

Controllers workshop

Eligibility of expenditure and Simplified cost options

Jasmina Lukic | Interact

04 June 2025 | Athens, Greece

Interact

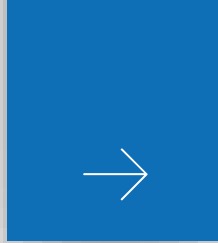


**Co-funded by
the European Union**
Interreg

Plan for today news and updates



- Previous events & SCO's collections
- Interact Academy
- Publication updates
- Updates from RegioWiki
- From DG Regio TN on Simplification
- What we are working on
- Group work



Pop quiz

Implementing SCOs (September 2024)



- Updated guidance on SCO – key updates
- SCO for communication – lump sum (HU-SER)
- SCO in RBMV in Interreg programmes managed by Poland
- 40% Flat rate
- ...



Updated EC Guidance on SCO: presenting
the key updates

Interreg  Co-funded by
the European Union
IPA Hungary - Serbia

SCO FOR COMMUNICATION

Webinar, 27 September 2024



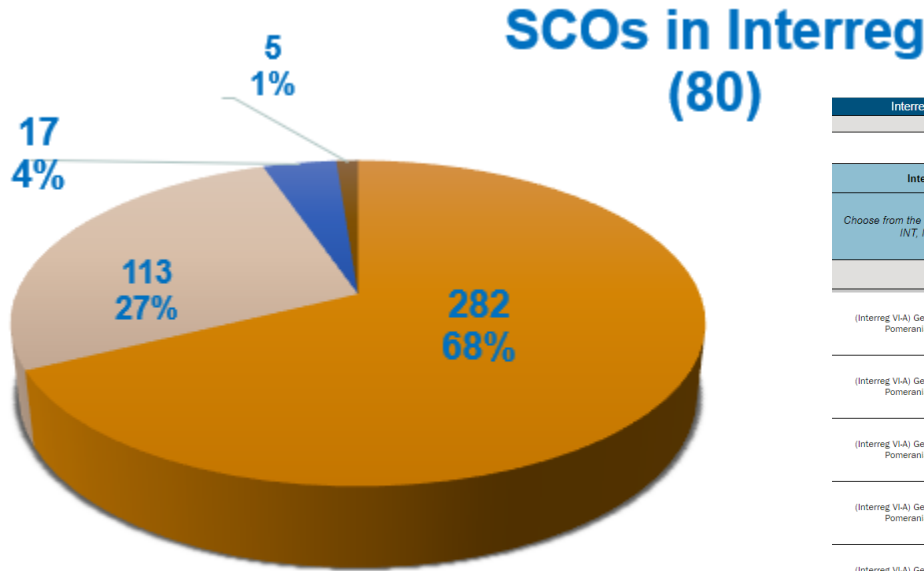
Good neighbours
creating
common future



Fundusze Europejskie

**SCO in RBMV in Interreg programmes
managed by Poland**

Collection of Interreg SCO's in 2021-2027

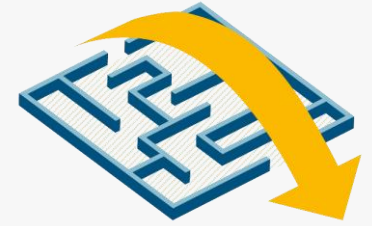


■ OTS ■ FEV ■ DB ■ C/P Union policies & national schemes

Interreg SCOs 2021-2027						
version	August, 2024					
For each SCO, please use a separate row!						
Interreg programme	Contact person	Type of SCO	Describe an SCO/ amount/ %	Level of application	Type of projects covered	Use
Choose from the drop-down list (order: CBC, TN, INT, IPA CBC, ENI CBC)	Indicate a contact person (and email) for SCOs in your programme	Choose from the drop-down list. 'OTS' = off-the-shelf SCO IR = Interreg Regulation	also, specify if 'Other SCO' was selected in the previous column. e.g. EUR 10 000 lump sum for preparation costs, 5% flat rate for travel and accommodation costs for all partners	EU - programme SCO - new level in 2021-2027 (SCO should be described in the Annex to an Interreg programme) Programme - beneficiary level - "usual" use of SCOs	Please indicate type(s) of projects covered by an SCO (e.g. all, regular projects, small projects of SPF, small-scale projects, etc.)	Mandatory or optional (also specify, if different for different types of projects)
(Interreg VI-A) Germany/Mecklenburg Western Pomerania/Brandenburg/Poland	Björn Gabier (b.gabier@wm.mv-regierung.de)	Programme-specific SCO based on fair, equitable and verifiable method, Article 53(3)(a) CPR	13.200€ lump sum for preparation costs (per project / only LP)	Programme - beneficiary SCO, Article 53 CPR	regular projects	Project can choose to take it or to not take it. In the latter case projects are not allowed to report preparation costs
(Interreg VI-A) Germany/Mecklenburg Western Pomerania/Brandenburg/Poland	Björn Gabier (b.gabier@wm.mv-regierung.de)	Flat rate - up to 40% of direct staff costs to cover the remaining eligible costs, Article 56(1) CPR (OTS)		Programme - beneficiary SCO, Article 53 CPR	regular projects	optional
(Interreg VI-A) Germany/Mecklenburg Western Pomerania/Brandenburg/Poland	Björn Gabier (b.gabier@wm.mv-regierung.de)	Flat rate travel and accommodation - up to 15 % of the direct staff costs, Article 41(5) IR (OTS)	4% flat rate for German project partners and 6% flat rate for Polish project partners	Programme - beneficiary SCO, Article 53 CPR	regular projects	optional
