

Information Note No. 8



To: All Ireland-Wales beneficiaries

From: Finance Unit, Ireland-Wales Programme

Date: 25th June 2009

Re: Project Start Dates and Eligibility of Expenditure

Introduction

There have been some cases of expenditure being ruled ineligible by our Controllers because it was incurred before the start date of projects, and we felt it would be useful to define formally for projects the position vis-à-vis Project Start Dates and eligibility of expenditure.

Start Dates

Projects are given the freedom to choose their own Start Dates, but when that freedom is granted, we expect Projects to adhere to the chosen date.

The project start date is the 1st day of whatever month is chosen.

When projects are being appraised by the JTS, or being reviewed by the Steering Committee, there will of course be a start date entered on the application form, but we allow projects to revise that start date after the Steering Committee (if they are selected), so that the start date formally entered on the Subsidy Contract is as realistic as possible.

Once this start date is chosen, it becomes the first date upon which expenditure incurred is potentially eligible (subject to all other eligibility criteria being satisfied).

It is also the case that once projects have chosen their start date, we begin to record and measure project activity. If you declare your project has commenced, then we expect to see spend commence, and we also expect to see spend quickly climb to the amounts profiled in the Financial Tables of the Subsidy contract. It is not satisfactory to declare that your project has commenced, and then when spend does not commence, or does not reach profile, to declare that in fact the project did not commence at that date.

If spend does not reach the amounts profiled in the Subsidy contract, it may bring project delivery into question, and we may be forced to withdraw support.

Early Start Dates

Round 2 Projects who wish to start at the earliest opportunity can commence activity on the day of their selection by the Steering Committee, and that date will then become the formal Project Start Date.

However, there may be a gap between the Steering Committee date and the issuing of the final Subsidy contract, especially if the Steering Committee set specific conditions as part of their approval, and projects should understand that expenditure incurred in that "gap" period may fall foul of conditions attached to the final Subsidy Contract and may be rendered ineligible as a result. It is a small risk, but one that should be considered carefully.

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All new Subsidy Contracts state:

“Article 4

Eligibility of Expenditure

- (1) *The eligibility of costs for ERDF co-financing is regulated in Articles 56 of the General Regulation, Articles 7 and 13 of the ERDF Regulation and in Articles 48 to 53 of the Implementation Regulation, in national legislation and eligibility rules as published by the Irish Government and the Welsh Assembly Government and in guidance laid down in the Ireland-Wales Programme and Project Management Guide.*
- (2) *Activities and related expenditure for the project are eligible if they are carried out and paid from **meetingDate** (date of approval by the SC) or Project Start date, whichever is later, to the end of the month quoted as “finalisation month” in the latest approved version of the Application Form.”*

Retrospective Expenditure

Retrospective Expenditure only applied to certain projects in Round 1 and is not an issue for any other project.

Deciding on a Start Date

If you are incurring significant expenditure, but have not yet reached your official start date, then perhaps you should consider bringing your start date forward? Obviously this is only an option if you can reach all your performance targets by what will also now be an earlier finish date.

By the same token, if your Start Date is fast approaching, but you do not think you are in a position to start project activity (and thereby commence spending), perhaps you should consider delaying your start date?

In either case, please contact the JTS.

Summary

Start dates are for Projects to choose – but once they are formally agreed via the Subsidy Contract, they become also the first date upon which expenditure can be considered eligible.

Choose your Start Date wisely!