has been carried out, is the change in discount rates (see note 12e)



## 12. PENSIONS (Cont'd)

### Income & Expenditure Analysis for the Financial year

#### b) Net deferred funding for pensions

In accordance with accounting practice previously adopted for the North/South bodies, the SEUPB recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, the SEUPB has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice.

The Net Deferred Funding for Pensions recognised in the Income & Expenditure Account Statement was as follows:

	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>	<b>£'000</b>	<b>£'000</b>
Current Service Cost	1,099	1,223	973	1,072
Other Finance Cost	319	332	282	291
Benefits paid during the year	(86)	(88)	(76)	(77)
Pension Transfers In / (Out)	(166)	0	(147)	0
	<b>1,166</b>	<b>1,467</b>	<b>1,032</b>	<b>1,286</b>

The deferred funding asset for pensions as at 31 December 2018 amounted to €13.698m (£12.285m); 2017: €13.760m (£12.209m).

#### c) Current service pension costs charged to Expenditure:

	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>	<b>£'000</b>	<b>£'000</b>
Current service cost	1,099	1,223	973	1,072
Interest on Pension Scheme Liabilities	319	332	282	291
Pension Transfers In / (Out)	(166)	0	(147)	0
	<b>1,252</b>	<b>1,555</b>	<b>1,108</b>	<b>1,363</b>

## 12. PENSIONS (Cont'd)

### d) Deferred Pension Funding

	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January	1,467	1,018	1,286	832
Increase (Decrease) in deferred pension funding	(287)	513	(254)	454
Currency translation adjustment	(14)	(64)	0	0
<b>At 31st December</b>	<b>1,166</b>	<b>1,467</b>	<b>1,032</b>	<b>1,286</b>

### e) History of defined benefit obligations

	<b>2018</b>	2018	<b>2017</b>	2017	<b>2016</b>	2016	<b>2015</b>	2015	<b>2014</b>	2014
	<b>£'000</b>	€'000	<b>£'000</b>	€'000	<b>£'000</b>	€'000	<b>£'000</b>	€'000	<b>£'000</b>	€'000
Defined benefit obligations	<b>(12,285)</b>	(13,698)	<b>(12,209)</b>	(13,760)	<b>(12,210)</b>	(14,225)	<b>(6,826)</b>	(9,291)	<b>(7,511)</b>	(9,644)
Experience adjustment on liabilities including exchange rate effect gain/(loss)	<b>147</b>	167	<b>954</b>	1,088	<b>(1,110)</b>	(1,358)	<b>104</b>	143	<b>205</b>	254
Percentage of Scheme Liabilities	<b>1.20%</b>	1.20%	<b>7.90%</b>	7.90%	<b>-9.10%</b>	-9.10%	<b>1.50%</b>	1.50%	<b>2.70%</b>	2.70%

## 12. PENSIONS (Cont'd)

### f) General description of the Scheme

The North / South Pension Scheme is a multi-employer defined benefit scheme, operated within the approval of the North South Ministerial Council (NSMC) and the Finance Ministers. The pension scheme consists of a number of sections with different benefit structures. The main sections are:

The Core Final Salary section – this is a final salary pension arrangement with benefits modelled on the Classic section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60th birthday. Pensions in payment (and deferment) increase in line with general price inflation.

The Core alpha section – this is a career averaged revalued earnings pension arrangement or CARE scheme with benefits modelled on the alpha section of the Principal Civil Service Pension Scheme in

Northern Ireland. The scheme provides a pension based on a percentage (2.32%) of pensionable pay for each year of active membership (the pension is increased at the start of each scheme year in line with general price inflation) and spouse's and children's pensions. Normal Retirement Age is a member's State Pension Age in the relevant jurisdiction, which is currently 67, 68 or between 67 and 68 in the UK and 68 in Ireland. Pensions in payment (and deferment) increase in line with general price inflation. Most Core section members have benefits in both the Final Salary and alpha sections and new entrants who join the Scheme after 1 April 2015 will, in most cases, become members of the Core alpha section.

The valuation used for FRS 102 disclosures at 31 December 2018 has been carried out by a qualified independent actuary (Deloitte Total Rewards & Benefits Ltd). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities incorporating market conditions and scheme data at 31 December 2018.

