



EUROPEAN COMMISSION
Employment, Social Affairs and Equal Opportunities DG
European Globalisation Adjustment Fund

EGF

Requirements for the contents of a Final Report on the execution of a contribution from the European Globalisation Adjustment Fund (EGF)¹,

In accordance with Regulation 1927/2006, Article 15(1), Member States should present a final report on the execution of the financial contribution from the EGF no later than six months after the expiry of the twelve-month period of use of the contribution.

The Final Report should be submitted along with a statement justifying the expenditure.

This report, and the statement justifying the expenditure, should be submitted formally in writing by the competent authority of the Member State to:

The Director General
Directorate General for Employment, Social Affairs and Equal Opportunities
European Commission
B-1049 Brussels
Belgium

In addition, Member States are encouraged to submit a copy of the report and the statement justifying the expenditure by e-mail to:

EMPL-EGF-Closure@ec.europa.eu

¹ Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund, Official Journal of the European Union L 406, 30/12/2006, p. 1.

Section 1 – Identification of the EGF contribution

1. Name of Member State:

IRELAND

2. Full name and address of the authority submitting this report:

Department of Education and Skills
Marlborough Street
Dublin 1

3. EGF reference number [in the format EGF/200y/nn]:

EGF/2009/012 IE/Waterford Crystal

Section 2 – Types of actions implemented

4. Cost of actions (please complete the table below)

Actions Under Part A please use a separate line for each separate action	Cost of actions - Original Budget as described in the application, and approved through the Decision allocation the EGF Contribution			Cost of actions - Actual Outcome		
	Numbers of workers targeted (estimated number) a	Cost per worker targeted (estimate in Euro) b	Total cost (EGF and national co-financing) Euro c=a*b	Numbers of workers assisted (number) a	Cost per worker assisted (Euro) b	Total cost (EGF and national co-financing) Euro c=a*b
A. Actions (list individual actions planned) (Art. 3.1)						
FAS Occupational Guidance	468	50	23,326	988	64.62	63,846.00
FAS Training Course - Planning for the Future	226	339	76,623	0	0.00	0.00
FAS Training course	430	2,351	1,010,943	161	1456.01	234,418.00
FAS Training Allowances	423	1,890	799,470	210	4180.78	877,963.00
FAS TESG Training Grants	265	725	192,207	174	1,344.12	233,877.00
FAS Evening Classes	110	350	38,500	66	194.27	12,821.67
Waterford LES training course	4	81	325	0	0.00	0.00
EI/CEB Entrepreneurship Promotion	598	25	14,950	72	45.42	3,270.24
EI/CEB Entrepreneurship Programme	50	1,000	50,000	24	974.88	23,397.20
EI CORD Campus Enterprise Programme	7	30,000	210,000	0	0.00	0.00
CEB Aid for self-employment (grants)	10	20,000	200,000	37	18,158.84	671,876.95
EI Financial Support For Start Ups	10	15,000	150,000	54	2,896.64	156,418.56
VEC Foundation Programme for Further Education (NFQ Level 4)	25	1,200	30,000	4	820.00	3,280.00
VEC courses up to and including NFQ Level 5	55	1,200	66,000	77	3,558.33	273,991.65
UL Masters in Business (TESG-funded)	1	2,500	2,500	1	1,563.00	1,563.00
WIT - Foundation Programme for older workers with lower skills (NFQ Level 5)	50	3,500	175,000	0	0.00	0.00
WIT Foundation Programme: Recognition of Prior Learning module	50	750	37,500	13	2,000	26,000.00
3rd Level education courses	25	10,000	250,000	29	6454.70	187,186.20
3rd Level Degree courses - Recognition of Prior Learning module	25	750	18,750	0	0.00	0.00
3rd Level courses - BTEA	25	8,780	219,500	14	10,249.93	143,499.08
3rd Level courses - Student Maintenance Grant	25	12,000	300,000	7	10,600.09	74,200.64
Sub-total Actions	2,882		3,865,594	1,931	€1,547.18	€2,987,609.19

B. Technical Assistance for implementing EGF (Art. 3.3)
preparatory
management
information and publicity
control activities
Sub-total Technical Assistance

	22,500
	14,000
	40,000
	13,000
	89,500

	0.00
	96444.89
	5579.00
	€102,023.89

TOTAL COST

	3,955,094

	€3,089,633.08

5. Description of the personalised services to individual workers affected that were actually implemented, with an explanation of any divergences with respect to the application (and Decision on the financial contribution adopted by the Commission):

The redundant workers eligible for EGF co-financed supports availed of a broad range of guidance, education, training and enterprise supports during the implementation of the Waterford Crystal EGF programme. Supports were mainly provided through FÁS (the state training and employment authority), Vocational Education Committees, higher education institutions and City and County Enterprise Boards.

• **FÁS Occupational Guidance**

FÁS initially provided initial guidance services for the workers on a one to one basis at the Waterford Crystal site. In 2009, FÁS also ran a series of courses for redundant Waterford Crystal workers that included CV preparation, interview skills, career guidance and time management.

A further guidance process was initiated following the establishment of a dedicated EGF Coordination Unit in July 2010. Extensive and more intensive guidance and career path interventions continued until the EGF closure in August 2011. This second round of guidance allowed for more substantial assessment of the needs of the redundant workers and their onward referral to education and training providers.

