



Office and administrative costs

Fact sheet on the eligibility of office and administrative costs¹
May 2024

Definition

Office and administrative costs cover general office and administration expenditures related to the project. This covers, for example, the maintenance of the office, stationery, postage, etc.

Legal references

According to Article 40(1) of Regulation (EU) No 2021/1059 (Interreg Regulation), office and administrative costs are limited to:

- a) office rent;
- b) insurance and taxes related to the buildings where staff are located, and to the equipment of the office (such as fire or theft insurance);
- c) utilities (such as electricity, heating, water);
- d) office supplies;
- e) accounting;
- f) archives;
- g) maintenance, cleaning and repairs;
- h) security;
- i) IT systems;
- j) communication (such as telephone, fax, internet, postal services, business cards);
- k) bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened;
- l) charges for transnational financial transactions.

The above list is exhaustive, and programmes cannot add additional types of costs to this list. The Interact tool, [Matrix of Costs²](#), presents further examples of eligible and ineligible costs under this cost category.

¹ Guidance provided in this fact sheet takes account of the provisions of the regulatory framework 2021-2027 (in particular, rules on eligibility of expenditure for cooperation programmes set up in the Interreg Regulation 2021/1059 and Common Provision Regulation (CPR) 2021/1060) and practices in use by Interreg programmes in the 2014-2020 and 2021-2027 periods. The fact sheet is by no means a legally-binding document.

Below, you will find all articles from the CPR and Interreg Regulation applicable for office and administrative costs, referenced in this fact sheet:

Regulation (EU) No 2021/1060 - CPR

- Article 53 - Forms of grants,
- Article 54 - Flat-rate financing for indirect costs concerning grants,
- Article 56 - Flat rate financing for eligible costs other than direct staff costs concerning grants,
- Article 63 – Eligibility,
- Article 64 – Non-eligible costs.

Regulation (EU) No 2021/1059 - Interreg Regulation

- Article 37 - Rules on eligibility of expenditure,
- Article 38 - General provisions on eligibility of cost categories,
- Article 40 – Office and administrative costs.

General principles

- Costs must be borne by the partner organisation.
- Principles of sound financial management and cost-efficiency should be applied.
- Office and administrative costs are eligible if no other EU funds have contributed towards the financing of the same expenditure item; i.e., no double-financing is permissible (Article 63(9) CPR).

Cost category-specific rules

Depending on the partner's organisation set-up or project specificity, some types of costs might belong either to this cost category or to others (e.g., staff costs, external expertise and service costs or equipment costs).

For example:

Services: In some projects there may be a justified need for an accountant to be part of the project team (under staff costs), whereas in other projects, support from internal accounting service will suffice and can be included in the office and administrative cost category.

Costs of control and audit of the project cannot be included under this cost category. They must be reported as external expertise and services costs

Office equipment, IT hardware and software, and furniture and fittings should be included under the equipment cost category. This does not include IT system support of an administrative nature; such costs fall under the office and administrative costs cost category.

Reimbursement forms

Office and administrative costs can be reimbursed by the programme either as³

1. real costs, or
2. simplified cost options (SCOs).

If a programme offers both options for reimbursement (real costs and simplified cost options), the chosen option within cost category/part of the cost category must be applied at the partner level for the entire duration of the project (changes to a different reimbursement option, such as from real costs to SCOs or vice versa, are not possible during the project implementation unless they are justified by a force majeure situation).

Real costs

Cost category-specific rules and calculation of the office and administrative costs:

- All office and administrative costs are reported as actually incurred and paid.
- All costs must be allocated to the project according to a justified and equitable method. To do this, the partner organisation should either link all relevant costs to the project or use a pro-rata approach (to distribute all the organisation's costs within this cost category among all the different activities, and to extract the share of costs necessary for the implementation of the project⁴).
- Internal practices and rules of the partner organisation that affect the office and administrative costs must be verified against the principle of sound financial management. In cases where costs are deemed unnecessary or excessive, they should be removed from the calculation basis or adjusted to a justifiable level.

SCOs

All three types of SCOs (flat rate, unit cost, lump sum) can be used to reimburse office and administrative costs. However, the most popular SCO option, used by many Interreg programmes⁵ since 2014, is a flat rate of up to 15% of direct staff costs.

³ The monitoring committee of the programme decides on the reimbursement option(s) and sets it at the programme level; e.g., some programmes will finance the office and administrative costs based on a flat rate only.

⁴ The allocation methodology should be in line with the general accounting policy of the partner organisation; e.g., allocation of office and administrative costs to the project based on a percentage of staff costs.

⁵ According to the [Collection of Interreg SCOs in the 2014-2020 programming period; collection of Interreg SCOs in the 2021-2027 programming period](#)

Flat rate

Office and administrative costs may be calculated as a flat rate in one of the following ways⁶:

1. up to 15%⁷ of eligible direct staff costs;
2. up to 7 % of eligible direct costs;
3. up to 25% of eligible direct costs (in this option, the rate must be calculated based on a fair, equitable and verifiable method, as defined in Article 53(3)(a) CPR);
4. it is also possible that the managing authority will use a flat rate calculated in the 2014-2020 programming period⁸ for a similar type of operation; hence, continuing to use their programme-specific flat rate (provided it was established using a solid methodology).

In addition, office and administrative costs are included as part of the remaining eligible costs of an operation when a flat rate of up to 40% of eligible direct staff costs is used in the project (Article 56(1) CPR). If this flat rate is used, there will be only 2 cost categories in the project: staff costs and the remaining eligible costs.

Unit costs & Lump sums

Office and administrative costs can also be calculated as unit costs (e.g., short-time office rental for a cross-border event) or lump sums (or part of them).

Audit trail

Real costs

The following main documents must be available for control purposes:

- list of costs;
- paid invoices;
- calculation method and pro-rata calculation to justify office and administrative costs reported as real costs (if applicable);
- proof of payment.

SCOs

For the audit/ control of the correct application of the SCO, the following documents should be in place:

⁶ As provided in Articles 54 & 56 of CPR.

⁷ Where "up to" is used in off-the-shelf flat rates, a programme can decide to use a lower rate without an obligation to develop a calculation methodology and justification of a lower rate. However, a principle of equal treatment should be kept.

⁸ In accordance with Article 67(5)(a) of Regulation (EU) No 1303/2013.

- For flat rates: programme rules to verify that calculations are correct (% applied to correct real staff cost amount); verification against double-financing (e.g., checking that costs covered by this cost category/the flat rate are not reported under another cost category).
- For unit costs: delivered outputs of the project (if relevant); verification that the amount declared is justified by quantities; verification against double-financing.
- For lump sums: delivered outputs of the project; criteria for the payment of the lump sum (payment triggers); verification against double-financing.

To find out more about the audit trail of SCOs, check out the Interact [publication](#) on simplified cost options in Interreg programmes.

Points of attention

If a contract with an external expert includes administrative charges, these costs should be included in the cost category “External expertise and services costs” (as they are a part of the external expertise contract).

HIT⁹ agreements

For simplification reasons, the real cost option for the office and administrative costs is excluded, and flat-rate financing at 15% of eligible direct staff costs is the only option provided.

Due to its limitations and difficulties in assessment and implementation, HIT agreed not to use in-kind contributions as part of jointly-developed rules (and, therefore, documents).

There are no further agreements for this cost category according to HIT.

Other/ Programme-specific information

n/a

⁹ HIT – Harmonised Implementation Tools.