

## 'APPLICATIONS GUIDE (Last Updated February 2007) - Project Closure Guidance'

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### General (Last updated July 2006)



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We, the European Social Fund (ESF) Division, have to claim from the European Commission (EC) for each Programme within six months of the end of the funding period. We also have to submit annual reports to the EC. We need to check and clear every Project Closure Report (PCR) to do this. We also use the PCR to collect data for evaluating projects, which is why it asks a range of questions about the outputs of the project. The PCR also asks for details of the project expenditure and asks you to certify that the information is correct.

You must keep to the deadlines for returning your project closure report and any additional information set by your Government Office Secretariat and the ESF Division. If you do not:

- we may withdraw ESF support and ask you to repay all money you have already received;
- any future applications your organisation makes may be penalised; and
- you may stop unspent funding being re-allocated to other applicants.

If you have difficulty in meeting your deadline, you should discuss this with your Secretariat as early as possible.

You should use this guidance when you fill in the interactive Project Closure Report form for ESF projects under Objectives 1, 2 and 3.

You should complete a PCR for all your projects which ran. This applies even if you owe us money (that is, the amount we have already paid you is greater than your total claim). If you do not supply us with the appropriate information, we will withdraw your project and ask you to repay all the money you have already received.

If your project did not run or was withdrawn for any other reason, you do not need to submit a PCR. However, you must tell your Secretariat in writing that you are withdrawing

your claim for ESF support.

You must submit your PCR to your Secretariat on an interactive form. To use the form you will need:

- an IBM or IBM compatible PC (not a Macintosh) with a 486 or Pentium processor; and
- 8Mb of RAM and 35 Mb of spare hard disk space. We recommend that you use:
- Windows 95;
- MS Windows 3.1; or
- Windows for Workgroups 3.11.

You will also need a printer. There is separate guidance in the handout 'Set Up Instructions' on how to load the software onto the system and you can find more information in the on-line guidance.

We have designed the interactive form to make sure you fill in all the sections required for a particular Objective, or type of project, and that, where necessary, the figures in one section agree with those entered in another. To make sure that you know how to complete the PCR, you must read this guidance, the attached annexes, the Guidance for Applicants and the on-screen guidance for each individual question on the interactive software. We have tried to answer all the questions you may have in the guidance, but if you do have problems, please contact your Secretariat for advice. We will refer any mistakes back to you to put right, and this will delay any payment due to you.

When completing the PCR interactive form, you should also have a copy of your original application form and a copy of your most recent Project Progress Report to hand. You should refer to the original application form to assess whether the project ran as stated. You must make sure:

- the overall percentage of ESF claimed is not more than the intervention rate stated in your current contract;
- the total ESF amount claimed is not more than that shown on your current contract; and
- the PCR is not exactly the same as your application (it should show what actually happened).

If your project lasted for over 12 months, and started before 13 June 2006 you should have provided general statements of expenditure (GSEs) that certified a proportion of the public match funding for your project. At PCR stage we need GSEs that cover all the public match funding that you have received for your project. We need a GSE from each organisation that has provided public match funding for the project, including your own if appropriate. If your project started on or after 13 June 2006 you will also need to provide GSEs for all of your public and all of your private match funding.

When you have completed the PCR, you should send a disk containing the interactive PCR (a separate disk for each PCR), together with:

- a signed and stamped hard copy of the form; and
- signed and stamped GSEs.

You should clearly label the disk with the name of your organisation, the project title, and the dossier number (this is the project number - the eight character reference number shown on your contract). For future reference, please keep the software and a copy of the completed PCR.

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## Period of Claim

In all cases, the period of the claim must fall within the start and end dates given on your current contract.

You may submit claims to the Secretariat any time after you receive this guidance (as long as the project has finished and there will be no further expenditure on the project), up until 60 days after the actual end date of your project. After your Secretariat has checked and cleared your PCR and supporting documentation, they will send you any payment due. Or, they will ask you to repay any overpayment.

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## Completing the PCR (Last updated April 2006)



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To input data for a PCR:

- load and open the PCR interactive software;
- click on the Add button on the Main Menu;
- select a Standard or Technical Assistance PCR; and
- select the correct Objective, Region, Priority or Measure.

If you have already entered some details on the PCR, use the Amend button on the Main Menu if you need to make any changes.