• **FÁS Training Programmes**

The full FÁS training provision was made available to redundant workers. EGF clients undertook courses in areas such as IT, manual handling, welding, heavy goods vehicle driving, warehouse operations and forklift driving that were targeted at those with lower levels of qualifications. Customised core employment skills courses in the areas of horticulture, craftwork and landscaping were also provided in that context. Courses were provided in a variety of flexible formats to suit the individual circumstances of the redundant workers wherever possible.

• **Vocational Education Committees (VECs)**

It was deemed necessary to adapt or tailor courses with a vocational emphasis to better reflect the skills and educational attainment levels, aspirations and capabilities of the workforce, some of whom had worked at Waterford Crystal since leaving school. As such, a number of EGF clients undertook VEC foundation programmes, which aimed to support them to develop their career plans, gain confidence and obtain the necessary skills for further study.

• **Higher Education (Third Level)**

A number of the redundant workers participated in higher education programmes at Levels 6 (Certificate) to Level 9 (Masters) on the National Framework of Qualifications. The back to education allowance and student maintenance grants provided income supports which facilitated the participation of some of these workers on such third level programmes.

- **Enterprise Supports**

Enterprise supports were provided by the relevant City and County Enterprise Boards in Waterford, Kilkenny and Carlow to EGF clients to enable them to set up their own businesses. A number of enterprise workshops and information events were held along with short term courses, such as “Generating Ideas for Business” and “Start Your Own Business”, to introduce clients to the world of business. Mentoring support was also provided to those clients with a business idea to help them to develop their concept, where feasible, into a reality. On foot of the submission of a detailed application and business plan, priming grants for self-employment including amounts in respect of income support and validated business start-up costs (matched 50% by the entrepreneurs themselves) were made available to EGF clients.

While not every business idea ultimately succeeded in translating into a sustainable enterprise, in total 37 EGF clients have started their own business with support from the City and County Enterprise Boards, creating an estimated 44.5 new jobs

- **New Measures provided for EGF clients**

A number of tailored EF co-financed measures were introduced for EGF clients including:-

EGF Training Grant

The EGF training grant allows applicants to identify and select approved training programmes outside of the services provided by FÁS and other State agencies. EGF clients undertook a wide range of courses using the EGF grant in areas relevant to the individual’s skills and with employment potential such as, for example, water meter installation, rain water harvesting and gas boiler installation. This intervention afforded EGF clients flexibility and freedom of choice when opting for training suitable to their specific needs.

EGF HETAC Grant

Under the EGF programme, the grant facility was extended to also allow people to pursue higher education programmes in private institutions. This provided wider access and flexibility of choice in terms of courses, location and service delivery. Of those redundant workers availing of this specifically EGF provided opportunity, courses followed included a level 8 (Degree) programme in procurement and supply management and a level 9 (Masters) in business studies.

Foundation course at WIT in RPL

In recognition of the fact that traditional models of provision are potentially restrictive to non-traditional learners such as those retraining after redundancy, Waterford Institute of Technology provided a foundation programme in Recognition of Prior Learning. The programme, which was funded through a FÁS training grant, assisted 13 EGF clients in mapping their experiences in terms of entry requirements for particular third level programmes and to obtain credits for entry to programme modules or part programmes.

Tailored courses

Following feedback from certain redundant workers on specific vocational areas of interest and given their orientation towards crafts rather than traditional training or education pathways, Waterford City VEC developed and delivered a new programme in horticulture and a craftwork training programme to facilitate the transfer of creative skills to new mediums such as wood, metal or pottery ceramics. In this context, FÁS also delivered a new programme in landscaping. These courses proved highly popular with the relevant cohort to the extent that participants on the horticulture programme have subsequently progressed, with City and County Enterprise Board assistance, to setting up their own business in organic food production.

Enterprise Supports

A number of redundant workers have used their craft skills to develop niche markets in glass blowing, design and production. The assistance of the City and County Enterprise Boards in marrying existing craftskills to enterprise skills was vital in encouraging and creating real business opportunities for the redundant workers involved. Start-up businesses include the Irish Handmade Glass Company (Waterford City based), Radiance Crystal (Waterford County based) and Canning Design (County Carlow based). These companies have used established domestic networks to sell their products but significantly have also identified new markets and outlets overseas e.g. in Australia.

6. Dates on which the actions (personalised services to workers affected) commenced, and ended:

EGF co-financing for services to workers affected began on 11 March 2009 and continued to 6 August 2011.

7. Details of any preparatory, management, information and publicity, and control activities required for implementing the EGF assistance that the Member State financed with EGF assistance:

The principal activity financed through technical assistance was the salaries and running costs associated with the EGF Coordination Unit, which was established in Waterford City to facilitate and coordinate actions on behalf of EGF clients. The work of this unit was pivotal in interacting with the redundant workforce, providing guidance and support, and ensuring that the best outcomes were delivered for those engaging with the EGF programme. Other technical assistance measures financed included advertising and printing costs associated with the enterprise supports that were provided for EGF clients.

Section 3 – Workers benefiting from the actions implemented

8. Information on workers who benefited from the EGF contribution: (Please note that the figures provided in Column B in the table below should correspond to those contained in the application for EGF assistance.)

