

6th NCP network meeting

Interreg finances made easy

Alexandra Kulmer and Pieter Louwers | Interact | 19.09.2025

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Interreg Financial topics

Eligibility

What costs can be declared and what not?

How to plan a proper budget?

Simplified Cost Options

What SCOs to use for which activities?

How to plan a proper partner budget?

Management verifications

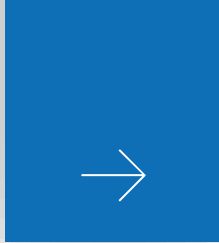
What is the purpose of control and verifications?

Who checks what in what time?

Audit

What is the purpose of audit?

Who and what is checked?



Eligibility and SCO's

Eligibility

**Make sure that
projects follow all the
rules!**



EU rules

Programme rules

Institutional-
organisational rules

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Eligibility

6 cost categories

- ❖ Staff cost
- ❖ Office and administrative costs
- ❖ Travel and accommodation
- ❖ External expertise and services
- ❖ Equipment
- ❖ Infrastructure and works



Make sure when assisting with budget creation that the right costs are planned/declared under the right cost category!!!



Quiz!

Under what cost category are the following costs eligible?

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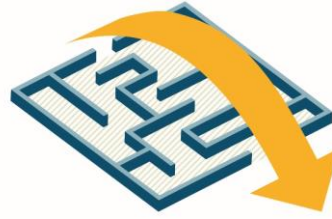
Why use SCOs?

Simplified cost options (SCOs) is an approximation of costs (contrary to real costs), defined in advance and based on averages, surveys and other data.

The method to calculate SCOs is defined in advance and is based on activities, outputs, results (i.e., lump sum, unit cost), or as a fixed percentage of some other costs (i.e., flat rate).



Why use SCOs?



Reduce
beneficiaries'
workload

Allow wider target
groups to access
programme funds

Reduce
beneficiaries'
financial
management costs

Speed up
payments

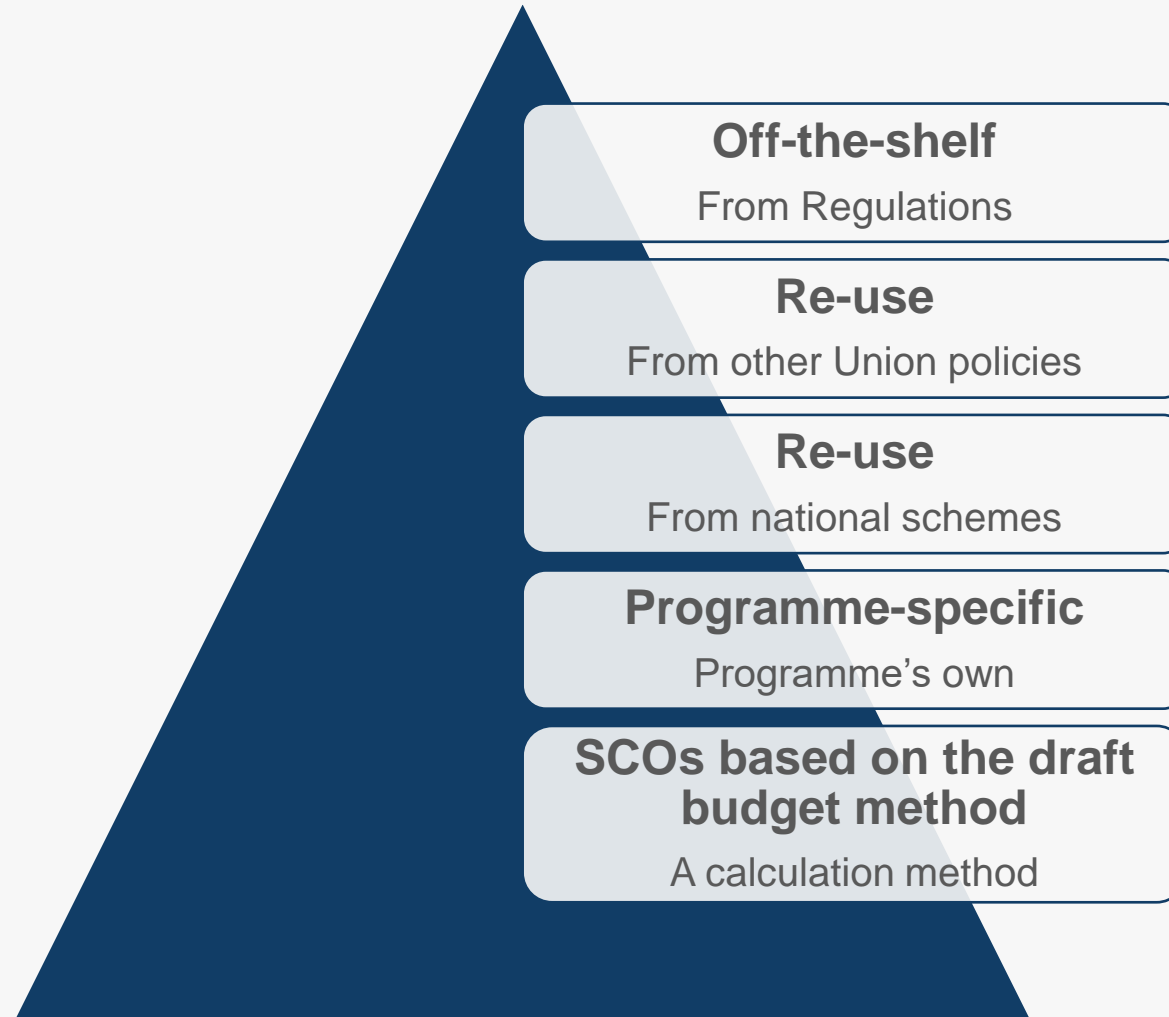
Reduce resources
and administration
for programmes

