

InterFin

SCOs, management verifications & audit

Grzegorz Golda, Alexandra Kulmer, Jasmina Lukic, Florin Neculcea | Interact

27 May 2026 | Tallinn, Estonia

Interact



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Session objectives



To hear news, updates and reminders related to SCOs, management verifications & audit findings



To share experiences related to the implementation of 2021-2027 period



To learn from each other, discuss and exchange



Spark new ideas and leave with something valuable to take home



**But before we
start...**





Risk-based management verifications



Two approaches for RBMV in Interreg

Methodology for the whole programme area

- MA prepares the risk assessment and methodology
- Controllers are involved in the preparation and apply the methodology
- MA reviews the application

Methodologies prepared by Member States/Controllers

- Controllers prepare the risk assessment and methodology
- MA reviews the methodologies and ensures equal treatment
- MA sets minimum requirements

Communication and consultation with the AA is strongly recommended!

HIT Guidance and methodology

HIT – Harmonised Implementation Tools for Interreg:

- **Guide** on development of a methodology for risk-based management verifications in 2021-2027
- **HIT methodology** for risk-based management verifications – to be adapted to the specific Interreg programmes' needs and context



HIT Guidance and methodology

HIT Guidance - risk assessment at the level of:

- project
- project partner
- payment claims / partner reports
- cost items inside the payment claim / partner reports

HIT Methodology is designed to verify:

- 100% projects
- 100% project partners
- 100% partner reports
- Sample of cost items inside partner reports



HIT Guidance and methodology

Focus on the following risky key items:

- Staff costs of the first two progress reports
- Staff costs of a new staff member
- Staff costs time allocation & methodology changes
- Public procurements above EUR 10.000
- VAT (total costs above EUR 5m, including VAT).



EC Reflection paper

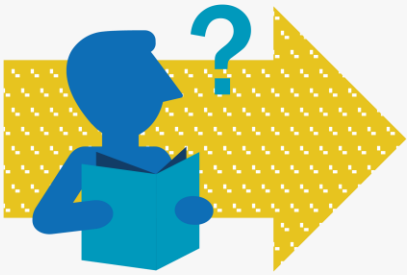
The MA **may** consider the following potential risk elements at operation and beneficiary level during the risk assessment (non-exhaustive list):

At the level of operations

- ✓ Operations with a significant budget
- ✓ Nature and complexity of the operation, type(s) of expenditure, legal requirements applicable (e.g., public procurement, State aid, Financial Instruments ('FIs')⁴, etc.).
Example 1.1 - Complex operations.
- ✓ Operations which had already started before selection, or which are close to completion when being selected
- ✓ Operations with few tangible outputs for which, because of their nature, little or insufficient evidence is expected to be available after they have been completed.
Example 1.3 - Tangible and intangible outputs
- ✓ On-the-spot ('OTS') visit not possible or delayed (e.g., COVID pandemic, de-implementation, other reasons)⁵
- ✓ Operations approved and started near the end of the programming period
- ✓ Operations implemented in different locations⁶.

At the level of beneficiaries

- ✓ (Lack of) experience of the beneficiary in implementing (similar) EU funded projects
- ✓ Type, legal status and ownership structure of the beneficiary
- ✓ Level of risk of potential conflicts of interest related to a certain type of beneficiary and the type of operation the beneficiary is implementing
- ✓ Number of operations implemented by the same beneficiary. **Example 1.4 - Number of operations implemented by a beneficiary**
- ✓ Number of partners in the operation⁷. **Example 1.5 - Multi-partner projects**
- ✓ Beneficiary's capacity to implement the operation
- ✓ Change of beneficiary during implementation
- ✓ Involvement of International organization on project implementation (specific approach for HOME funds)



**Did you follow the HIT methodology
and the EC reflection paper?
How did you adapt it to your
programme needs?**

Risk-based methodologies

Issues we see so far

- risk assessment not adapted to the programme needs
- unclear risk assessments
- RBMV not applied (various situations)
- no (time) planning
- no justification
- unclear allocation of points
- no flexibility
- reactive vs proactive

Audit findings in Interreg – what we've learned so far...

