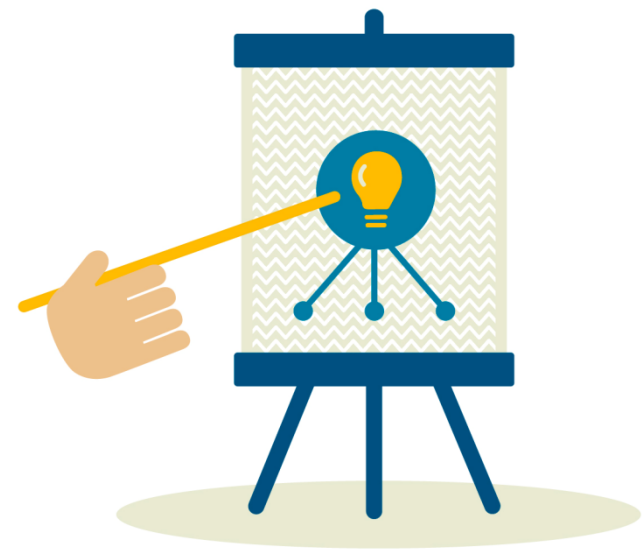


Simplified cost options - Application, control and audit

24-25th October 2017

Rome, Italy

Mattias Assmundson, Interact

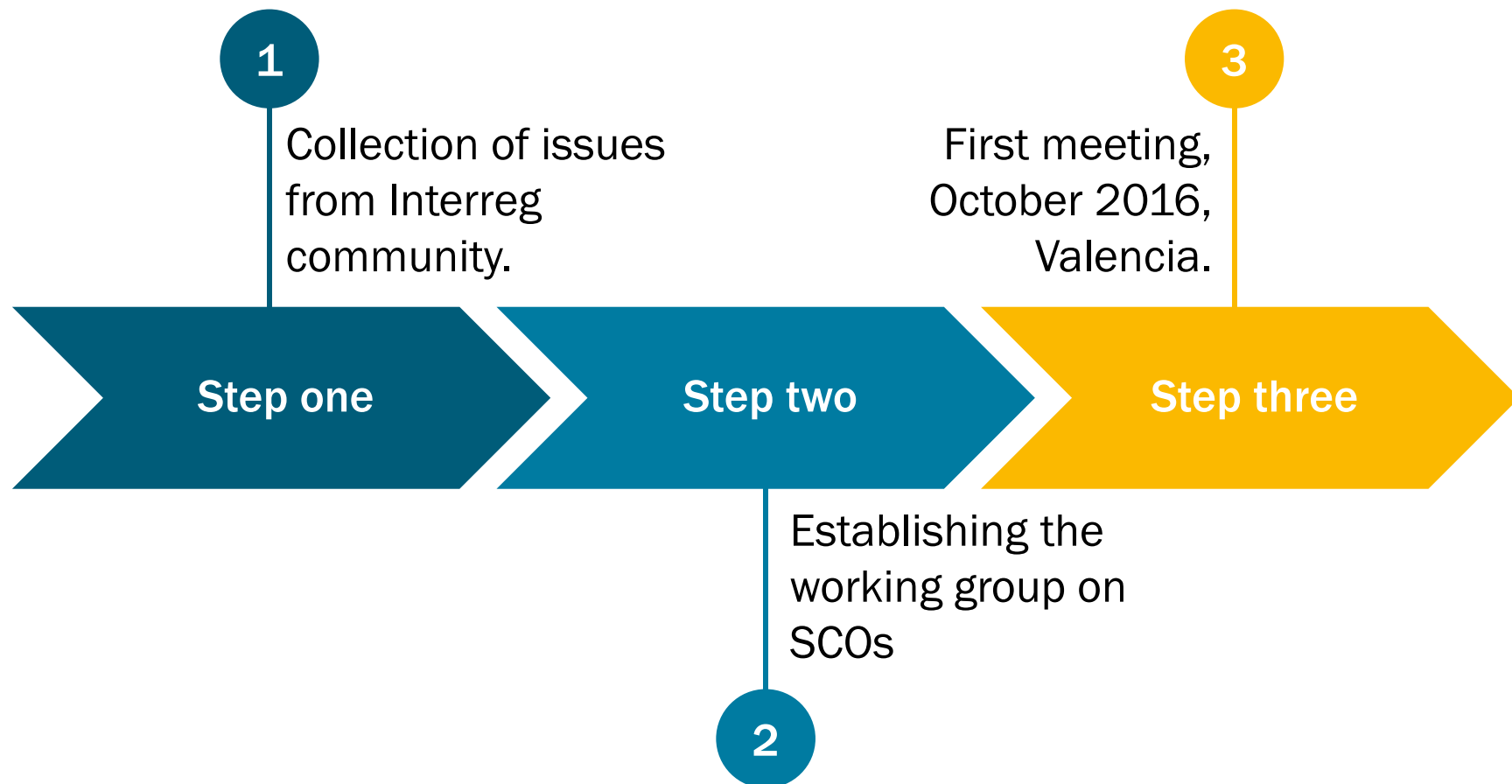


Why another Q&A on Simplified Cost Options?