<p>Describe, according to the International Standard Classification of Occupations (ISCO-88, 'major group' headings or two digit codes where appropriate), the categories of workers <u>affected by the redundancies</u>, including, where relevant, those in upstream and downstream enterprises.</p>		<p>Describe the categories of workers targeted for assistance under this application, including, where relevant, those in upstream and downstream enterprises.</p>	<p>Describe the categories of workers <u>who</u> actually benefitted from the assistance under this contribution, including, where relevant, those in upstream and downstream enterprises.</p>
<p>Description</p>	<p>Column A Number</p>	<p>Column B Number.</p>	<p>Column C Number</p>

Accountant	2	3	1
Admin	49	41	47
Analyst	5	5	6
Auditor	3	4	3
Buyer	5	4	4
Cleaner	1	1	1
Clerk	1	1	1
Co-ordinator	8	7	3
Customer Services Rep	6	5	7
Designer	5	5	4
Draughtsman	1	1	1
Electrician	2	6	2
Engineer	6	8	5
Finance	5	3	2
Fitter	18	17	15
Fitters Mate	2	1	1
H.R. professional	5	5	1
I.T Professional	3	4	5
Legal	1	1	1
Manager	36	33	15
Operative	449	425	377
Sculptor	1	1	1
Secretary	1	1	1
Stores	8	8	8
Team Leader	6	5	5
Technican	2	2	2
Welder	1	1	1
unknown	7		12
Total	639	598	532

Gender	Men	503	473	421
	Women	136	125	111
Nationality	EU Citizen	639	598	532
	Non-EU citizen	0	0	0
Age	15 – 24 (<25)	0	4	0
	25 – 54	395	449	336
	55 – 64 (>=55)	239	143	192
	65 + (>=55)	5	2	4
Workers with a longstanding health problem or disability	Not available	Not available	14	
Membership of a recognised			Total	% Women

			n/a	n/a
Education Attainment	Primary or lower secondary education (ISCED 1 and 2)		Total 284	% Women
	Upper secondary education (ISCED 3) (Level 4/5)		Total n/a	%
	Post-secondary non tertiary education (ISCED 4) (Level 6)		Total n/a	%
	Tertiary education (ISCED 5 and 6) (Level 7, 8, 9, 10)		Total 15	% Women
Status on the Labour Market on completion of the assistance	Employed		Total 207	%
	Of which Self-employed		Total 37	% Women
	Unemployed / Unknown		Total 432	%
	Inactive		Total n/a	%
	Of which inactive in education or training		Total 80	% Women

Information on the assisted workers' membership of a recognised minority, levels of educational attainment and status on the labour market on completion of the assistance are indicators defined according to national rules. Those definitions should be provided in a footnote. Whenever the definition of an indicator used is strictly identical to the one used for the ESF (Annexe XXIII of the Commission Implementing Regulation (EC) No 1828/2006), it is sufficient to state so.

Elements on coverage and missing data (whether the figures represent all activities or only part of them) should also be provided.

Section 4 – Main outcomes

9. Outcomes in respect of the regional or local economic situation in the territory or territories concerned:

Support from the EGF allowed for an enhanced level of personalised assistance to be made available to EGF eligible workers at a time of rapidly increasing unemployment and significant public spending constraints at both a regional and

national level. In total, the Waterford Crystal EGF programme supported 1,931 interventions for 532 individual EGF eligible workers out of the 639 cohort, across the broad range of guidance, education, training and entrepreneurship areas.

The majority of redundant workers availed of occupational career guidance and many received more than one EGF co-financed intervention.

However, a number of significant factors militated against the former Waterford Crystal workers and affected the ability of the programme to have more positive outcomes on the regional or local economic situation.

The general decline in employment opportunities in Ireland, and the South East region in particular, impacted significantly on the Waterford Crystal cohort of workers. The most recent Quarterly National Household survey (QNHS)¹ shows that the unemployment rate in the South-East region increased from 15.1% to 18.9% over the two years to Quarter 3 2011. The regional unemployment rate of 18.9% is the second highest rate in the country and compares to a 14.8% rate for the State as a whole. The high unemployment rate limited the sustainable work opportunities available to the Waterford Crystal cohort of workers.

A second mitigating factor was the low levels of educational attainment among a significant cohort of the redundant workers, which affected opportunities to diversify, engage and participate in new industries or in more advanced training and education that may have supported a return to the work force. Research carried out by the EGF Coordination Unit indicates that 284 of the workers had attained primary level education only and just 15 workers had attained third level education standard. In addition, employment generation in Waterford has traditionally tended to come from multinationals involved in the pharmaceutical, engineering, medical, and technologies industries and companies in these highly competitive technology based sectors primarily recruit people with at least second level, and preferably third level, qualifications.

However, over 40 redundant workers availed of higher education (third level) interventions over the course of the EGF programme including through the recognition of prior learning module run at the Waterford Institute of Technology.

Furthermore, many of the Waterford Crystal workforce had only one employer during their working lives (many had 40 plus years of employment with Waterford Crystal). The specialist field of glass manufacturing, by its nature, makes skills transfer challenging. Whilst some of the skills could potentially transfer, including manual skills, sales, administration, design etc, the psychological challenge of retraining for a fundamental career change proved to be somewhat of a stumbling block for those in the higher age groups (almost 25% or more than 158 of the 639 affected redundant worker population were aged over 55 in August 2009). A common perception among the older age group workers was that they were virtually unemployable due to age, industry/sector background and low education attainment levels.

