SCOs recap

Sanna Erkko, Katja Ecke, Grzegorz Golda, Jasmina Lukic / 20.10.2026

Online

Interact

Co-funded by the European Union

Interreg

Meeting objectives



To hear news, updates and reminders



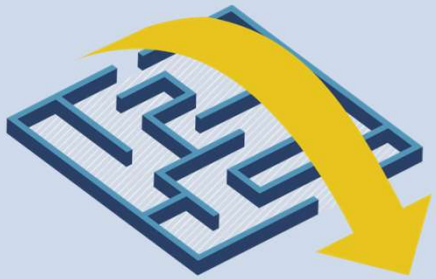
To share experiences, to pitch new ideas



To learn from each other, discuss and exchange

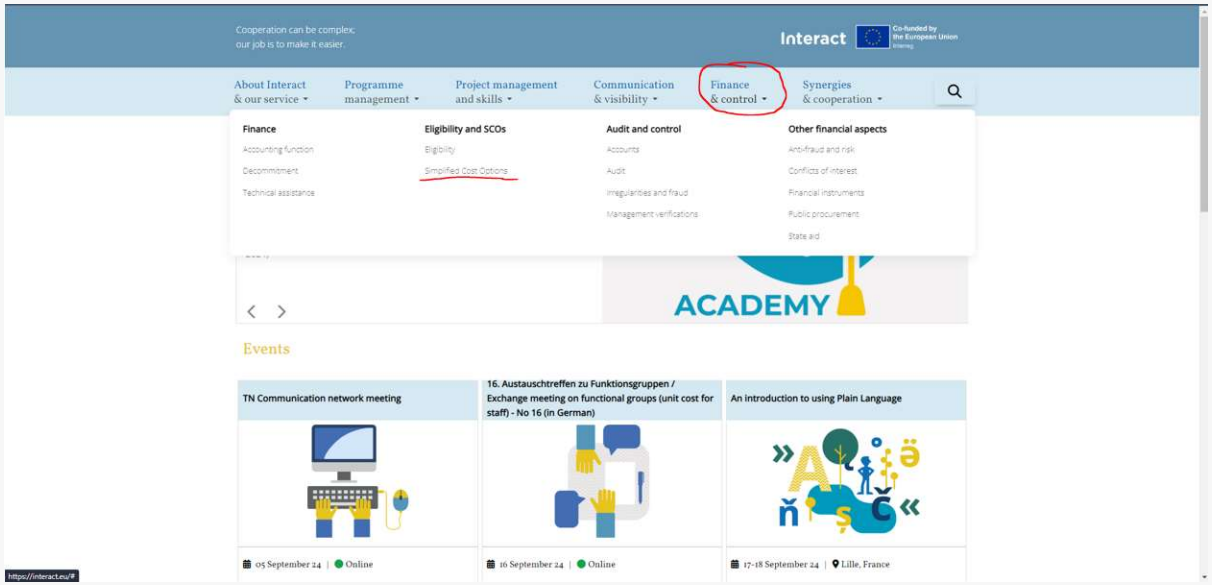
Agenda

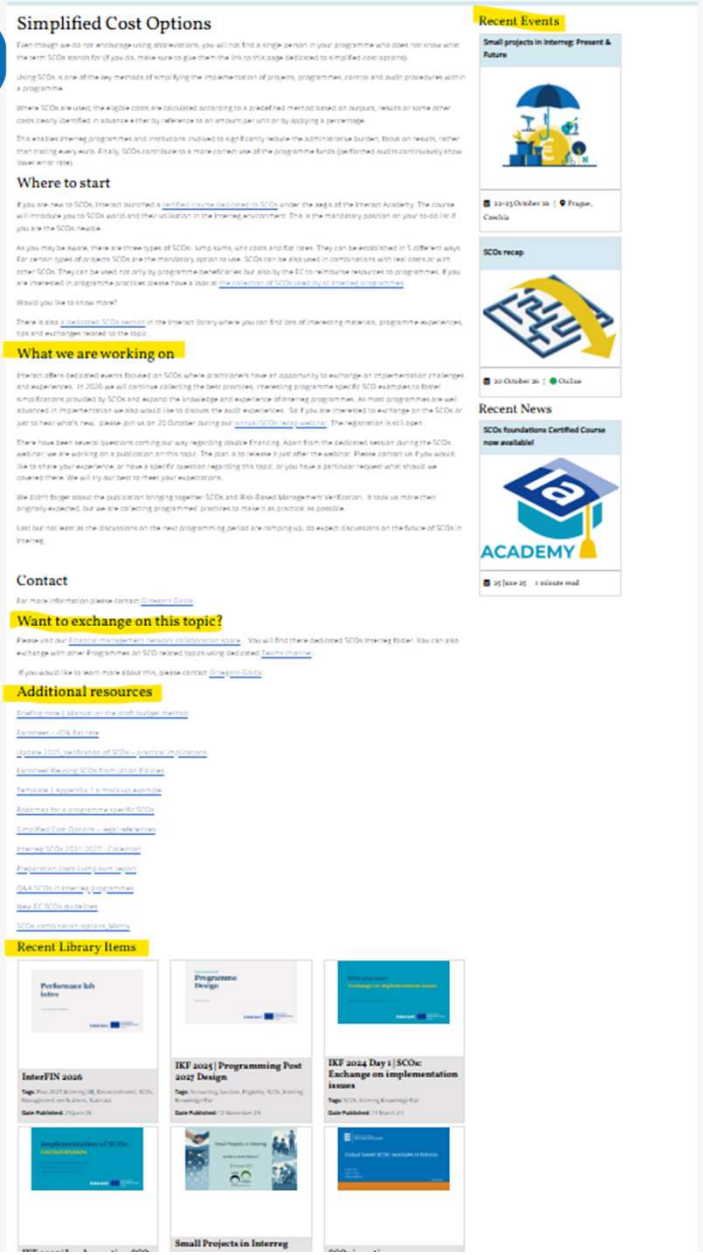
01	02	03	04	05	06	07
Intro & objectives	News, reminders	You asked us…	SCOs Total Recall	SCOs - Management verification and audit	SCOs and double funding	Outro