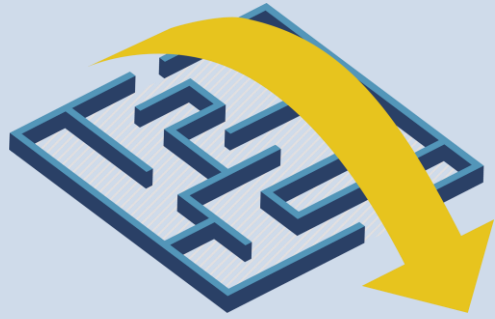
- Non-use of certain risk criteria - Reflection paper on RBMV
- Justification for 100% checks
- Documentation and justification necessary if controllers add to the sample



Do you have any audit findings on your RBMV methodology from your Programme you would like to share?

Update of the risk assessment/ update of the methodology

- Based on audit findings
- Identified new risks during implementation
- Excluding the risks previously identified




Implementing **SCOs**

News,
Reminders,
Updates



SCOs in Interreg Interact website


Cooperation can be complex, our job is to make it easier.

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[Finance & control -](#)
[Synergies & cooperation -](#)

Finance	Eligibility and SCOs	Audit and control	Other financial aspects
Accounting function	Eligibility	Audit	Anti-fraud and risk
Decommitment	Simplified Cost Options	Irregularities and fraud	Conflict of Interest
Technical assistance		Management verifications	Public procurement
			State aid

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Simplified Cost Options

Even though we do not have a single person in your programme who does not know what the term SCOs stands for (if you do, make sure to give them the link to this page dedicated to simplified cost options).

Using SCOs is one of the key methods of simplifying the implementation of projects, programmes, control and audit procedures within a programme.

When SCOs are used, the eligible costs are calculated according to a predefined method based on outputs, results or some other costs clearly identified in advance either by reference to an amount per unit or by applying a percentage.

This enables Interreg programmes and institutions involved to significantly reduce the administrative burden, focus on results, rather than tracing every euro. Finally, SCOs contribute to a more correct use of the programme funds (performed audits continuously show lower error rates).

Where to start

If you are new to SCOs, Interact launched a [certified course dedicated to SCOs](#) under the aegis of the Interact Academy. The course will introduce you to SCOs world and their utilization in the Interreg environment. This is the mandatory position on your to-do list if you are the SCOs newbie.

As you may be aware, there are three types of SCOs: lump sums, unit costs and flat rates. They can be established in 3 different ways. For certain types of projects SCOs are the mandatory option to use. SCOs can be also used in combination with real costs or with other SCOs. They can be used not only by programme beneficiaries but also by the EC to reimburse resources to programmes. If you are interested in programme practices please have a look at [the collection of SCOs used by all Interreg programmes](#).

Would you like to know more?

There is also a [dedicated SCOs session](#) in the Interact library where you can find lots of interesting materials, programme experiences, tips and exchanges related to the topic.

What we are working on

Interact offers dedicated events focused on SCOs where practitioners have an opportunity to exchange on implementation challenges and experiences. In 2026 we will continue collecting the best practices, increasing programme specific SCOs examples to foster simplifications provided by SCOs and expand the knowledge and experience of Interreg programmes. As most programmes are well advanced in implementation we also would like to discuss the audit experiences.

Last but not least as the discussions on the next programming period are ramping up, its experts discussions on the future of SCOs in Interreg.

We didn't forget about the publication bringing together SCOs and Risk-Based Management (RBM). It took us more than originally expected, but we are collecting programme practices to make it as practical as possible.

Contact

For more information please contact [Gisela Gadea](#).

Want to exchange on this topic?

Please visit our [Financial management network collaboration space](#). You will find there dedicated SCOs Interreg folder. You can also exchange with other programmes on SCOs related topics using dedicated [Teams channel](#).

