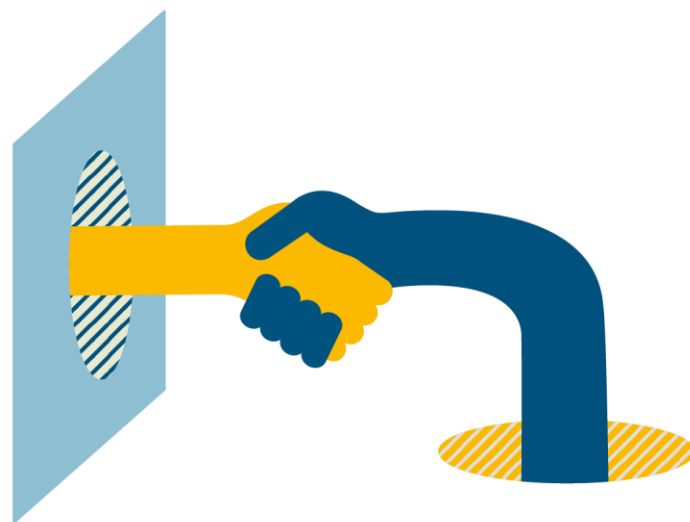


AA/MA(JS) working group on Simplified Cost Options

14 June 2017 | Sliema, Malta

 @InteractEU

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Forms of reimbursement



Real costs

Simplified cost options

Flat rate

Standard scale of unit cost

Lump sum

- 
- Options applied in 2007-2013
 - Options in CPR 1303/2013 and ETC Reg. 1299/2013
 - Ex-ante calculations
- 

Flat rate

- calculation of costs of a specific budget line(s)
- calculated by applying a percentage fixed in advance
- percentage applied to one/several other budget lines

Example:

Up to **15% of eligible direct staff costs**

Staff costs * 0,15 = Office and Administration costs



Standard scale of unit costs

- calculation of all or part of costs of a specific budget line
- calculated by applying a standard unit cost fixed in advance
- applied to easily identifiable quantities

Example:

Cost for advisory service based on historical data

Number of days * EUR 350



Lump sum

- calculation of all or part of costs of the project
- subject to achievement of predefined outputs/activities
- single payment – maximum limit **EUR 100.000 of public contribution per project**

Example:

Project preparation costs

Costs of predefined project activities

Small projects / people-to-people projects



Why another guidance on Simplified Cost Options?

- Uncertainty with the new regulations
- New approach for control and audit due to introduction of SCOs
- Many questions arose from the Interreg community
- EC Guidance on SCO only for Interreg partially
- Need for a Interreg specific guidance on SCOs



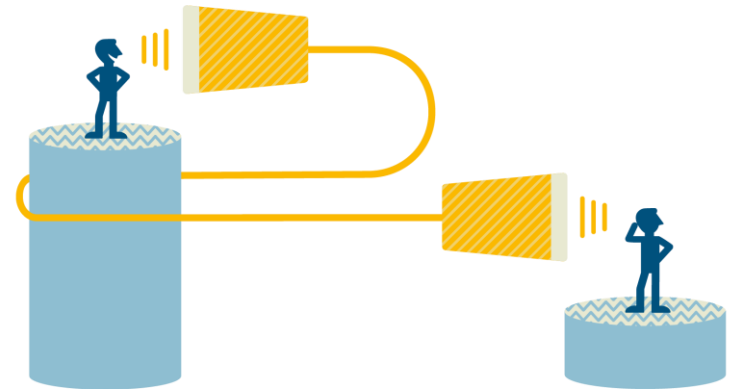
The process and work done so far

- Establishing the working group
 - Audit Authorities
 - Managing Authorities
 - Joint Secretariats
 - European Commission
- Collecting of issues/concerns with SCOs
- Three meetings and a two written procedures



The process and work done so far

- Verification by the European Commission
- Launch of the guidance document
 - August/September 2017
- Seminar in September 2017
 - Discussing the details of the document



Structure/logic of the guidance document on SCOs

The document is structured along 2 main sections:

1. General questions on simplified cost option (SCOs)
 - This section includes guidance on how verification should be performed for different types of SCOs:
 - how **public procurement** should be observed when SCOs are used
 - main areas prone to **irregularities** which require a special attention by controllers and auditors.
 - general issues concerning the use of **flat rates** and **lump sums**



Structure/logic of the guidance document on SCOs

2. Questions related to the staff costs category of expenditure
 - This section discusses points of attention for different staff cost calculation methods and highlights specificities of this category with regard to the audit trail requirements.



Main content – Example of Questions & Answers

Flat rates

Question: Is a beneficiary required to provide any evidence that the amount received as a flat rate was actually spent on expenses of the cost category to which the flat rate applies? Can audit authorities request such evidence?

Answer: No, audit and control of expenditure declared under a simplified cost option should be limited to the verification of the calculation method and of its correct application, if relevant.



Main content – Example of Questions & Answers

Lump sums

Question: Is it possible to reduce proportionally the payment of a lump sum?

Answer: When an output to be financed via a lump sum is not delivered, no payment shall be made. Lump sums operate on a binary approach, and there are no other choices than paying 0% or 100% of the grant...



Audit trail – Staff costs

Required documents depending on the reimbursement option	Real costs					20 % flat rate	SSUC
	Full time	Part time			Hourly rate set in the contract		
		Fixed %	1720 hours/year	Actual hours			
Employment/work contract	✓	✓	✓	✓	✓	✗	✓
Job description	✓	✓	✓	✓	✓	✗	✓
Payslips	✓	✓	✓	✓	✓	✗	✗
Data from time registration system	✗	✗	✓	✓	✓	✗	✓
Proof of payment	✓	✓	✓	✓	✓	✗	✗



Questions to the audience

- **Has anyone in here already audited SCOs, if so what was your experience?**
- **Does anyone have experience of doing ex-ante evaluations on SCOs?**
- **Do you think that this guidance will be a good tool for you in your work?**



Questions?

- Are there any questions/thoughts?



Cooperation works

All materials will be available on:

www.interact-eu.net

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