The principal assumptions were as follows:

	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14
Discount rate:					
NI	2.75%	2.5%	2.7%	3.7%	3.6%
ROI	2.15%	2.1%	1.9%	2.65%	2.1%
Inflation rate:					
NI	2.15%	2.1%	2.3%	1.9%	2.0%
ROI	1.4%	1.65%	1.5%	2.0%	2.0%
Rate of increase in salaries					
NI	2.15%	2.1%	2.3%	2.9%	3.0%
ROI	2.15%	3.0%	3.0%	3.0%	3.0%
Ave. rate of increase in pensions:					
NI	2.15%	2.1%	2.3%	1.9%	2.0%
ROI (salary increases)	2.15%	3.0%	3.0%	3.0%	3.0%
ROI (CPI)	1.4%	1.65%	1.5%	2.0%	2.0%
Ave. expected future life at age 65 for:					
Male currently aged 65	21.9	22.1	22.2	21.9	22.1
Female currently aged 65	23.8	23.9	24.2	23.8	24.3
Male currently aged 45	23.3	23.5	23.9	23.1	23.5
Female currently aged 45	25.4	25.4	26.1	25.3	25.8



### 13. NOTES TO STATEMENT OF CASHFLOWS

#### 13.1 Reconciliation of result for the period to net cash (outflow)/inflow from operating activities

	2018 €'000	2017 €'000	2018 £'000	2017 £'000
<b>Surplus/(deficit) for the period</b>	-	-	-	-
<b>Adjustment for non cash transactions</b>				
Exchange differences on translation of opening cash balances at 1 January	427	816	476	724
Depreciation	137	135	121	118
Capital Grant Release	(137)	(135)	(121)	(118)
Difference on Foreign Exchange Translation	6	-	-	-
Reserves offset against Departmental funding	-	-	-	-
<b>Adjustments for movements in working capital</b>				
(Increase)/decrease in debtors	(5,349)	14,531	(5,129)	11,438
Increase/(decrease) in creditors	(361)	5,349	442	6,926
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(5,277)</b>	<b>20,696</b>	<b>(4,211)</b>	<b>19,088</b>

#### 13.2 Reconciliation of net cash outflow to movement in net debt

	2018 €'000	2017 €'000	2018 £'000	2017 £'000
Cash in bank at 1 January	44,896	25,016	39,837	21,473
Retranslation to current year exchange rates	(427)	(816)	(476)	(724)
	44,469	24,200	39,361	20,749
Net cash (outflow)/inflow	(5,277)	20,696	(4,211)	19,088
Cash in bank at 31 December	39,192	44,896	35,150	39,837



## 14. PROVISIONS & CONTINGENT LIABILITIES

There were no provisions or contingent liabilities at either 31 December 2018 or 31 December 2017.

## 15 OPERATING LEASE COMMITMENTS

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

	<b>Land and Buildings</b>	<b>Other</b>	<b>Land and Buildings</b>	<b>Other</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
The total of future minimum payments under non-cancellable leases for each of the following periods:				
(i) not later than one year;	268	9	271	4
(ii) later than one year and not later than five years; and	875	32	932	-
(iii) later than five years.	418	-	422	-
	<b>1,561</b>	<b>41</b>	<b>1,625</b>	<b>4</b>

The total of future minimum payments under non-cancellable leases for each of the following periods:-

	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(i) not later than one year;	240	8	240	3
(ii) later than one year and not later than five years; and	785	29	827	-
(iii) later than five years.	375	-	375	-
	<b>1,400</b>	<b>37</b>	<b>1,442</b>	<b>3</b>



## 16. CAPITAL COMMITMENTS

The SEUPB had no capital commitments at either 31 December 2018 or 31 December 2017.

## 17. GRANT COMMITMENTS

At 31 December 2018, the SEUPB had grant commitments to a number of Lead Partners, following the issue and acceptance of a number of Letters of Offer.

	<b>Grant awarded</b>	<b>Paid to date</b>	<b>Outstanding Commitment 31/12/2018</b>	<b>Outstanding Commitment 31/12/2017</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
PEACE IV	253,412	18,099	235,313	190,500
INTERREG VA	269,488	22,770	246,718	218,467
	<b>522,900</b>	<b>40,869</b>	<b>482,031</b>	<b>408,967</b>

The above commitments relate entirely to 2014-20 Programmes. The majority of LOOs issued in 2018 were denominated in Euros with a small number in Sterling.