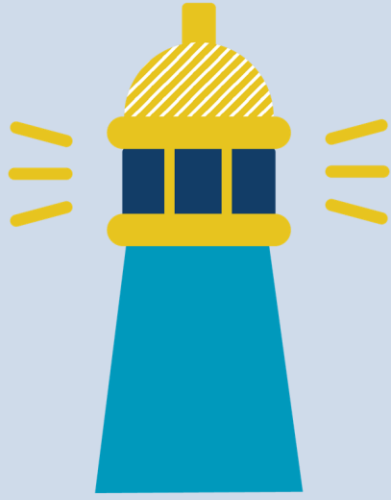
Reduce error rate
and irregularities

Simplify verification
and audit phases

Allow focusing on
results

5 ways to establish an SCO in 2021-2027





SCO's

Which Types are there?

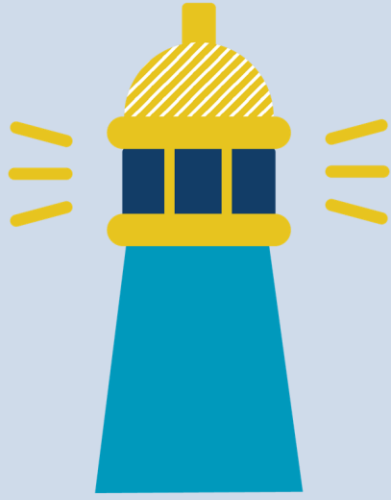
Flat Rates

Lump sums

Unit costs

Draft budget





Flat rates

Which are there?

- ❖ Staff cost flat rate based on direct cost
- ❖ Office and administrative costs flat rate based on direct staff cost
- ❖ Office and administrative costs flat rate based on direct cost
- ❖ Travel and accommodation flat rate based on direct staff cost
- ❖ Other costs based on staff costs



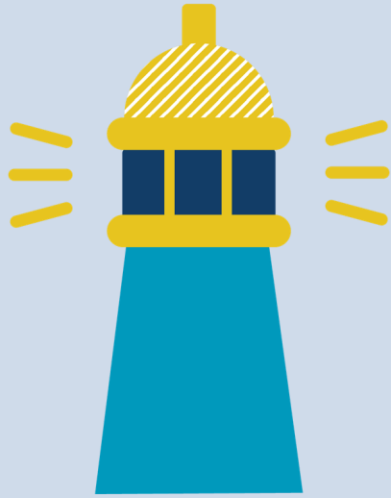


Lump sums

What are they?