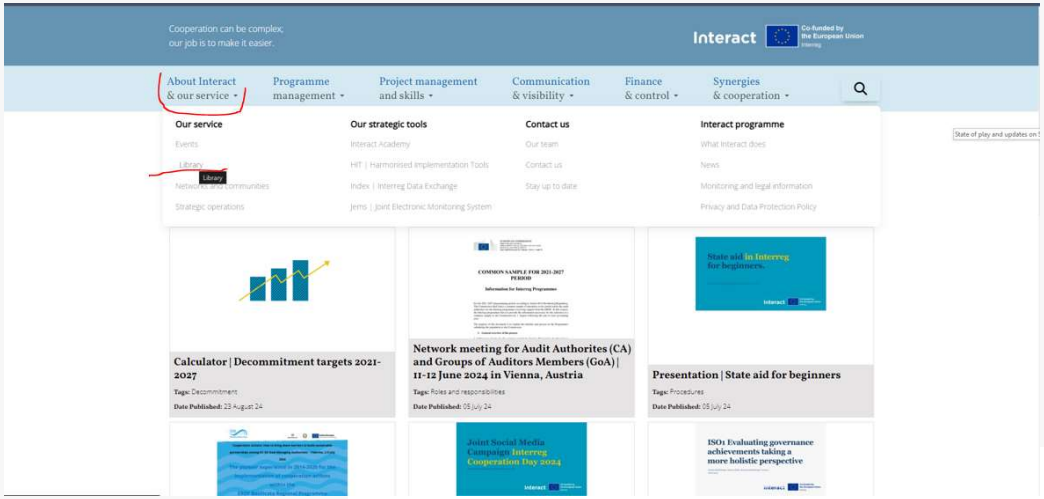
Reminders & News

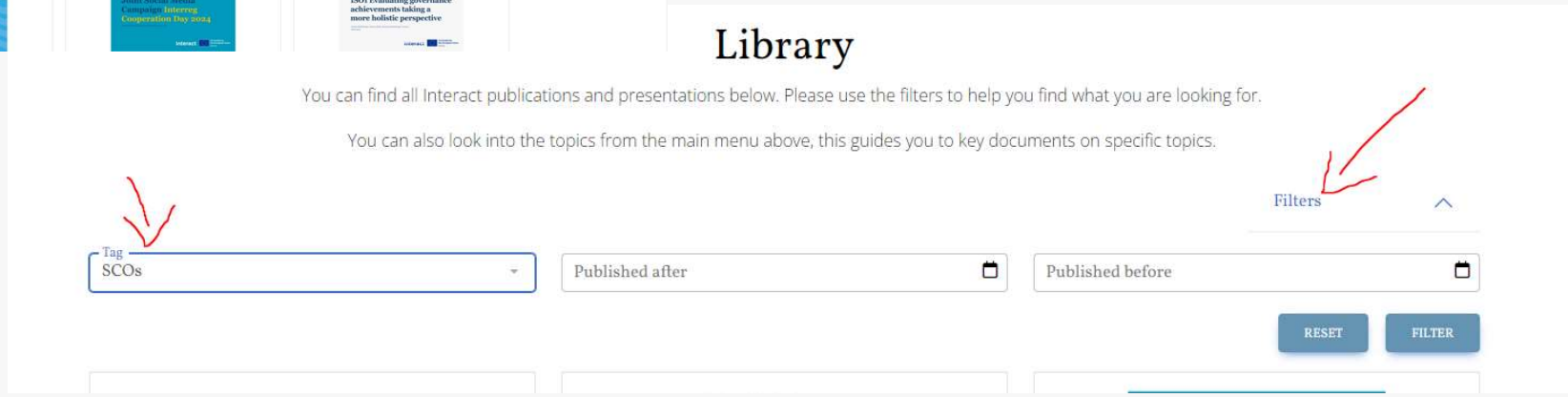
SCOs on the Ia website.....(1)





SCOs on the Ia website.....(2)





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)

Guidelines on the use of SCOs within the CPR Funds in 2021-2027

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Interact publications - updates

Verification of SCOs

Interact

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Verification of simplified cost options (SCOs)