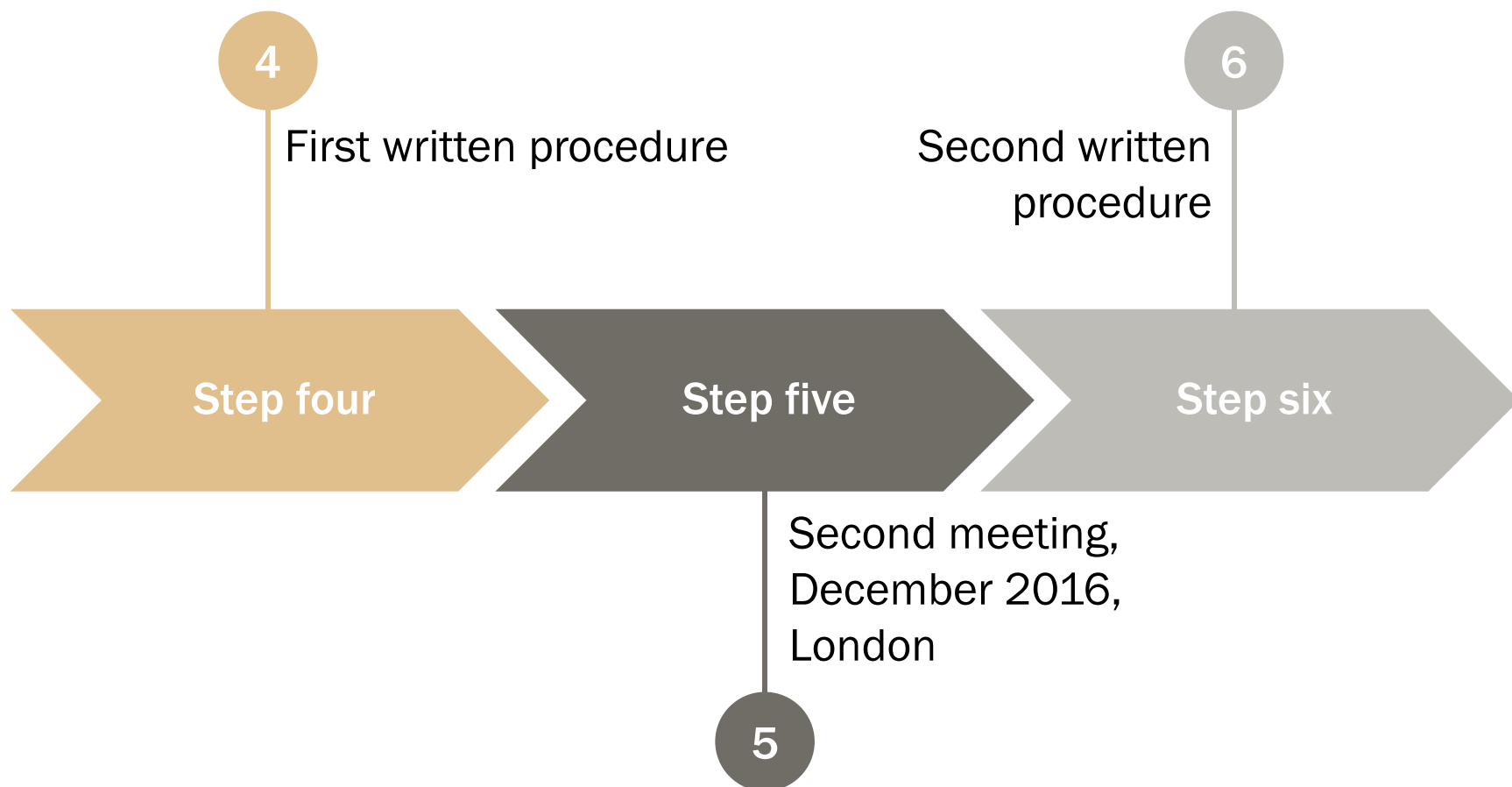
- Uncertainty with the new regulations
- New approach for control and audit due to introduction of SCOs
- Many questions arising from the Interreg community
- EC Guidance on SCO not for Interreg alone
- Need for an Interreg-specific guidance on SCOs