- ❖ Covering multiple cost categories
- ❖ Usually in units of 1
- ❖ Based on the achieving of an activity/milestone/output/deliverable.
- ❖ Often in Euro not in other currencies



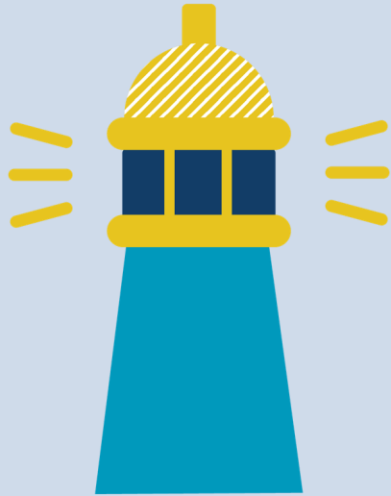


Unit costs

What are they?

- ❖ Covering multiple- or a single cost category
- ❖ Usually more than 1 unit
- ❖ Easier way to report certain costs based on units rather than real costs (e.g. standard hourly rate for staff)
- ❖ Can be in Euro or in foreign currencies





Project proposed unit costs/lump sums

What are they?

- ❖ Similar as unit costs and lump sums but proposed by the project
- ❖ They are also called Draft budget.
- ❖ A project completes the Application Form in terms of Work plan and gives a rough estimation of the related costs through a lump sum or unit costs.



A draft budget method

A calculation method to establish a *project-specific* SCO(s).
Draft budget ≠ SCO

Applicant submits a draft budget to the programme (with real costs; proper documentation).

Programme can include SCOs in the draft budget method (e.g., 15% for office and admin)



Programme assesses the draft budget proposal (case-by-case basis).

Programme transforms proposal into an SCO(s) – in grant agreement:

- establishing milestones to be delivered and payment triggers.

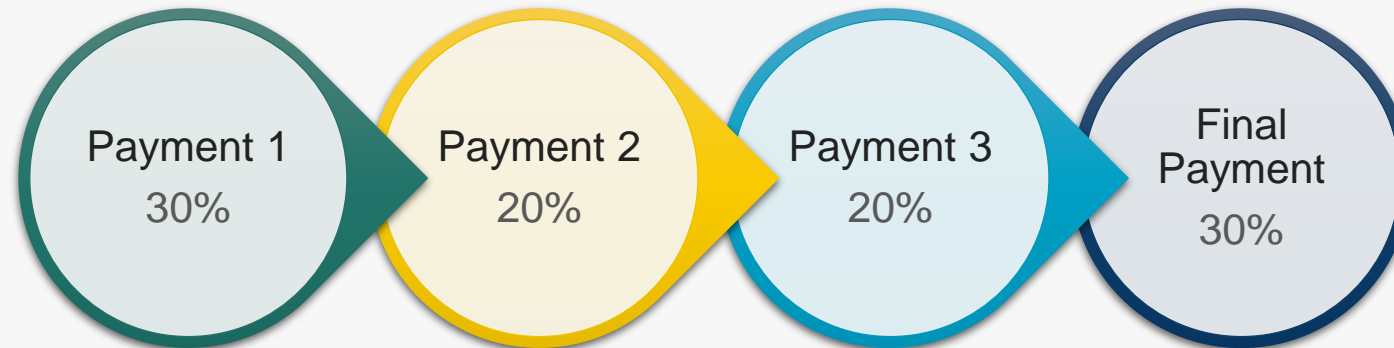


SCOs are used during the project implementation:

- expenditure is reimbursed according to payment triggers;
- control and audit of SCOs and not of initial amounts used in the draft budget proposal (audit of the methodology by the AA though).

Milestones in the draft budget method

- Focus on activities that make up the payment.
- Milestones are not always needed (if the implementation is short and the output is clear).