If you are asked to amend a PCR which is already complete, you will need to remove the 'completed status' of the form first. From the Admin menu select the remove 'completed status' function and select the PCR you want to amend from the drop-down box. Once you have made the revisions you will need to add the 'completed status' and 'validate' the PCR again.

When a question needs a detailed description or explanation, a separate screen will open which will allow you to provide this. You must make an entry for every one of these questions. The screen will clearly state when you are limited to the amount of text you can provide.

All beneficiaries must meet the criteria for the Objective the project is funded under. Where beneficiaries are not eligible, you must reduce the costs to take this into account. This will apply even if you have included ineligible beneficiaries in your application form, as it is your responsibility to make sure that all beneficiaries are eligible.

You can find guidance on how to complete individual questions on the PCR by clicking on the ? symbol by the question reference number. You can print out all the guidance before completing the PCR by clicking on the 'print guidance' button on the main menu. We strongly advise you to read all this guidance thoroughly as it contains information which is not in this PCR guidance or the Applicant's Guidance.

To mark your projects complete, open the Admin menu and choose 'complete PCR'. The software will automatically validate the PCR and if it fails a message will appear on screen and a 'validation error sheet' will be printed automatically. This sheet will tell you where the errors are. You may correct any errors by choosing the 'amend button' and re-opening the PCR.

Your data will automatically be saved if you close or move off a screen while you are inputting data. If you want to check the validity of anything you have input, you can close the project and get a validation error report by choosing 'Validate PCR' from the admin menu. If your project passes validation, you will be asked if you want to mark it as complete. Once you have marked your project as complete, you will be able to look at the details but not amend them unless you remove the completed status.

You should choose the Admin menu to print a hard copy of the PCR. The PCR will automatically print the appropriate GSE/s.

A senior member of your organisation, for example the Finance Director, must sign the hard copy of the PCR. (The person who signs does not have to be the named project contact). You must show the PCR is genuine by stamping the hard copy with your organisation's official stamp. If your organisation does not have an official stamp, you should send a letter on headed paper explaining this. The same person who signed the PCR must sign this letter.

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## General Statement of Expenditure (GSE) (Last updated July 2006)



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You are required to provide GSEs every 12 months during the lifetime of your project (see the Guidance for Applicants). When you submit your PCR, you should also send us GSEs for the total amount of public match funding you have received. This amount must include the amounts the public match funder has told us about in the 12 monthly GSEs they have already submitted. However, we do not require another GSE if the PMF has already provided one for the full amount. We will not be able to make the final payment until we have received all the necessary GSEs.

If your project started on or after 13 June 2006 you should also provide GSEs for the total amount of any private match funding that you have received. This amount must include the amounts the private match funder has told us about in the 12 monthly GSEs they have already submitted. However, we do not require another GSE if the private match funder has already provided one for the full amount.

We will not be able to make the final payment until we have received all the necessary GSEs.

If you fail to submit all those required, your claim will be invalid and we will ask you to refund all the payments you have already received.

You will need to deal with forms in different ways depending on what certification you have already provided. The examples below provide a guide:

- **Organisation A** ran an ESF project from January 2001 to 2002 (2-year project).
- **Organisation A** provided some match funding for the length of the project.
- **Organisation B** provided some match funding at the start of the project.
- **Organisation C** provided some match funding near the end of the project.

In January 2002 Organisation A provided a GSE to certify their match funding contribution for the first 12 months of the project.

- **Organisation B** provided a GSE, which certified their total match funding contribution to the project.
- **Organisation C** is yet to provide a GSE to certify their contribution.
- **Organisation A** would need to enter the total amount of public match funding they have provided, including the amount they have already certified.
- **Organisation B** would not need to complete a GSE as they have already certified the total amount of public match funding they have provided.
- **Organisation C** would need to enter the total amount of match funding provided, as this is the first GSE that they have submitted.

Please note:

- we will not accept photocopies of completed forms;
- Original signatures must appear at Part 1 and Part 2 of the GSE;
- if you are providing your own match funding, you still need to complete this form;
- you must not use correction fluid anywhere on the GSE; and
- people signing Part 2 must make sure that they have read and checked Part 1 of the GSE.

The following information on the GSE will be entered automatically:

- The name and address of the applicant.
- Bank account details.
- The amount spent.
- The dossier number.
- The names and addresses of the match funders.
- Validation and audit codes.

You must complete Part 1 of this form. Part 2 must be completed by the organisation funding the project. If more than one organisation has provided funding, then a separate GSE is required from each one.