Additional resources

[SCOs guide - 44 tips on the most complex method](#)

[Scenarios - Q&A for 2026](#)

[Update 2025 Verification of SCOs - practical implications](#)

[Faster Review SCOs from Union Policies](#)

[The new / updated / a missing audit /](#)

[Roadmap for a programme lead for SCOs](#)

[Simplified Cost Options - best references](#)

[Interreg SCOs 2021 - 2027 - Collection](#)

[Preparation cases lump sum report](#)


[Q&A SCOs in Interreg programmes](#)

[New SCOs guidelines](#)

[SCOs examples and best practices](#)


Recent Events

InterFIN 2026



27-28 May 26 | Tallinn, Estonia


10th CBC Finance network meeting



10 December 25 | Online







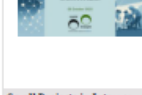

Recent News

InterFIN 2026: Two days dedicated to finance in Interreg



13 March 26 | 5 minutes

Recent Library Items

 <p>Programme Design</p> <p>Tags: SCOs, Interreg, Knowledge Hub</p> <p>Date Published: 12 November 25</p>	 <p>IKF 2024 Day 1 SCOs: Exchange on implementation issues</p> <p>Tags: SCOs, Interreg, Knowledge Hub</p> <p>Date Published: 13 March 26</p>	 <p>Implementing SCOs</p> <p>Tags: SCOs, Interreg, Knowledge Hub</p> <p>Date Published: 13 March 26</p>
 <p>IKF 2025 Programming Post 2024 Design</p> <p>Tags: Accounting function, Eligibility, SCOs, Interreg, Knowledge Hub</p> <p>Date Published: 12 November 25</p>	 <p>IKF 2025 Implementing SCOs</p> <p>Tags: SCOs, Interreg, Knowledge Hub</p> <p>Date Published: 13 March 26</p>	 <p>6th Contact Point (NCP) network meeting</p> <p>Tags: Finance and management, Capitalization, Programme institutions and indicators, NCPs, Direct Support Operations</p> <p>Date Published: 22 September 25</p>
 <p>Small Projects in Interreg</p> <p>Tags: Accounts and indicators, Small projects, SCOs</p> <p>Date Published: 09 October 25</p>	 <p>SCOs in action</p> <p>Tags: SCOs</p> <p>Date Published: 09 October 25</p>	

Verification of SCOs – reminders



Official Journal
of the European Union

EN
C series

C/2024/7467

20.12.2024

COMMISSION NOTICE

Guidelines on the use of simplified cost options within the Funds covered by Regulation (EU) 2021/1060 (Common Provisions Regulation)

(C/2024/7467)

Interact publications -
updates

[Verification of SCOs](#)

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Verification of simplified cost options (SCOs)

