



## **GUIDANCE ON APPLICATION OF FX-RATES FOR ERDF EXPENDITURE**

A number of projects/companies enter into financial transactions that involve different currencies. In order to ensure consistency in approach to this issue whilst avoiding 'gold-plating' of the verification and audit requirements, the Managing Authority has determined that the following should apply:

1. For transactions that are in another currency and made from the company sterling bank account the 'cost' will be the actual sterling value of the payment from the company bank accounts.
2. For companies that have foreign currency bank accounts then verification should be conducted to compare the claim amount with the cost converted using the HMRC relevant rate on the date paid. Claimed amounts that are less than the calculated value plus 2%, can be accepted. Where the claimed amount is more than 2% above the calculated value then an examination of the company policy on foreign exchange transaction is required. This should be used to confirm that the company has applied their policy correctly in this case and also that they apply this policy consistently to all similar expenditure including non-ERDF transactions.
3. Where the amount claimed is more than 2% above the calculated value and a company has no formal policy then they should be instructed to convert the amount paid using the relevant HMRC rate on the date the invoice was paid.

Where an Intermediate Body is in any doubt, they should contact the Managing Authority for clarification.

This guidance note has been reviewed by the ERDF Audit Authority and should be applied from this date forward.

**ERDF Managing Authority**

**18 April 2018**