¹ The Quarterly National Household Survey (QNHS) is a large-scale, nationwide survey of households in Ireland carried out by the Central Statistics Office. It is designed to produce quarterly labour force estimates that include the official measure of employment and unemployment in the state (ILO basis).

Nonetheless, the available data shows that 170 of the workers affected by the redundancy obtained employment following the closure of Waterford Crystal. A further 37 started new enterprises including a number in crystal glass design and manufacture attracting business both domestically and overseas. In total, it is estimated some 207 redundant workers are in employment, a percentage of over 32%.

10. Principal lessons learned with regard to interventions to assist workers affected by mass redundancies:

The submission of the Waterford Crystal EGF application followed shortly after the submission of the Dell application and, as such, the principal lessons learned from the two programmes have been very similar.

1. Clear communications between state agencies, service providers and redundant workers during the application, approval and delivery stages is vital to ensuring an effective programme of personalised supports is designed and implemented.
2. The earliest possible intervention with redundant workers, particularly in terms of providing guidance and career planning, is also extremely important. As many workers are disorientated by redundancy and need to take some time to review the options available to them, an enhanced level of ongoing guidance and support would also be recommended.
3. As noted above, people who have been made redundant may require time to consider their future options. The flexibility to amend personalised measures i.e. the introduction of new and more tailored measures, would therefore be a useful feature to the EGF process during the implementation period.
4. A central, locally based coordination unit is an important facility to effectively oversee the management and delivery of appropriate measures and to provide information, advice and support to eligible redundant workers. The early establishment of such a unit to interface with the redundant workers assists in ensuring real meaningful engagement and optimum levels of worker information, assistance and support.
5. Managing the expectations of redundant workers as to the types and levels of support available is important given the timeframe and requirements of the EGF programme. A balance requires to be struck between providing meaningful interventions and creating unachievable expectations as to the flexibility and delivery of EGF supports.
6. On a technical issue, it would be helpful if the period of eligibility for EGF technical assistance extended beyond the EGF programme implementation period to the submission of the Final Report. This latter period is one when considerable resources are required to ensure the effective and efficient closure of the EGF programme.

Section 5 – Equal opportunities and non-discrimination

11. Steps taken to ensure that the principles of equality of treatment and non-discrimination were respected in the implementation of, and access to, assistance from the EGF:

EGF clients were contacted and offered assistance on the same equitable basis and were eligible for the same level of supports irrespective of their gender, nationality etc.

Workers identified as having literacy issues were also approached in confidence by telephone or personal contact. The EGF Coordination Unit engaged with hearing impaired workers using sign-language interpreters or by using written exchanges in an office setting, by text and email or various combinations of approaches in a sensitive fashion.

Guidance interviews were conducted with the affected cohort in alphabetical order. If worker needs necessitated an earlier interview (i.e. out of alphabetical sequence), they were duly facilitated.

Section 6 – Complementarity

12. Complementarity with assistance provided by other Community instruments, in particular the European Social Fund:

The upskilling, retraining, and enterprise supports that were made available to EGF clients complemented the broad range of ESF supported activities normally available to unemployed people. Assistance from the EGF allowed for an expansion of the normal supports at time when demand for unemployment services was increasing both locally and nationally.

Assistance from the EGF also allowed for the development of a number of new, tailored measures and supports specifically targeted at redundant workers eligible for EGF co-financing. These measures included:

- the establishment of a dedicated EGF Coordination Unit to assist redundant workers and coordinate the delivery of personalised services to them.
- the development and delivery of tailored education and training programmes and the provision of new accredited training opportunities to transfer/adapt creative skills to other mediums in areas where workers had expressed particular interest such as the core employment courses in horticulture, craftskills and landscaping.
- the provision of EGF training grants to facilitate participation in training and education courses outside of those services provided by FÁS and other state agencies at both accredited vocational education and higher education levels.
- prioritised assistance from the City and County Enterprise Boards for the EGF eligible cohort, particularly for new enterprises servicing the locally traded services sector outside the normal ERDF co-funded supports.

13. Description of the mechanisms by which the managing authority for the EGF assistance has ensured that the assistance complements actions of the Member State at national, regional and local level, including those co-financed by the EU Structural Funds:

- All measures were delivered with the support of local, regional and national service providers on a coordinated basis to ensure complementarity with extra-EGF programmes.
- The EGF application was prepared by the EGF Managing Authority in consultation with the relevant national and regional state agencies and educational institutions to ensure the complementarity of the relevant measures in the areas of guidance, training, education and enterprise supports.
- An EGF Coordinator and administrative support staff were employed to oversee the delivery of EGF funded measures and to interface with the relevant sectors for the period of the programme. This approach provided further assistance in ensuring complementarity with national/regional supports.
- An EGF Steering Group, chaired independently by the Waterford City Manager, and including representatives of the redundant workers, the State agencies and educational providers met regularly throughout the implementation period with a view to ensuring that supports complemented those available in the region.

14. Description of the mechanisms by which the managing authority for the EGF assistance has ensured that the specific actions receiving a contribution under the EGF did not also receive assistance from other Community financial instruments:

The financial management and control system for EGF co-financed projects in Ireland is based on the principle of shared responsibilities by way of delegation and administrative agreements within a 'cascade' system. Each level of the cascade takes responsibility for ensuring that the requirements of the financial management and control system are adhered to at their own levels and that EGF and national rules are complied with.