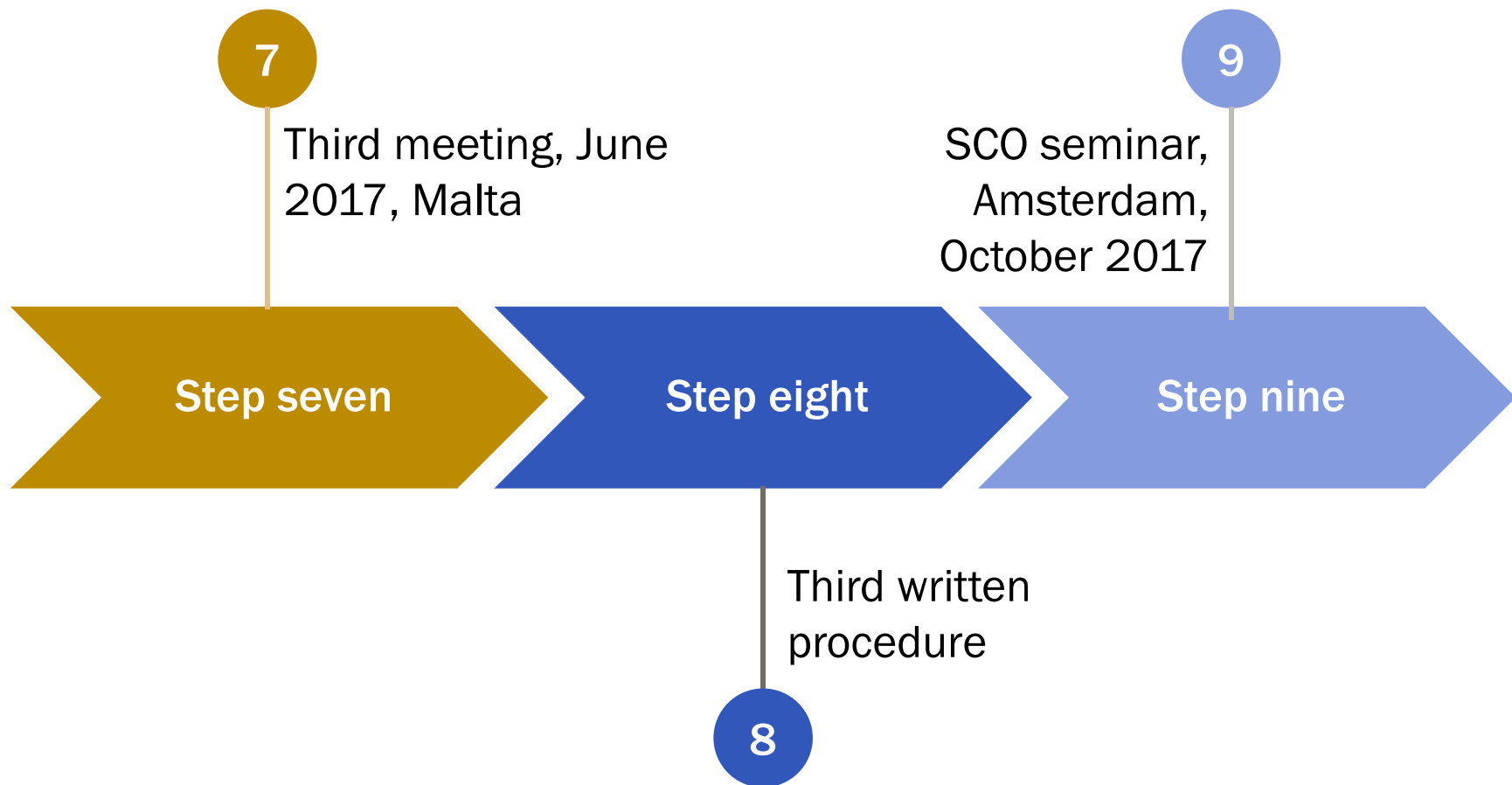
The process and work so far



The process and work so far



The process and work so far



Structure/logic of the guidance document on SCOs

The document is structured into 2 main sections:

1. General questions on simplified cost options (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 special attention from 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 raises points of attention for different staff cost calculation methods and highlights specificities of this category with regard to the audit trail requirements.