(Interreg VI-A) Germany/Mecklenburg Western Pomerania/Brandenburg/Poland	Björn Gabier (b.gabier@wm.mv-regierung.de)	Flat rate for staff costs - up to 20 % of the direct costs other than the direct staff costs, Article 39(3)(c) IR (OTS)	10% for partners with costs for infrastructure and works (CO6) and 20% for partners without costs for infrastructure and works (CO6).	Programme - beneficiary SCO, Article 53 CPR	regular projects	optional
(Interreg VI-A) Germany/Mecklenburg Western Pomerania/Brandenburg/Poland	Björn Gabier (b.gabier@wm.mv-regierung.de)	Flat rate indirect costs - up to 15 % of eligible direct staff costs, Article 54(b) CPR (OTS)	10% flat rate	Programme - beneficiary SCO, Article 53 CPR	regular projects	optional
(Interreg VI-A) Germany/Mecklenburg Western Pomerania/Brandenburg/Poland	Björn Gabier (b.gabier@wm.mv-regierung.de)	SCOs from Union policies for similar types of operations, Article 53(3)(c) CPR	EUR 5.000€ for project closure (per project, only LP), copied from the Interreg IPA CBC Italy-Albania-Montenegro (if possible, checking still in	Programme - beneficiary SCO, Article 53 CPR	regular projects	Project can choose to take it or to not take it. In the latter case projects are not allowed to report closure costs

Kind request 😊
Please download a copy first, then edit or filter

SCOs in 2021-2027



- Article 94 CPR – SCOs at the ‘upper’ level (EC – programme);
 - currently 5 CBC Interreg programmes with approved schemes from the EC.
- Mapping of MSs SCOs ‘low level’ (Article 53CPR) and ‘upper level’ (Article 94CPR) available in the SCO community [here](#);



Interact Academy



Upcoming

Registration is closed




FOUNDATIONS OF SCOs

SCOs foundations - cohort 2

Online certified training

03 Mar 2025 - 30 Apr 2025

View Training

Registration is closed




SCOs FOR PRACTITIONERS

SCOs for practitioners - cohort I

In-person certified training: **Bratislava, Slovakia**
19,20/Mar/2025

11 Dec 2024 - 21 Mar 2025

View Training

Registration opens June 4, 2025




SCOs FOR PRACTITIONERS

SCOs for practitioners

In-person certified training: **TBC 26,27/Nov/2025**

15 Sep 2025 - 27 Nov 2025

View Training

Publication updates - EU Publications



Guidelines on the use of
SCOs

Study on the uptake of SCOs
and FNLC for CPR funds
(2014-2020 & 2021-2027)

Publication updates - Interact Publications



Verification of SCO's – practical
implications of SCO's on control
work

HIT Factsheets – eligibility

Eligibility matrix of costs

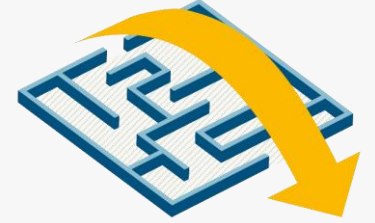
RegioWiki - updates



update on audit of T&A costs reimbursed based on a flat rate
(24 March 2025)

QA00209 - Audit of travel and accommodation costs
reimbursed based on a flat rate

RegioWiki - updates



In-kind contribution (in form of voluntary work)

Q: For Interreg Programmes, can voluntary work (i.e. in-kind contributions) be declared as staff costs and therefore included in the basis costs for the application of flat rates, including those set out in Articles 54(b) and 56 CPR and in Article 41 Interreg Regulation?