The EGF claims validation process, as operated by the Managing Authority, provides for confirmation that there has been no double funding.

The EGF Certifying Authority and the primary independent body that performed the second level controls on EGF expenditure are also key bodies in the certification of ESF expenditure, which is considered the main other Community financial instrument that could co-finance EGF type expenditure. This oversight of both EGF and ESF across both these funds decreases the risk of double funding of expenditure from other Community financial instruments and increases the overall assurances of the eligibility of EGF expenditure.

15. **Description of the specific activities that the Member State carried out in order to provide information on and publicise the funded actions, including the mechanisms used to highlight the role of the Community and ensure that the contribution from the EGF is visible. Please provide examples of publicity materials where possible.**

National Level

The role of the Community in all EGF-related activities has been emphasised at national, regional and local levels. The Community's contribution has been highlighted by Departments and State agencies at all appropriate occasions, including during parliamentary questions and debates as well as at media events.

Coordination Unit

The role of the dedicated EGF Coordination Unit included ensuring that the EGF programme, and the Community's role therein, was sufficiently publicised.

Some examples of relevant publicity measures include:

- An EGF Education, Training and Enterprise Support Fair as held on 1 July 2010 in Waterford City to introduce redundant workers to potential education, training and enterprise opportunities and supports. Some 28 service providers exhibited course, training and enterprise information
- Further EGF information fairs were provided on starting your own business (Enterprise Day, 8 September 2010), and tailor made courses (4 October 2010)
- EGF signage was prominently displayed both inside and outside the Coordination Unit office buildings in Waterford
- EGF logo contained on all promotional material e.g. course advertising, mail shots, promotional stands at information events
- EGF plaque mounted in offices of business start ups supported by Enterprise Boards
- Local radio interview with the EGF coordinator highlighted EGF's role and contribution
- The EGF coordinator contacted EGF eligible clients directly on a number of occasions to highlight the different supports that were available to them

In addition, an EGF Steering Group, which included representatives of the former workers, the State agencies and educational providers, met regularly throughout the implementation period. The Group provided a public forum for discussion of relevant EGF measures and related issues with the aim of keeping key stakeholders up to date on developments in the EGF programme implementation. This group was chaired independently by the Waterford City Manager.

Section 8 – Management and financial control of the assistance

16. Please detail any changes in the management and control systems as compared to the description provided in the application, specifically any changes in:

16.1. The organisation of the managing and paying authorities and intermediate bodies, of the management and control systems in place in these authorities and bodies

As detailed in the application form, the management and control structures established and operated for the purposes of the EGF in Ireland endeavour to use the experience and benefits of structures employed in the longer established ESF programme, with modifications as appropriate.

At the time the Waterford Crystal application was submitted in September 2009, the Employment and Training Strategy Unit (ETSU) of the then Department of Enterprise, Trade and Employment was the authority responsible for the management and financial control of the EGF. However, on foot of a Government decision, the training functions of that Department were transferred to the Department of Education and Skills (DES) with effect from 1 May 2010. Accordingly, responsibility for the management and financial control of the EGF transferred with ETSU to DES. At the same time the training functions of the State Training and Employment Authority, FÁS, came under the authority of the DES. Responsibility for FÁS employment services and employment programmes functions of FÁS have been transferred to the Department of Social Protection.

ETSU (subsequently renamed as the EGF Managing Authority) acts as the Managing Authority for the delivery of personalised services and technical assistance measures under the auspices of the EGF and for ensuring the proper financial control of funds expended under the EGF.

A number of Intermediate Bodies (IB) were delegated by the MA to validate EGF claims for reimbursement from Public Beneficiary Bodies (PBB) and to ensure that those organisations and bodies with responsibility for the oversight of service delivery have adequate monitoring and control procedures in place.

The ESF Certifying Authority in the ESF Policy/Operation Section in DES was designated as the EGF Certifying Authority (CA).

The NDP/Structural Funds Unit in DES was assigned primary responsibility for carrying out the second stage (Ex-Post) checks. This body is functionally independent from the management and payment of monies under EGF programmes.

16.2. The functions vested in them

The main role of the MA is to verify that the programme of personalised services and supports, co-financed through the EGF, has been properly delivered and to ensure that the services rendered are fully supported by verifiably accurate documentation. The MA examines and pays EGF claims submitted by IBs on behalf of PBBs and reports that expenditure to the CA, certifying that:

- it has reasonable assurance that management and control procedures are in place at

- the IB and;
- steps, including sample checking of information held by the IB and the PBB, have been taken to give a reasonable assurance that the amount of expenditure returned is correct.

IBs are responsible for the claiming of EGF funding from the MA and in most cases for its disbursement to the PBBs (in some cases payments were made directly by the MA to the relevant PBB following IB claims validation). IBs are also responsible for verification that the purpose, scope and scale of the funding is appropriate within the terms of the EGF programme. In addition, IBs ensure that monitoring and adequate recording and internal control procedures in relation to all EGF-related expenditure and claims are established by PBBs and duly documented.

The CA is responsible for the certification of expenditure statements related to EGF co-financed measures. In doing so, the CA satisfies itself on compliance with all requirements relating to the accuracy, legality, eligibility and regularity of the expenditure.

The NDP/Structural Funds Unit ensures that the declaration of final expenditure by the PBB in respect of all paid interim claims is accurate and supported by a clear audit trail and makes a formal declaration to the MA of the total amount of eligible expenditure.