Part 1 - The person signing the certificate must be a senior member of your organisation, for example, the Finance Director. Part 2 - The GSE Part 2 should be signed by a senior representative of the organisation providing the match funding.

The match funders must use their official stamp to prove the certificate is genuine. Where the organisation does not have an official stamp, they should explain this on letter headed paper and attach this to the GSE.

If there is more than one public authority, only the 'lead' public authority (this is normally the public authority providing the highest level of funds, unless otherwise agreed) needs to complete the declaration that 'I confirm the details given in Part 1'. Other match funders may cross out this declaration.

You will need to agree any changes to the figures in the PCR with your Secretariat. We may need a new GSE as a result of these changes.

## **Methods of costing**

There have been several changes to costing methodology allowed during the lifetime of the current programmes. The college or organisation-based costing methodology may only be used by projects which started before 1 April 2003. Higher Education Institutions may use the HEI base costing methodology for projects that started on or after 1 April 2003. HEI institutions must have received approval from their Government Office before

using this methodology. Further Education establishments may not use the HEI methodology.

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## Depreciation calculation examples

The method for calculating depreciation on equipment you own must be in line with your organisation's accounting policy. You should base your claims on the actual costs of the equipment. There are different methods of calculating depreciation. The most common of these are straight line and reducing balance methods (see examples below). For straight line depreciation, we would normally expect your items to be depreciated over a minimum period of three years.

If you have received capital grants towards the costs of fixed assets, you should deduct these grants from the fixed assets before calculating depreciation costs for ESF purposes. If you have used deferred credits (income received before it is earned) to offset depreciation costs, you must deduct the amount of the deferred credit from the depreciation costs for ESF purposes.

You must keep working papers to show how you calculate the depreciation costs for your ESF project. These would include the:

- costs, descriptions and location of the items purchased;
- purchase date;
- method of depreciation;
- time to be spent using the items during the lifetime of the project; and
- estimated residual value (value at the end of the project) where relevant.

It is not sufficient to enter 'depreciation costs' and an amount on the claim form. You must provide a list of depreciated items with purchase prices and the method of depreciation used, and set out the calculation of the depreciation amount for the ESF project.

### Example of straight line method of depreciation

A computer bought for £5,000 has an expected residual (current) value of £500. The course is for thirty weeks and the time allocated on the computer is one day a week:

$$\begin{aligned} & (\text{£}5,000 - \text{£}500) \times \\ & \frac{30 \text{ weeks}}{156 \text{ weeks (3 years)}} \times 20\% \text{ (1 day out of 5 days)} \\ & = \text{£}173 \text{ a year you can charge to the ESF project.} \end{aligned}$$

### Example of reducing balance method of depreciation

You calculate the reducing balance method of depreciation by applying a fixed percentage of the written down reduced value of the asset. You apply this percentage to the original cost in the year you bought the asset. In the following years, you apply the percentage to the assets written down value. The following example shows the calculation of depreciation in the second year for a computer which cost £3,000, using a reducing balance percentage of 66.67%. The computer is used for the ESF project for two days a week over twenty six weeks. Cost of computer £3,000

First year's depreciation at 66.67% = £2,000

Written down value at end of year one £1,000 (£3000 - £2000)

Second year's depreciation at 66.67% = £667 (£1000 x 66.67%)

Written down value at end of year two £333 (£1000 - £667)

Depreciation  $\text{£}667 \times \frac{26}{52} \text{ weeks} \times \frac{2}{5} \text{ days} = \text{£}133.40$  you can charge to the ESF project.

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## Soft outcomes

Soft outcomes - these are outcomes learnt through training, support or guidance which cannot be measured. Soft outcomes may include achievements relating to:

- interpersonal skills, for example social skills and coping with authority;
- organisational skills - for example managing time;
- analytical skills - such as using judgment and problem solving; and
- personal skills - such as motivation, confidence.

Soft indicators - these refer to achievements which may show a beneficiary has progressed towards or achieved an outcome. For example, improved attendance and greater participation in training events may show progress towards higher motivation.

Distance traveled - this refers to the progress that a beneficiary makes towards employability or harder outcomes as a result of taking part in the project. Achieving certain soft outcomes may seem insignificant, but for certain individuals this could be an immense step forward.

It is easier to think of the above in the following terms.

Indicators (or measurements) of soft outcomes can be used as tools for measuring distance traveled towards labour market participation.