March 2025, v.2*

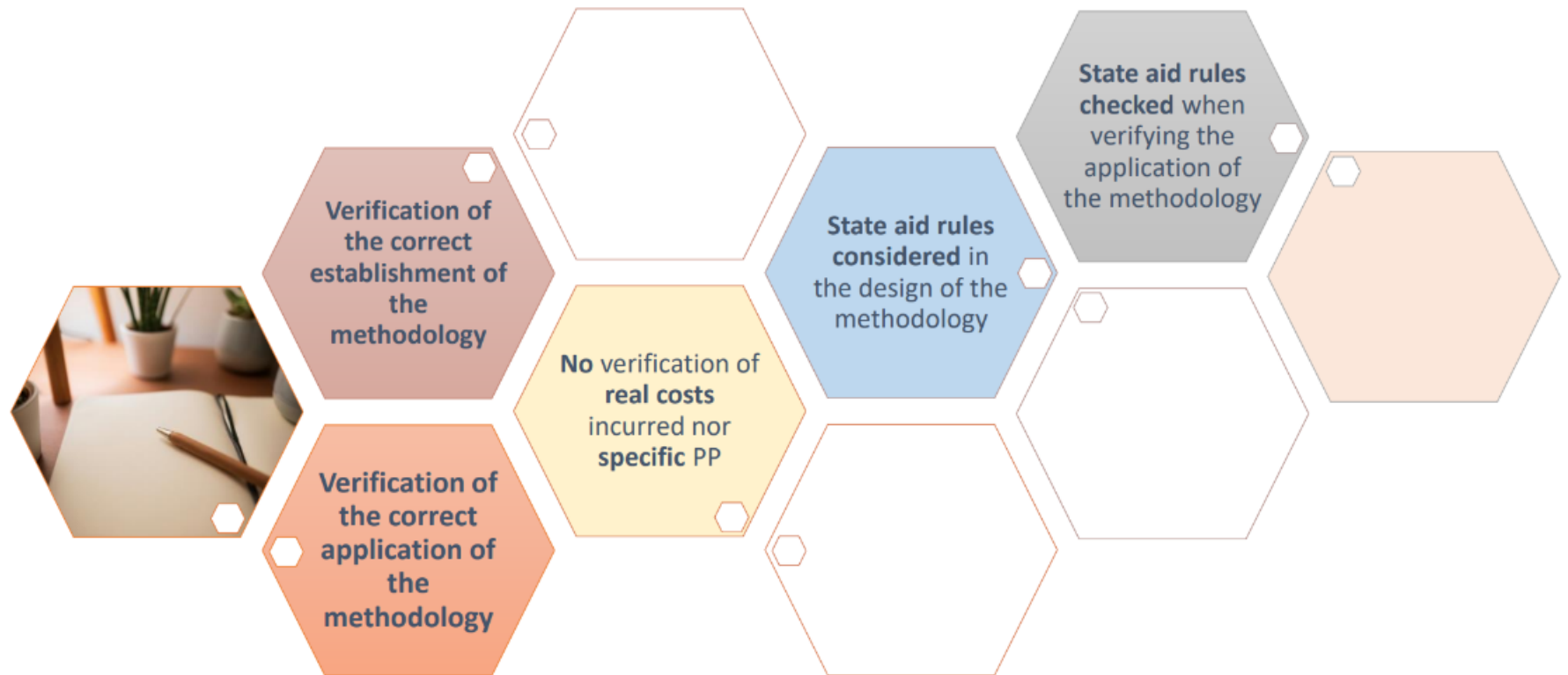
Practical implications of SCOs on control and audit work

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News from CPR Expert Group/Audit Community Forum

Auditing SCOs - principles



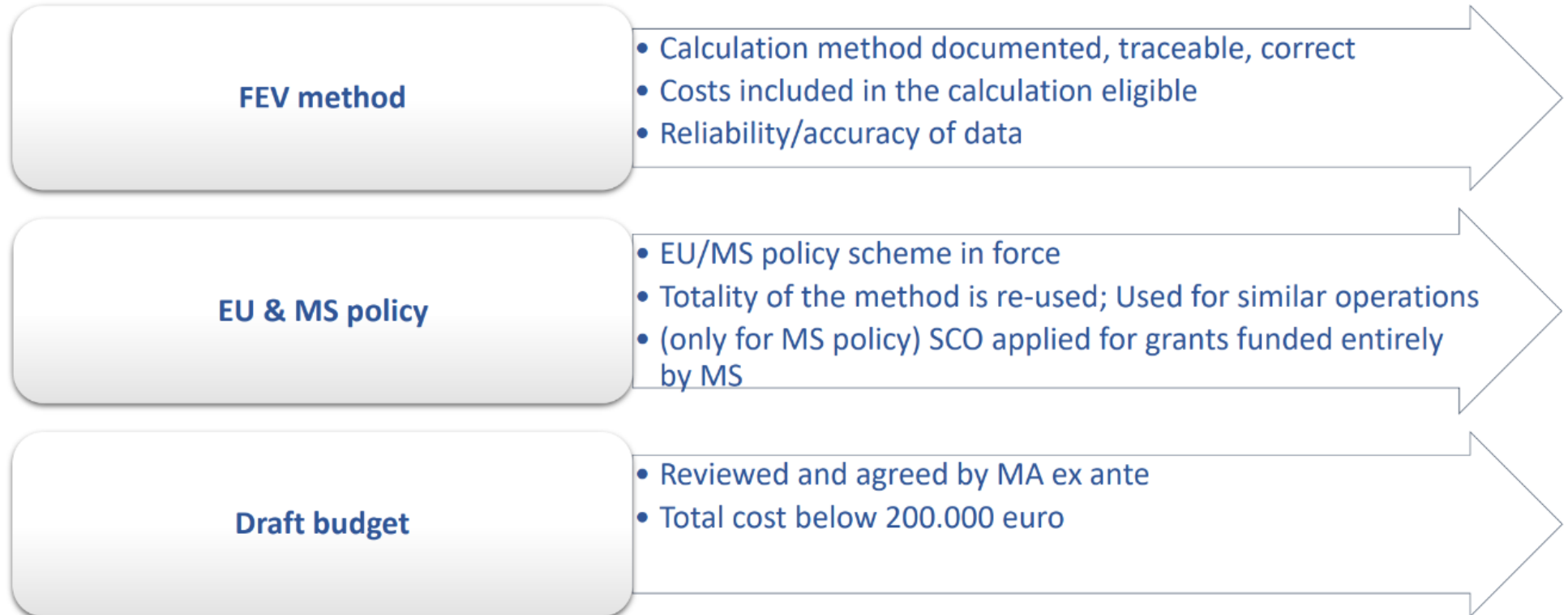
News from CPR Expert Group/Audit Community Forum