16.3. The allocation of functions between or within their departments, including between the managing and paying authority where they are the same body

The Secretary General, in her capacity as Accounting Officer for the DES with responsibility for EGF, has delegated specific responsibility for certifying claims to an appropriate officer at each level of the "cascade" arrangement through statutory Assignment of Responsibilities of Functions Orders under the Public Service Management Act 1997. This includes delegated orders to officers responsible for the EGF CA, EGF MA, the functionally independent second stage control body and various IBs. This ensures that decisions of these officers cannot be overruled or unduly influenced by more senior officers in the management chain and thus underpins their authority and the segregation of duties and control within the Department during the implementation of EGF programmes.

In addition, and as outlined under paragraph 16.1, a number of IBs have been formally delegated to carry out various EGF roles and responsibilities by the MA under Administrative Agreements.

16.4. The procedures by which claims for reimbursement of expenditure are received, verified, and validated, and by which payments to beneficiaries are authorised, executed and accounted for

The process of reimbursing and verifying EGF-supported expenditure is carried out in two stages.

- the first stage involves checks carried out during the period of eligible expenditure on receipt of interim claims (Ex Ante);

- the second stage involves checks carried out following the end of the period of eligible expenditure at the time of the declaration by the PBB of total EGF expenditure during the programme (Ex Post)

Ex Ante:

PBBs report expenditure to the IBs. Each expenditure report is accompanied by a completed EGF project schedule of costs. PBBs may make claims for the drawdown of spent or committed monies on a regular basis as agreed with IBs and the MA.

IBs certify that management and control procedures are in place in PBBs and that steps, including the checking of sample information, have been taken to give reasonable assurance that the amount of expenditure returned is correct, before verifying and reporting the expenditure to the MA.

The MA verifies that management and control procedures are in place in IBs and that steps, including the checking of sample information, have been taken to give reasonable assurance that the amount of expenditure returned is correct. The MA may also, as and when appropriate, carry out visits to selected PBB sites to satisfy itself as to the adequacy of their management and financial controls.

Providing reasonable assurance has been given on the accuracy of the interim claim by the IB, the MA sign and authorise payment of interim claims to the appropriate body.

Ex Post:

The Ex-post verification of the final expenditure checks take place after the eligible implementation period.

The second level Ex-Post checks are primarily performed by the NDP/Structural Funds Unit (Department of Education and Skills). This Unit is not involved in the EGF management or any Ex-Ante payment controls checks and is, therefore, clearly separated from same. The Unit ensures that the declaration of final expenditure by the PBB in respect of all paid interim claims is accurate and supported by a clear audit trail. The Unit makes a formal declaration to the MA of the total amount of eligible expenditure. In the case of the Waterford Crystal expenditure included for EGF co-financing, a total of 28% of expenditure has been subject to second level controls to source documentation by NDP/SF.

Based on this declaration, the MA, if considered appropriate, may carry out a site visit to a PBB to look more closely at its declared final expenditure as part of the third level Ex-post controls.

Additionally, and separate to the work carried out by the NDP/SF Unit, for each final claim/expenditure report, consideration is given by the MA as to whether an audit by independent internal bodies or external auditors should be carried out prior to certification of the final consolidated expenditure report to the CA. In the case of the Waterford Crystal programme, additional second level Ex-post controls were performed by the external audit company, Grant Thornton, on Waterford City Enterprise Board expenditure and by a body within the Department of Social Protection that is functionally independent of the EGF management and any Ex-ante payment control checks carried out within that Department of Back to Education Allowance expenditure.