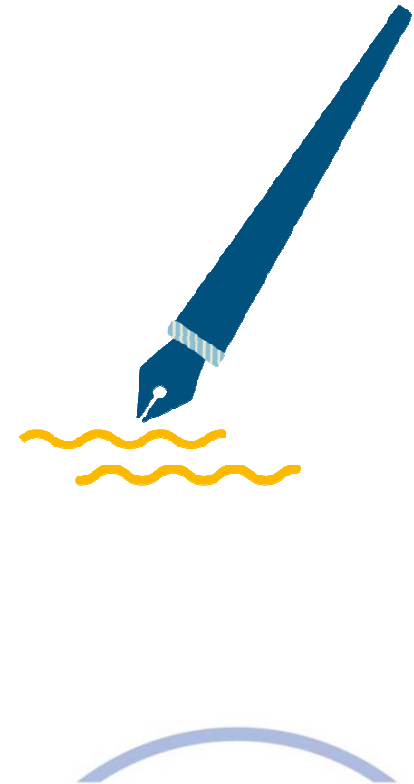


Example of Questions & Answers

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 controllers/auditors request such evidence?

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

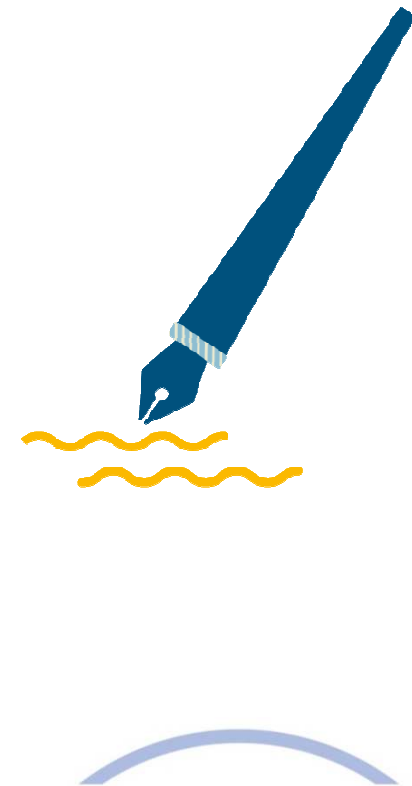


Example of Questions & Answers

Lump sums

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

Answer: Lump sums operate on a binary approach, and there are no other choices than paying 0% or 100% of the grant. However, should the document define a number of milestones as intermediary steps for the input/output, it is possible that partial payments of the lump sum can be made...

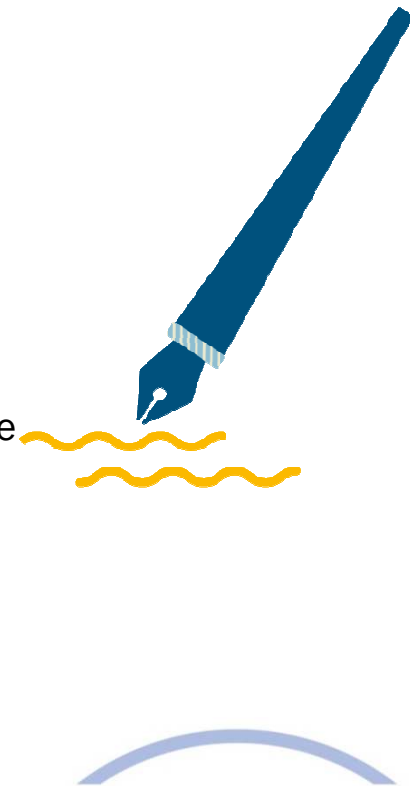


Examples of Questions & Answers

Costs reported do not match bookkeeping of beneficiary

Question: Costs reported to the programme under a simplified cost option do not match the actual expenditure registered in the bookkeeping system of the beneficiary. How to deal with this?

Answer: In cases where costs are calculated based on simplified cost options, the expenditure might differ from the actual costs registered in the accounting system of the beneficiary. This is a direct consequence of the use of simplified cost options.



Cooperation works

All materials will be available on:

[**www.interact-eu.net**](http://www.interact-eu.net)