Verification of the methodology (1/2)

- Methodology based on methods in the CPR
- Categories of costs covered are eligible
- Audit trail for deliverables described
- No risk of double financing, when combination of SCOs and real costs allowed
- Adjustment method (if applicable) described
- If State aid applicable, cost categories eligible

News from CPR Expert Group/Audit Community Forum

Verification of the methodology (2/2)



News from CPR Expert Group/Audit Community Forum

Audit of the application of the methodology

Flat rate

- Categories of costs covered by the flat rate are defined;
- Envisaged in the grant agreement
- Basis costs: correctly allocated, eligible
- Correctly calculated; no double declaration
- Cost categories necessary for the operation (at selection)
- Compliance with State aid rules

Lump sums and unit costs

- Envisaged in the grant agreement
- Pre-defined deliverables/ milestones achieved, justified
- No double declaration in case of combination with real costs
- Amount declared = unit cost x actual number of units delivered
- Compliance with State aid rules

News from CPR Expert Group/Audit Community Forum

SCO findings – horizontal aspects



SCO methodology from previous programming period, without any checks



MA relied on self declarations for eligibility of participants (some of them signed after the checks)



SCO methodology not audited, just the application



SCO based on draft budget, no checks on the draft budget by MA



Risk of double financing not mitigated (possible overlaps)



AA checklists not updated for SCO



Recommendations for simplification (e.g. use of SCOs)



News from CPR Expert Group/Audit Community Forum

Incorrect use of 40%

Operation: entrepreneurship support

Application for funding: staff costs and indirect costs

Use of 40% * staff costs to reimburse all remaining costs

No direct costs necessary according to the application for funding

Finding: Use of flat rate of up to 15% to reimburse indirect costs more appropriate, the difference ineligible

Incorrect use of up to 40%

Flat rate of 30% * direct staff costs to reimburse remaining costs of an operation

Beneficiary declared external costs on top

Situation 1: MA accepted the payment, considered external costs as external staff costs

Situation 2: MA accepted the payment as the external costs were linked to a sub-project.

Finding: Not compliant with CPR, no additional costs on top of the flat rate for all remaining costs

News from CPR Expert Group/Audit Community Forum

Incorrect method to establish a flat rate

Flat rate of 8% from direct staff costs to reimburse legal support and supervision tasks related to the project

Established for one specific department

SCO used for all departments

In the 3rd year, workload decreased by 50%

Finding: Flat rate not a correct proxy to costs



News from CPR Expert Group/Audit Community Forum

Incorrect update of SCO methodology

Unit cost for staff costs (hourly and monthly rate) from 2014-2020

Hourly rate calculated based on 1650 hours per year

Hourly rate indexed with inflation

New monthly rate calculated based on 1720 hours per year

Finding: SCO for monthly rates is not established based on previous programming period

News from CPR Expert Group/Audit Community Forum

Hours not related to the project

Hourly rate for staff costs

Staff = board members of universities

No use of timesheet

All worked hours declared for the operation

Finding: No assurance that the hours declared are related to the project



News from CPR Expert Group/Audit Community Forum

Specific findings



Travel costs

Unit cost per day; event of 1 day, MA declared 5 days => 2 days ineligible



Off the shelf flat rates

Not mentioned in the grant agreement. In the call = "up to"; beneficiary decides %