Briefing note: Manual on the draft budget method

Draft budget method - example

Budget item	Cost*	SCO	Approach
Kick-off meeting	5,000	Lump sum 1 = 20,000	Milestone 1 – delivery of the report X
Data collection	10,000		
Report preparation	5,000		
Marketing campaign design	5,000	Lump sum 2 = 43,000	Milestone 2 – execution of marketing campaign and evaluation study
Marketing campaign execution	20,000		
Evaluation study	5,000		
Staff (20%)	10,000		
Office and admin (15%)	1,500		
Travel and accommodation (15%)	1,500		
Total	63,000	63,000	

Task:

Focus on flat rates and their combinations

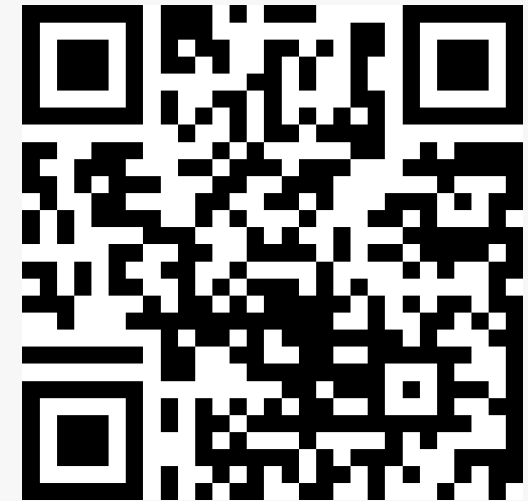
A programme decided to use two different options:

- a) 20% FR for staff, 15% FR for office, 15% FR for travel. External costs and services; equipment are reimbursed as real costs.
- b) Unit cost for staff costs, 40% FR for other costs.

For 10 minutes, on your table discuss what are the advantages and risks for each case for project partners?

Provide your outcome in slido as a group.

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Management verifications, Audit and Irregularities



Management Verifications

Who does it?

- Responsibility of the MA (together with the JS)
- Delegation to Controllers in Member States possible

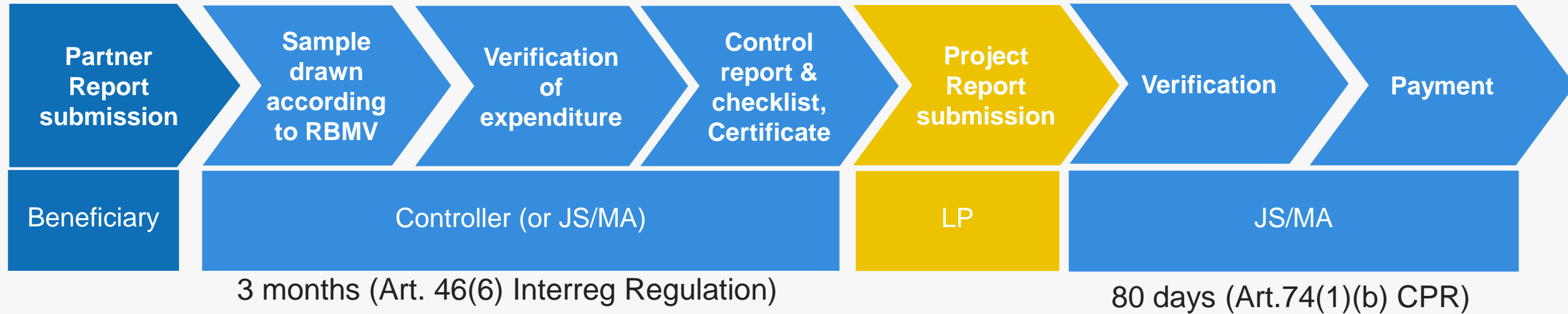
Why is it done?

- To identify errors in payment claims of beneficiaries and correct them before reimbursement
- To avoid irregularities

How is it done?

- Done through administrative and on-the-spot checks
- Risk-based: according to the risk assessment and risk-based methodology developed by the MA in advance and in writing

Management verifications process



Audit work

Who does it?

