

Simplified Cost Options

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Simplified Cost Option (SCO)

- Eligible costs are calculated according to a predefined method based on **outputs, results or other costs**.
- The tracing of every euro of co-financed expenditure to individual supporting documents is no longer required.

Benefits of using SCOs

1. For programme authorities
2. For beneficiaries
3. For auditors and controllers



Reimbursement: forms

Real costs

Simplified cost options

Flat rate

Standard scale of unit cost

Lump sum

Options

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

CPR (1303/2014), Article 67

Forms of grants and repayable assistance

1. Grants and repayable assistance may take any of the following forms:

- (a) reimbursement of eligible costs actually incurred and paid, together with, where applicable, contributions in kind and depreciation;
- (b) **standard scales of unit costs**;
- (c) **lump sums** not exceeding EUR 100 000 of public contribution;
- (d) **flat-rate** financing, determined by the application of a percentage to one or more defined categories of costs.

Fund-specific rules may limit the forms of grants or repayable assistance applicable to certain operations.

ETC (1299/2013), Article 19

Staff costs

Staff costs of an operation may be calculated at a flat rate of **up to 20%** of the direct costs other than the staff costs of that operation.

General principles

The verification of the SCOs focus on checking:

1. The correct establishment of the calculation method
2. The correct application of the calculation method



Flat rate

1. For Office and Administration (indirect costs) – **up to 15%** of Staff Costs
2. For Staff Costs, **up to 20%** of eligible direct costs



Flat rates

- 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 - Regulation (EU) No. 1303/2013 - Art 68 (b)

Office and Administration costs = Staff costs * 0,15



Flat rate – Staff costs

Art. 19, ETC Reg.

Staff costs of an operation may be calculated at a flat rate of **up to 20 %** of the direct costs other than the staff costs of the operation

- can apply on individual partner level
- partners do not need to provide audit trail for staff costs (but for direct costs)

Each partner can decide on the reimbursement option, unless applicable options are set at programme level.



Standard scale of unit costs (SSUC)

- 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 * 150 EUR



Lump sums

- 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

Project closure



Example of Q & A

Flat rates

Questions: 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 because 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 correct application.



Example of Q & A

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...



Example of Q & A

Staff cost – Paid? – When?

Question: When are staff costs considered paid?

Answer: The concept of "paid" is different for *flat rates* and *standard scale of unit costs*.

When a flat rate is used, staff costs are considered "paid" if the direct costs that form the basis for the calculation of the flat rate are paid by the beneficiary.

In case of standard scale of unit costs, there is also no paid expenditure in the usual sense. "Paid" expenditure is considered on the basis of declared and certified quantities.



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	✓	✓	✓	✓	✓	✗	✗



Cooperation works

All materials will be available on:

www.interact-eu.net