SCO used before approval

Amounts declared to the EC based on SCO submitted as programme amendment



SCO from national law

Variable depending on the post, category and region. Small differences => decision to use an average



News from CPR Expert Group/Audit Community Forum



It is allowed to set up different FRs for different partners within one Interreg project



Modifications of SCOs under Article 94 CPR also require AA's assessment



SCOs for final recipients (e.g. SPFs)

Confirmation from the EC it is possible, although not in CPR – check RegioWIKI, chat with the EC, event ask Interact

News from CPR Expert Group/Audit Community Forum

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 Programmes



Would you like to share with the group any SCOs experience/practice ?



Would you like to share with the group any SCOs feedback from beneficiaries/ controllers

News from Programmes



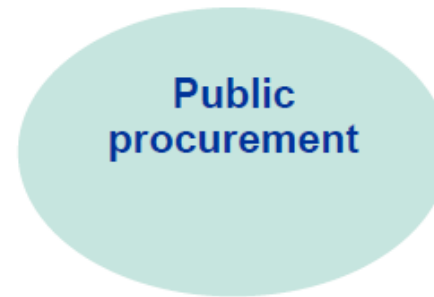
Do you have any SCOs pending question?

News from CPR Expert Group, 2025-11-25

Main sub-categories of findings



- Ineligible Participants
- Ineligible expenditure / expenditure not related to project



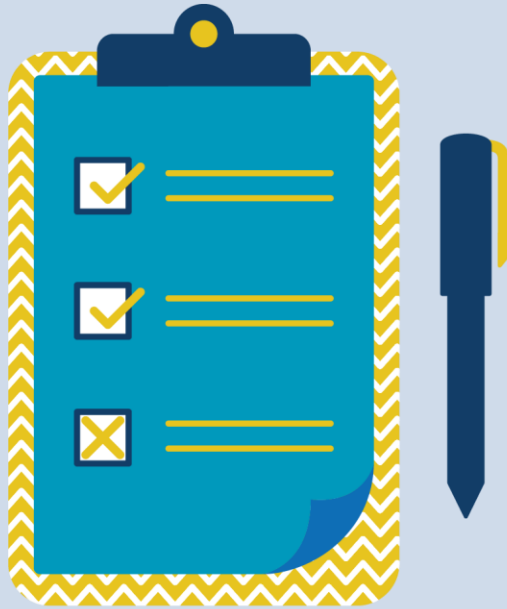
- Lack of publication of contract notice
- Unlawful and/or discriminatory selection and/or award criteria laid down in the contract notice or tender documents
- Discriminatory technical specifications



- Lack of detailed verifications for compliance with State aid rules
- Aid intensity not respected



- Lack or incomplete audit trail
- Missing supporting information or documentation



Public procurement Recent audit findings, and Sentences of CJEU



News from CPR Expert Group, 2025-11-25 Public procurement findings

Public Procurement – Substantial Modifications of Contract

TECHNICAL ASSISTANCE FOR IT SYSTEM – IMPLEMENTATION PHASE

Main finding

- Contract was subject to 3 contract modifications and 3 extension of deadlines.

- 1st contract modification –

Covered complementary services for system development and database management and support to the two IT systems as a result of delays on the full functionality of the latter due to the integrations required to fulfil the legislative and regulatory dispositions for the 2014-2020 ESF OP.

DAC assessed as irregular due by the time of launching the procurement procedure in 2015 the MA (contracting authority) was aware of the requirements of the regulatory framework for the 2014-2020 programming period and therefore could have foreseen and define the appropriate technical specifications.

News from CPR Expert Group, 2025-11-25 Public procurement findings

Public Procurement – Substantial Modifications of Contract

TECHNICAL ASSISTANCE FOR IT SYSTEM – IMPLEMENTATION PHASE

Main finding (continued)

- 3 extension of timeframe to complete project

Additional services resulting in an increase of around 25% of the value and increase in the duration of the initial contract.