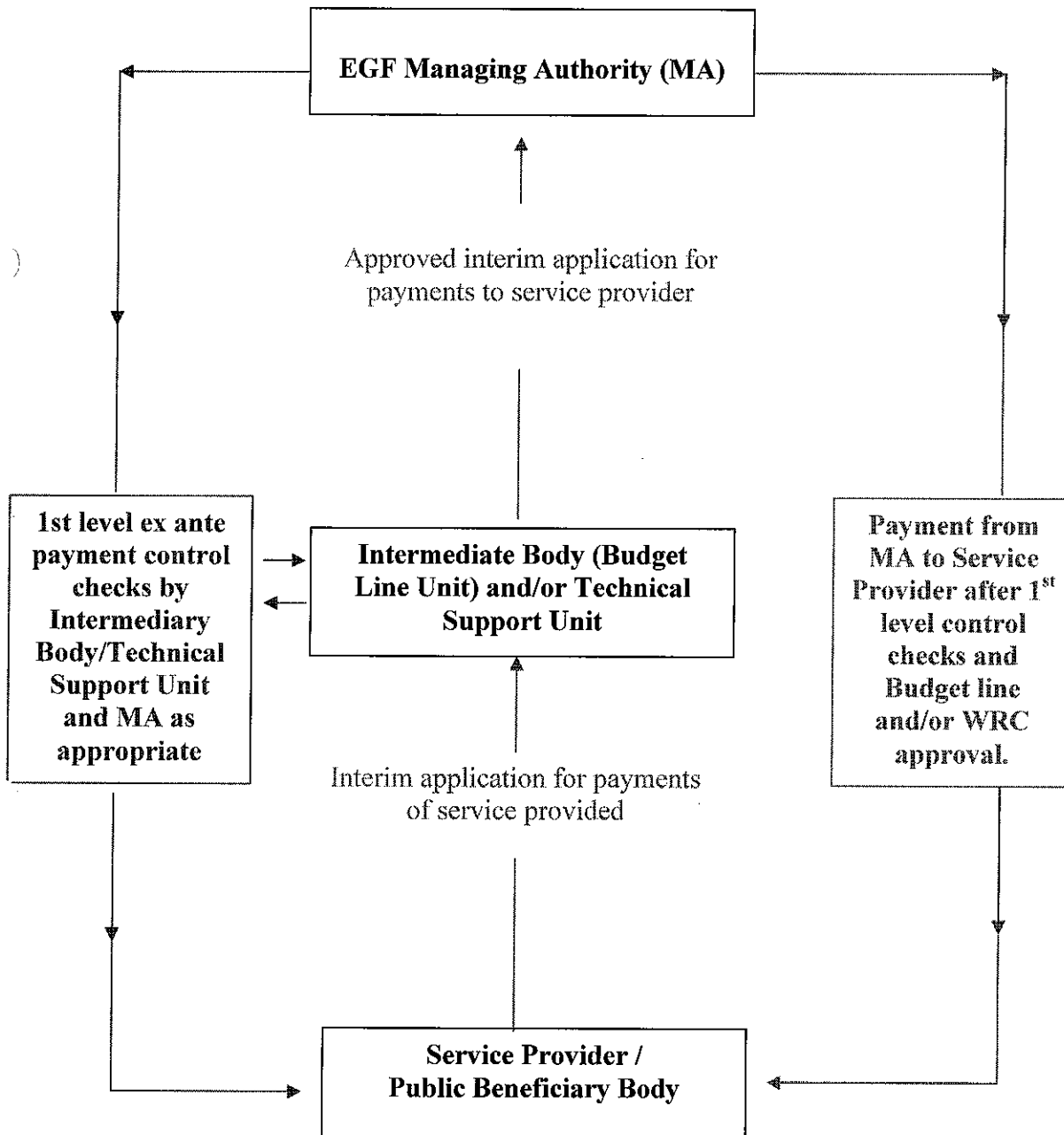
Once it has received reasonable assurance that the final declared amount of expenditure is accurate, the MA reports to the CA that effective steps have been taken to give a reasonable assurance that the amount of final expenditure returned by the PBB and declared by the relevant IB and verified by the NDP/SF Unit is correct. The MA then declares that final total expenditure to the CA for certification.

Before the CA certifies the statement justifying the expenditure in the final report, in line with Article 15 of EU Regulation 1927/2006; it carries out its third level Ex-post controls to gain reasonable assurance;

- that the expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents and complies with applicable European Community and National rules,
- that expenditure has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the EGF programme,
- that it has received adequate information from the MA on the procedures and verifications carried out in relation to expenditure included in the statements of expenditure,
- by taking account of the results of all control checks carried out on the expenditure.

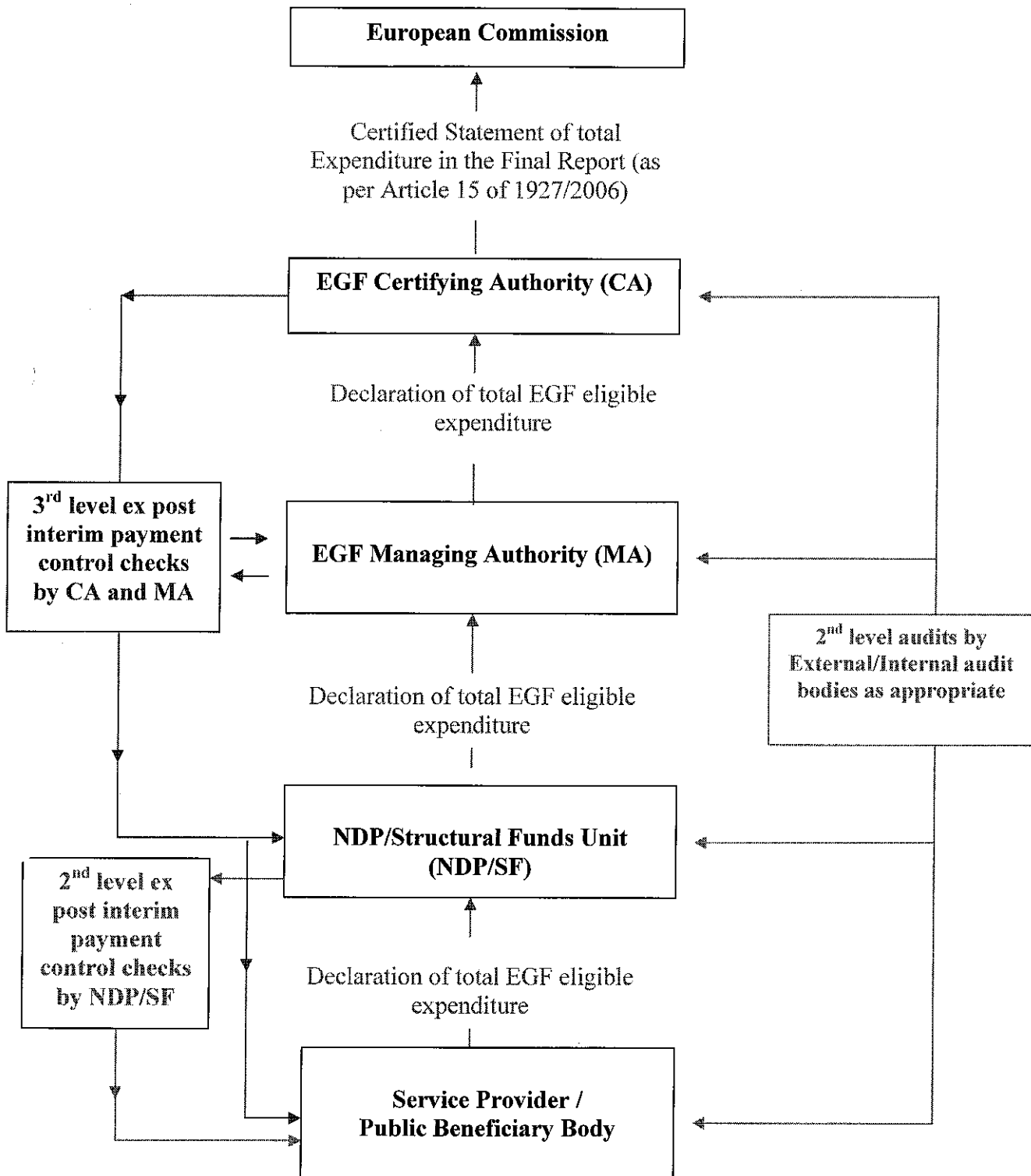
The operation of the reporting cascade at both Ex Ante and Ex Post levels is detailed in the following organisation charts:

**EGF Financial Management and Control Systems
Controls before EGF Payments by Managing Authority
Ex Ante Checks (1st Level)**



1. Interim application for payment to Service Providers
2. 1st level ex ante interim payment control checks
3. Payment by Managing Authority to Service Providers

EGF Financial Management and Control Systems
Controls before Certification of EGF Expenditure to Commission
Ex Post Checks (2nd and 3rd Levels)



1. Declaration of total EGF expenditure for submission to European Commission
2. 2nd level ex post interim payment audit checks
3. 3rd level ex post interim payment control checks

The EGF financial and control structure have been subject to systems audits by the DES Internal Audit Unit and by the European Commission (specifically in respect of the Waterford Crystal programme):

(a) The systems audit carried out by the DES Internal Audit Unit took place between 6 September and 3 November 2011. The objective of the audit mission was to examine the effectiveness of the management and control systems and to assess the current level of assurance which can be attributed to the systems in place and to make any recommendations considered appropriate. The scope of the systems audit was confined to the management and control systems operating within the CA/MA and was not confined to any specific EGF programme. It examined and evaluated the effectiveness of the management and control systems in place and particularly in relation to appropriate internal controls, compliance with EU Regulations 1927/2006 and 546/2009, procurement rules and data protection guidelines.

The methodology set out in '*Guidance document on management verifications to be carried out by Member States on operations co-financed by the Structural Fund and the Cohesion Fund for the 2007-2013 programming period*' (COCOF 08/0019/01-EN) issued by the Commission which outlines the key requirements of management and control systems for European Social Funds (ESF), was used to assess the control systems put in place by the MA and CA for the EGF programme.

A draft report was issued by the Internal Audit Unit on 30 November 2011 and has not been finalised. However, the preliminary conclusions of this audit were that there was a low² residual risk to regularity and that the systems work, but some improvement needed³.

(b) The systems audit carried out by the European Commission took place between 19 September 2011 and 23 September 2011. The final report issued on 18 December 2011. The objective of the audit mission was to examine action financed by the EGF and the functioning of the management and control systems for actions supported by the EGF. The audit report concludes that, notwithstanding an inadequate design of control for ensuring that the number of redundancies is correct, the management and control system is being implemented in compliance with Article 18 of Regulation 1927/2006 with regular and structured communication on the execution of the EGF assistance on regional and local level, and adequate control strategy including controls at the beneficiary level.

A conclusion (preliminary in the case of the Internal Audit Unit report, which is not expected to be finalised until early in 2012) that a proper functioning of the EGF management and controls systems is in operation is therefore considered reasonable.

16.5. The provisions and timetable for the verification of management and control systems

Upon completion of the Internal Audit Unit's systems audit report in early 2012, a timetable for carrying out any recommended actions which may arise will be

² Second of four possible options available (1) Very Low (2) Low (3) Medium, and, (4) High.

³ Second of four possible options available (1) Works well. Only minor improvements are needed (2) **Works, but some improvements needed** (3) Works partially. Substantial improvements needed, and, (4) Essentially does not work

established, as appropriate.

16.6. The arrangements for preventing, detecting and correcting irregularities as defined in Article 70 of Regulation (EC) No 1083/2006 and recovering as well as reimbursing amounts unduly paid together with interest on late payments in accordance with the same Article

The arrangement for preventing and detection irregularities has been set out under paragraphs 16.1 to 16.4. Any overstatements of expenditure detected during the controls carried out are automatically excluded and, therefore, no amounts in the final report and statement of expenditure are considered pending recovery or reimbursement amounts.

17. Details of any irregularities detected, including:

NIL

17.1. Nature of the irregularity

17.2. EGF amount concerned

17.3. Date of notification to OLAF

17.4. Outcome, including details of any recoveries made.