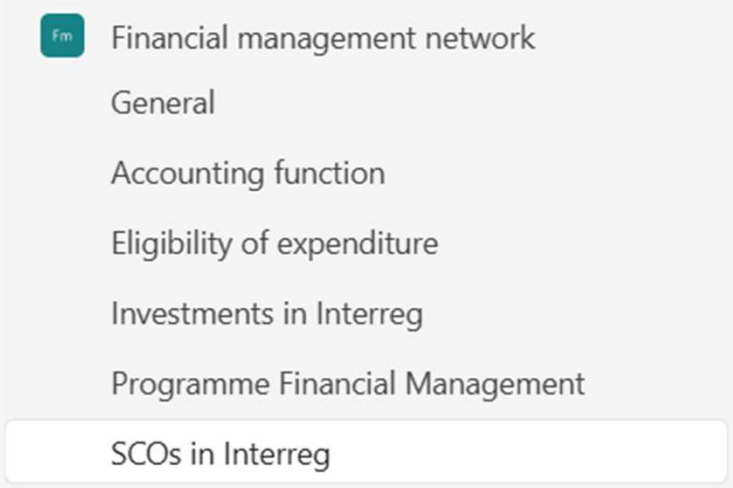
March 2025, v.2

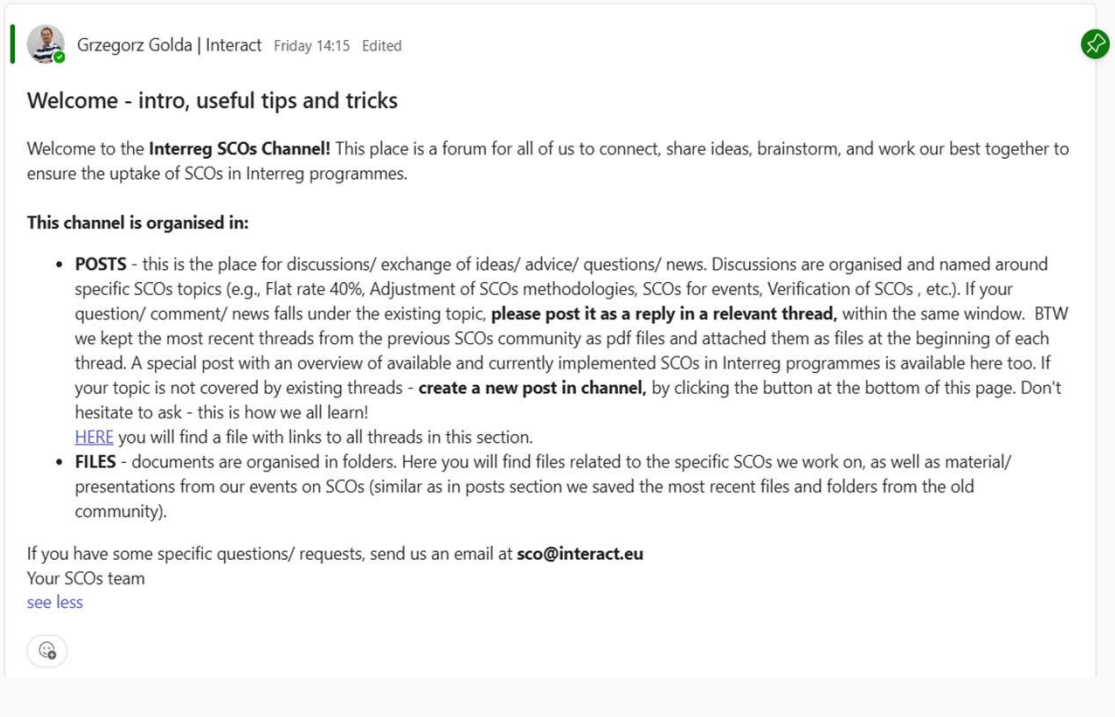
Practical implications of SCOs on control and audit work