Solution (Regiowiki QA00318):

*In-kind contributions in the form of provision of work for which no payment supported by invoices or documents of equivalent probative value has been made (unpaid work), **may be eligible if the conditions set out in Article 67(1) CPR are met.***

*The definition of direct staff costs is not linked to whether the staff costs take the form of in-kind expenditure or not. **Therefore, in-kind contributions in the form of unpaid work can be included in the direct staff costs and be used as a basis for the calculation of flat rates, including those under Articles 54(b), 56(1) CPR and Article 41(5) Interreg Regulation.***

News from the Regio TN on Simplification

Examples of findings – EC audits 2023



Wrong SCO rate used
1700 EUR vs. 1500 EUR
per participant



Wrong adjustment
method (2% vs. 1.1%)



SCO charged despite the
participant being ineligible



Double funding of
expenditure



Flat rate used lower than the
one in the grant agreement



Inaccuracies in
the historical data



Can we draw some lessons?

- (low) financial impact of errors
- design and/or application of the SCO
- analyze the errors and see what improvement needs to be made



News from the Regio TN on Simplification

SCOs combinations

To prevent double-financing, SCOs and real costs can be combined in the following situations (Article 53(1)(f) CPR):

They cover
different
categories of
eligible costs

They are used for
different projects
in the same
operation

They are used for
successive phases
of an operation
(preparation,
implementation,
closure)



Double funding

Within the
same
operation

Double
funding
with other
EU funds

(more)
Examples
in the
guidance
for SCO

News from the Regio TN on Simplification – SCO audit findings

Example 5 – Verification of SCOs

- SCO for vocational trainings
- Established based on a study carried out by a university
- No information provided on the source of data
- Methodology not checked by the AA as the SCO is calculated by the university

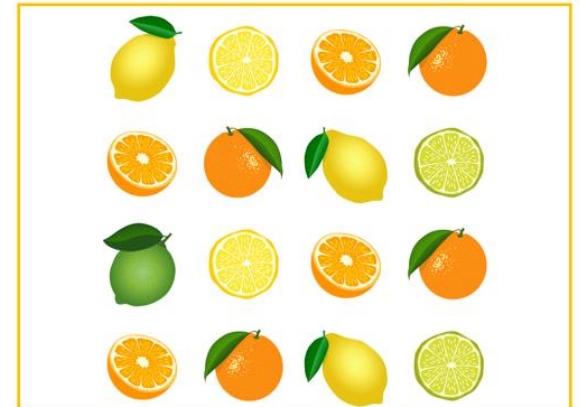


Finding: AA to check the reliability of data



Example 6: Different flat rates applied

- Indirect costs: off the shelf flat rate (art 54a CPR: up to 7% of direct costs)
- Grant agreement: up to 0,76% of the direct cost.
- Costs to be estimated by the applicant on the basis of a fair, reliable and verifiable calculation
- Beneficiary declared respectively: 0,76%, 0,75%, 0,64% and 0,57% x direct costs



Finding: SCO not established in advance, methodology not compliant with CPR provisions. See QA00246



News from the Regio TN on Simplification – SCO audit findings

Example 7: Application of unit costs

- SCO methodology establishing unit costs per assisted persons for job insertion
- Unit cost of 1 600 EUR for vulnerable persons
- Unit cost of 1 500 EUR for vulnerable young people (16-30 years old)
- Declared unit cost for vulnerable persons of 1 600 EUR for all participants, irrespective of their age



Finding: Wrong application. Amount for persons with age between 16-30 years old recalculated



Example 9: Adjustment method

Output: Unit cost per hour per attending participant

Eligibility: at least 75% in person attendance. Persons not attending because of finding a job eligible if at least 25% attendance ensured

Result: unit cost per qualified participant = 20% of the grant / 10

Cost categories covered: teaching costs, rent, insurance, travel and accommodation, media costs, catering etc.

Adjustment method: inflation, national education index, rental housing index, catering services index etc. , as published by the office for national statistics



Finding: Errors in the indexes used for adjusting the unit costs

News from the Regio TN on Simplification – SCO audit findings

To conclude...