## 18. RELATED PARTY TRANSACTIONS

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland.

The above named departments are regarded as related parties. During the year the SEUPB has had various transactions with these departments:

- (1) The Head of Internal Audit for the Department of Finance provides Internal Audit Services to the SEUPB under an arm's length Service Level Agreement. Costs incurred are shown in Note 7 to the accounts.
- (2) The functions of the Audit Authority are provided by a dedicated unit within the Department of Finance, on a joint member-state basis. This relationship is governed by a Service Level Agreement.
- (3) The SEUPB has a Service Level Agreement with the Northern Ireland Statistics and Research Agency (NISRA), an executive agency within DoF, which provides a monitoring and evaluation service in relation to the Programmes.

- (4) The SEUPB has a Service Level Agreement with the Central Procurement Directorate (CPD) which is the Centre of Procurement Expertise (CoPE) located within DoF. The SEUPB engages with CPD on an ad hoc basis to manage procurement competitions, and to provide procurement advice in relation to construction projects.

## 19. LOSSES AND SPECIAL PAYMENTS

There were no losses or Special Payments in the year.

## 20. FINANCIAL INSTRUMENTS, LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK

### 20.1 Financial Instruments

Due to the non-trading nature of its activities and the way the SEUPB is financed, the SEUPB is not exposed to the degree of financial risk faced by business entities. The SEUPB has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the SEUPB in undertaking its activities.



## **20.2 Liquidity, Interest Rate and Foreign Currency Risk**

The SEUPB's net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly and the Houses of the Oireachtas, as is its capital expenditure. It is not therefore exposed to significant liquidity risks. The SEUPB does not access funds from commercial sources and so is not exposed to significant interest rate risk. The SEUPB's exposure to foreign currency risk is not significant as it receives agreed levels of funding from its sponsoring Departments, the Department of Finance, and the Department of Public Expenditure & Reform, in sterling and euro respectively, and does not engage in trading activities. However, as the majority of project payments are now made in Euro and the other operating costs in Sterling, and most funding is received equally from the two Departments, the SEUPB is exposed to foreign currency risk to a limited degree.

In relation to funds drawn from Accountable Departments for the Central Payments Unit, foreign currency risk remains with the sponsor Departments.

## **21. THIRD PARTY ASSETS**

There were no 3rd party assets held by SEUPB at 31 December 2018.

## **22. EVENTS AFTER THE REPORTING PERIOD DATE**

At the date of approval of these accounts, SEUPB's 2017, 2018 and 2019 Business Plans have not been formally approved by the North South Ministerial Council (NSMC), due to the absence of a Northern Ireland Executive. A contingency arrangement had been put in place in Northern Ireland, whereby grants can continue to be paid until 31 December 2019, and this arrangement is expected to be continued for the remainder of 2019. This expenditure will be retrospectively regularised when the plan is approved by NSMC.

## **23. DATE OF AUTHORISATION FOR ISSUE**

The Accounting Officer authorised the issue of these financial statements on 28 June 2019.



## Appendix

Accounts directions given by the Northern Department of Finance and the Department of Public Expenditure and Reform in Northern Ireland in accordance with the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 in Ireland.

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the calendar year, and the state of affairs as at the year end. Subject to this requirement the Special EU Programmes Body shall prepare accounts for the calendar year ended 31 December 2018 and subsequent calendar years in accordance with:

- a. North/South Implementation Bodies Annual Reports and Accounts Guidance;
- b. other guidance which the Finance Departments may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other specific disclosures required by the Sponsor Departments;

except where agreed otherwise with the Finance Departments, in which case the exception shall be described in the notes to the accounts.

*Sue Gray*

Signed by authority of the  
Department of Finance

Dated: 19 March 2019

*Peter Cole*

Signed by authority of the  
Department of Public Expenditure and Reform

Dated: 22 March 2019



Special EU Programmes Body  
Foras Um Chláir Speisialta An AE  
Boord O Owre Ocht UE Projects

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