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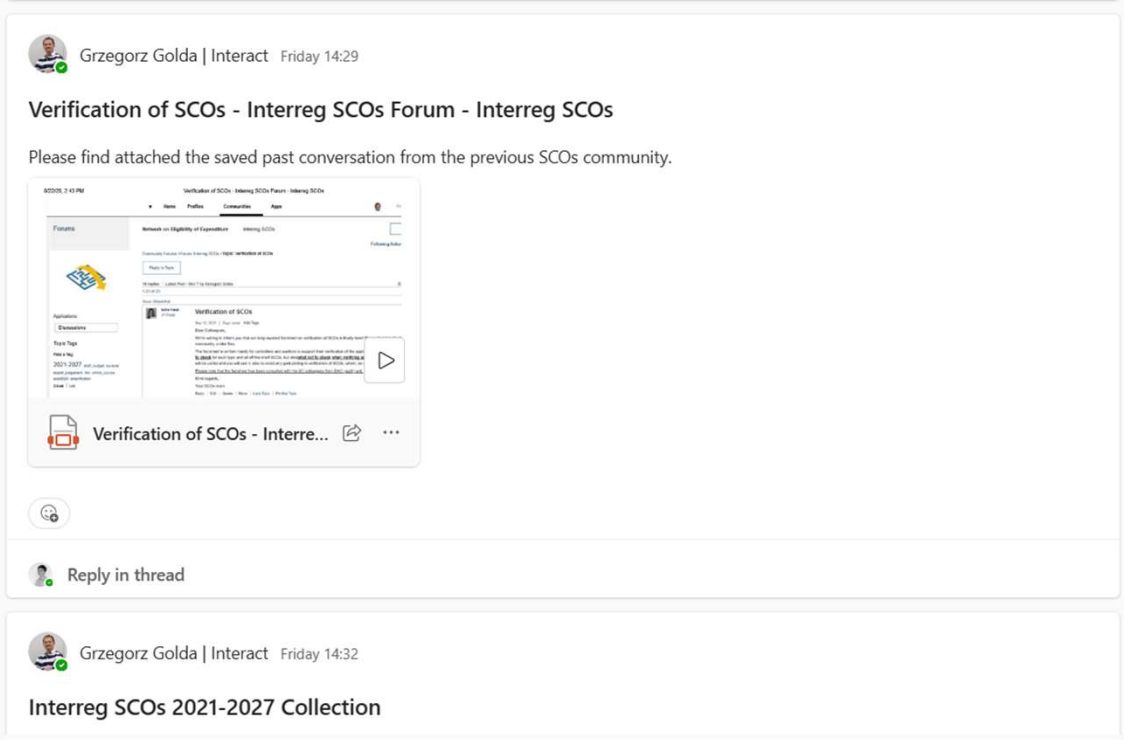
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SCOs in Interreg
Teams Channel (new community)