DAC concluded that there was a breach in the provisions of Article 72(2) as the following conditions were not satisfied:

- modifications do not alter the overall nature of the contract,
- the value of the modifications is below the EU Directives threshold
- value of modifications does not exceed 10% of the initial contract value for service and supply contracts

News from Peer2Peer: Public Procurement community meetings, 2025-2026



Public Procurement - NEWS

❖ SENTENCES of CJEU

➤ C-282/24 Polismyndigheten

OPINION OF ADVOCATE GENERAL RANTOS delivered on 30 April 2025

Framework agreements: Swedish Police Authority and two providers (vehicle towing services).

The contracting authority subsequently agreed with the successful tenderers to modify the terms of remuneration for those framework agreements, without increasing the total value thereof, **by increasing the radius for which remuneration is purely flat rate from 10 to 50 km, as well as the price level.**

Initially evaluated on lowest price, on the basis of a

a/ fixed price for assignments where the pick-up point of the vehicle was within a 10 km radius of the place where the vehicle was to be returned

and

b/ additional price per kilometre for transportation outside that radius.

News from Peer2Peer: Public Procurement community meetings, 2025-2026



Public Procurement - NEWS

❖ SENTENCES of CJEU

➤ C-282/24 Polismyndigheten

Such modifications have the effect of altering the overall nature of the framework agreement ?

Modification to the remuneration model in a framework agreement /originally awarded on the basis of the criterion of the lowest price offered, whereby the balance between fixed and variable prices is altered and the price levels are adjusted to such an extent that the total contract value does not change to more than a marginal degree, **may have the effect of altering the overall nature of the framework agreement only if** that modification is likely to entail modifications to the subject matter or type of contract, irrespective of whether such a modification is covered by the broader concept of 'substantial modifications'.



Do you have any public procurement cases from your Programme you would like to share?

Let's discuss

- What can we learn from audit findings on SCOs and public procurements? What are the implications for your RMBV methodology?
- Are we still checking too much? Are checking the right/real risky things?
- What are the needs and topics to work together in the Interreg community for the next years?



Financial management in Interreg SharePoint


The screenshot shows a SharePoint page titled "Financial management network" by Przemyslaw Kniaziuk. It features a news section with two articles: "Interact New collaboration environment coming soon" and "IBM Connections in read only mode". To the right is a document library table with columns for Name, Modified, and Modified By. The table lists folders such as "Accounting function", "Announcements and updates", "Eligibility of expenditure", "Financial Management", "Investments in Interreg", "SCOs in Interreg", and "State aid". A megaphone icon is visible on the right side of the page.

Financial management network


Przemyslaw Kniaziuk | Interact

News

+ Add



Interact New collaboration environment coming soon
Interact is transitioning out of our IB...
GALudwiczak March 21



IBM Connections in read only mode
While Interact builds its new...
GALudwiczak March 21

Welcome to our new collaboration space
Welcome to MS Teams and SharePoint Interact is...
Przemyslaw Kniaziuk | Interact March 21

Name	Modified	Modified By
Accounting function	March 21	SharePoint App
Announcements and updates	March 21	SharePoint App
Eligibility of expenditure	March 21	SharePoint App
Financial Management	April 1	Przemyslaw Kniaziuk
Investments in Interreg	March 21	SharePoint App
SCOs in Interreg	March 21	SharePoint App
State aid	March 21	SharePoint App

SCOs in Interreg Teams Channel - posts

Grzegorz Golda | Interact Friday 14:29

Verification of SCOs - Interreg SCOs Forum - Interreg SCOs

Please find attached the saved past conversation from the previous SCOs community.

Verification of SCOs - Interreg SCOs Forum - Interreg SCOs

Reply in thread

Grzegorz Golda | Interact Friday 14:32

Interreg SCOs 2021-2027 Collection

Post in channel

[Gateway to discussion threads](#)

Cooperation works

All materials will be available on:
Interact.eu/Library

Want to discuss it? Join our MS Teams environment!
Portal.Interact.eu | Programme and Project Management

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Publisher

Interact Programme

Date updated

28 May 2026

Primary knowledge area

Finance

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