



## **THE EUROPEAN SUSTAINABLE COMPETITIVENESS PROGRAMME FOR NORTHERN IRELAND 2007-2013**

### **MANAGING AUTHORITY GUIDANCE ON THE SYSTEM 2007 DATABASE TREATMENT OF CREDIT NOTES**

**June 2010**

The following guidance on the treatment of credit notes is provided by Managing Authority and should be read in conjunction with DFP Irregularity Guidance Note 4 which is available at:

<http://www.detini.gov.uk/euro-prog-guide-14>

It is an EU requirement to ensure that all costs are fully vouched and eligible and ineligible costs identified, and excluded, prior to payment.

Any ineligible expenditure included in the calculation of grant paid or grant claimed is subject to irregularity procedures.

This would therefore apply to invoices against which a credit note is subsequently submitted.

Clarification on the handling of claims and credit notes is attached at Annex 1.

Please do not hesitate to contact the Managing Authority if you have any further queries.

## Procedural process – Credit Notes

Timing	Scenario	Action
Prior to payment of invoice	Error in invoice submitted for payment has been identified; and, no claim data entered to database	<ul style="list-style-type: none"> <li>• Request revised invoice from supplier to include eligible amounts only.</li> <li>• No action on Database in respect of original invoice</li> <li>• No irregularity</li> </ul>
	Invoice & corresponding part credit note submitted for payment; and no claim data entered to database	Revised invoice from supplier would be preferable; but if not available then, <ul style="list-style-type: none"> <li>• Enter full invoice value to database plus a negative administrative correction to correspond with the credit note value – this ensures only eligible costs are recorded. To avoid creating an irregularity it is essential for both actions to occur in same drawdown period. Cross reference both the payment &amp; correction entries using narrative fields</li> <li>• Invoice and credit note must be held together for audit trail purposes</li> <li>• No irregularity</li> </ul>
	Invoice submitted for payment by Public user via the database; and vouching identifies amount as wholly or partially ineligible	<ul style="list-style-type: none"> <li>• Administrative correction action can be taken <b>ONLY</b> in instances where there is a data entry error prior to submission of claim line(s) to the Intermediate Body.</li> <li>• All ineligible claim line(s) must be rejected.</li> <li>• Irregularities should be raised for any rejected claim lines. Note: as there has been no payment recorded in database, there will be no requirement for financial recovery action but irregularity process is applicable.</li> <li>• Irregularities raised at this stage would not be reportable, in line with definition of a reportable irregularity provided in DFP Guidance Note 4.</li> </ul>
Post payment of invoice	Error in claim, vouching status, or payment entry on Database; and Corresponding credit note received; and <b>NOT</b> included in drawdown.	<ul style="list-style-type: none"> <li>• Irregularity raised and recovery action taken within database</li> <li>• Credit note details are recorded within the narrative of both the payment &amp; subsequent irregularity.</li> <li>• Irregularities raised at this stage may be reportable, in line with definition of a reportable irregularity provided in DFP Guidance Note 4.</li> </ul>
	Error in claim, vouching status or payment entry on Database; and Corresponding credit note received; and <b>Included</b> in drawdown.	<ul style="list-style-type: none"> <li>• Irregularity raised and recovery action taken within database</li> <li>• Credit note details are recorded within the narrative of both the payment &amp; subsequent irregularity</li> <li>• Irregularities raised at this stage may be reportable, in line with definition of a reportable irregularity provided in DFP Guidance Note 4.</li> </ul>
	Error in claim, vouching status or payment entry on Database: and no corresponding credit note received <b>Included/not included</b> in drawdown	<ul style="list-style-type: none"> <li>• Option to request credit note; but either way the Irregularity must be raised and recovery action taken within database</li> <li>• If credit note is subsequently received, details are recorded within the narrative of both the payment &amp; subsequent irregularity</li> <li>• Irregularities raised at this stage may be reportable, in line with definition of a reportable irregularity provided in DFP Guidance Note 4.</li> </ul>