Recommendations on a
case-by-case basis
Financial impact
depending on
irregularities



Findings can be without financial
corrections, if EU budget not affected

Findings/need for clarifications
can be avoided by simple and
clear design

News from the Regio TN on Simplification – Draft budget experiences

Lessons learned

- Invest time in preventing potential issues
- Regular trainings and updated guidelines help maintain compliance and reduce financial risks associated with incorrect implementation



Use of draft budgets

Types of projects: Some examples

- Feasibility & other studies
- Small (preparational) research projects
- Preparation of international projects / cooperation networks
- New operating models, pilots / demonstrations
- SME Internationalization study & participation in fairs

Calls for proposals by IBs:

- Decision whether lump sums are used within the call (as an option/the only option)
- Detailed criteria
- Allows trying / testing a new idea on a small scale before a wider project or standardization

Use of draft budgets

Experiences, recommendations and thoughts for the future

- Lump sum with a draft budget **suitable for many kinds of projects** as long as the outcome is clear > *no real need for specific budgetary limits (art. 53(2&3b) CPR)*
- However, in practice 1720 h + FR 40 % has become a very popular choice, and therefore the use of lump sums and standardized lump sums has been lower than expected > *need for own calls for proposals for lump sums?*
- Challenges in business aid projects:
 - the phase of financial decision making is difficult and making a draft budget is burdensome
 - aid amounts are too small compared to the work load

➤ *Standardized lump sums could be a step towards **result-based approach / approach for small projects / FNLC implementation in the national level** (as the lump sum model in the IT system is simple)*



Co-funded by
the European Union

Innovation and skills in Finland 2021–2027



Työ- ja elinkeinoministeriö
Arbets- och näringsministeriet



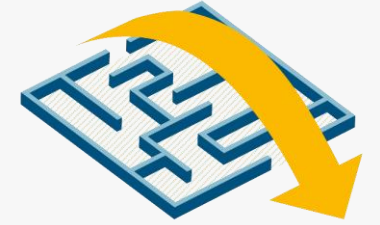
Co-funded by
the European Union

Innovation and skills in Finland 2021–2027



Työ- ja elinkeinoministeriö
Arbets- och näringsministeriet

What we are working on:



- Publication – Eligibility and SCOs, compilation from Regiowiki (June 2025);
- Publication - draft budget –update implementation;
- SCO event (September 2025);
- SCOs cases collection;
- SCOs and Interact Academy;
- Post 2027 – SCOs and P-BA.



Eligibility of expenditures & SCO's - cases



Eligibility of expenditures - Case 1

- eligibility of costs
 - what to check and what not to check
- other relevant eligibility/SCO related issues

A project plans to build a mountain bike trails. One of the project partners has necessary knowledge, experience and equipment needed for such kind of earth works. He plans to use his own equipment in the project. The earthworks were planned during spring and summer months during first two years of the project implementation (the project was planned for 3 years). The equipment was purchased before the beginning of the project and relevant expenditures were only reported during the third year of implementation of the project.

Eligibility of expenditures - Case 2

- eligibility of costs
 - what to check and what not to check
- other relevant eligibility/SCO related issues

The Institute for Cardiovascular Diseases embarked on a significant research project. Their team consists of 5 members of medical staff working part-time in the project. The insurance for team members was reported on real cost basis, to ensure that the coverage adequately addressed potential risks and liabilities associated with the research project.

Eligibility of expenditures - Case 3

- eligibility of costs
 - what to check and what not to check
- other relevant eligibility/SCO related issues

The project partner, Faculty of biology, organised a 2 days' event for student exchange as a project activity. There were 63 participants, including 6 project team members from both partners in the project. Event costs were planned as face-to-face event unit cost, which cover costs for catering, room rent and conference room equipment, in the amount of 55 EUR per participant/per day. Project partner reported 6.930,00 EUR. Additionally, project partner reported as real costs rent of laboratory equipment and purchase of materials.

Eligibility of expenditures - Case 4

- eligibility of costs
 - what to check and what not to check
- other relevant eligibility/SCO related issues

A staff member of the Regional Chamber of Commerce was assigned to the project with a fixed 50% of time dedicated to project activities, based on their employment contract and task description. The controller receives a report for a 6-month period (January-June), but the project partner only reports staff cost for one month (March), claiming 1.200 EUR as 50% of that month's gross salary. No costs are reported for the other five months of the period.

Eligibility of expenditures - Case 5

- eligibility of costs
 - what to check and what not to check
- other relevant eligibility/SCO related issues

A business support organisation planned a 2-day cross-border matchmaking event in spring, using the unit cost of 90 EUR per participant per day, approved in the programme rules. Due to a public transport strike and weather disruptions, the event was cancelled one day before it was due to start. The venue was already booked and catering ordered. The partner still reported 8.100 EUR (45 participants x 2 days), arguing that they had incurred real costs and the cancellation was beyond their control.

Cooperation works

All materials will be available on:

[Interact library](#)