- Responsibility of the AA supported by GoA

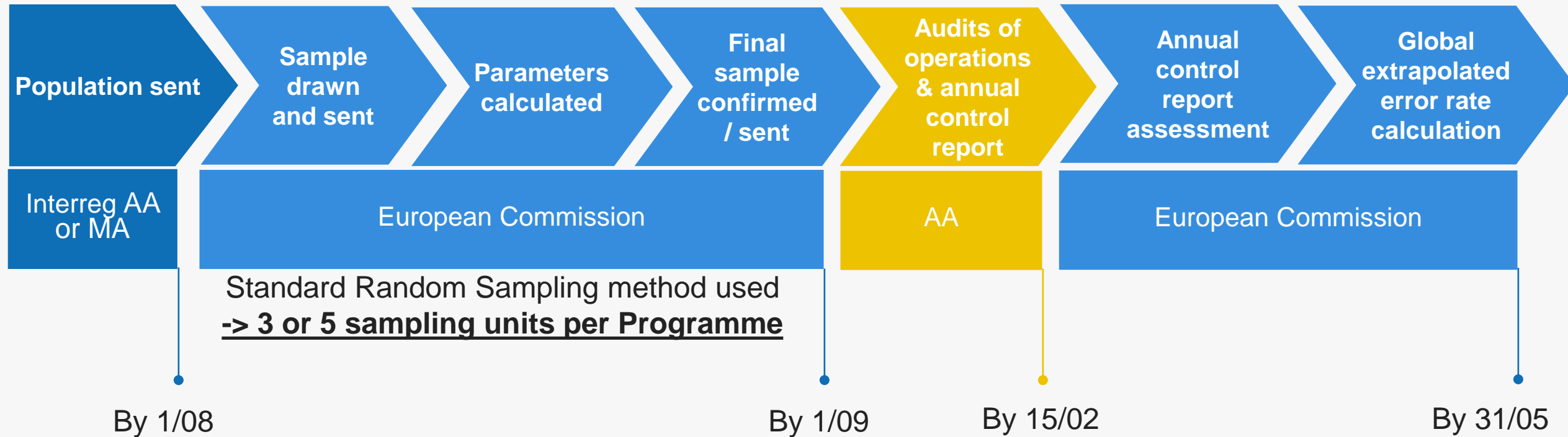
Why is it done?

- To verify that the Management and Control System functions properly and to provide independent assurance
- To do an ex-post control of verified expenditure of operations

How is it done?

- Done through System audits and Audit of operations
- Common sample: audit expenditure of selected beneficiaries, including expenditure not subject to previous management verifications, sub-sampling is possible

Common sample process



Irregularities

Irregularity means any **breach of applicable law**, resulting from an act or omission by an economic operator, which **has, or would have, the effect** of prejudicing **the budget of the Union** by charging unjustified expenditure to that budget;

Established irregularity when costs have been claimed in the payment application to the EC and subject of a first written assessment by a competent authority

Fraud

Irregularities which have **intentional character** or are due to **intentional omission** are called **frauds**.

The intentional character must be first verified in the administrative or judicial proceedings. Until then we deal with a **suspected fraud**.

When the intentional character is confirmed we deal with an **established fraud**.



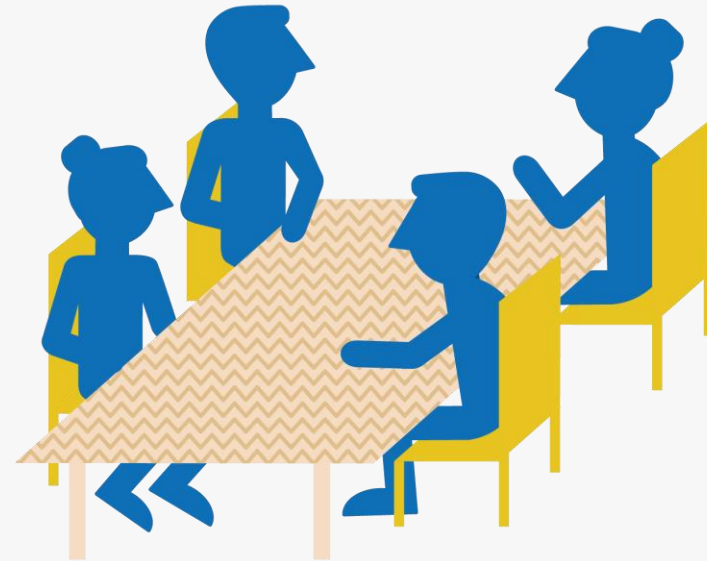
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Any questions?



Cooperation works

All materials will be available on:
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Eligibility and Management verification

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