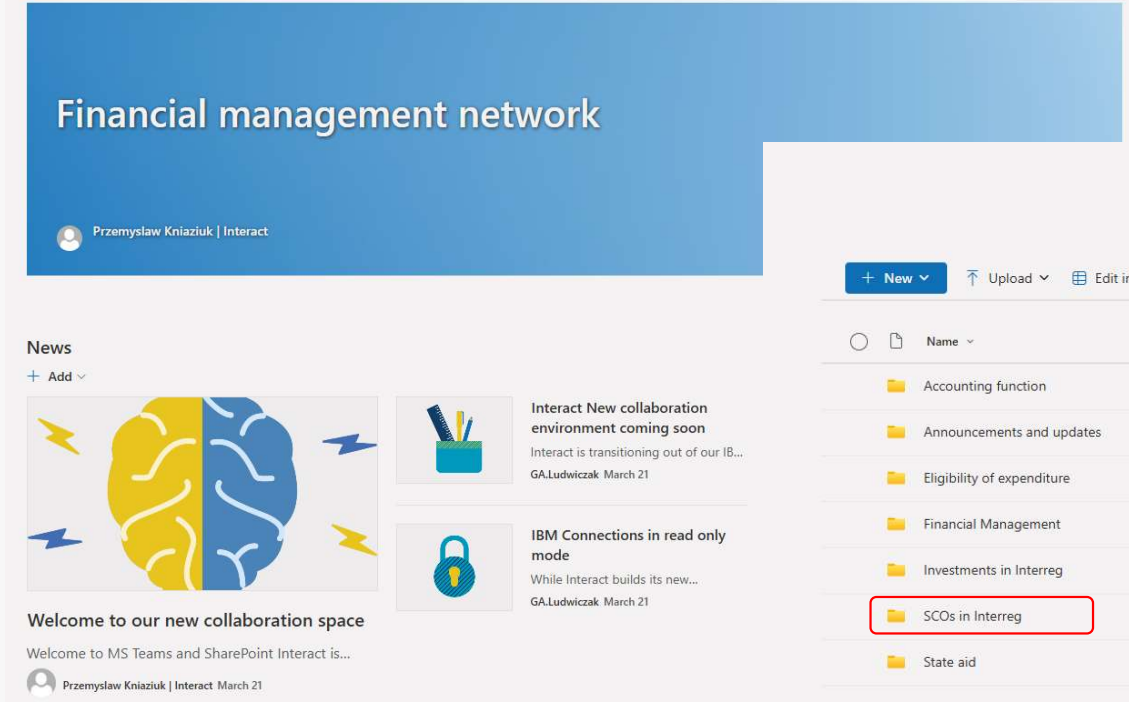


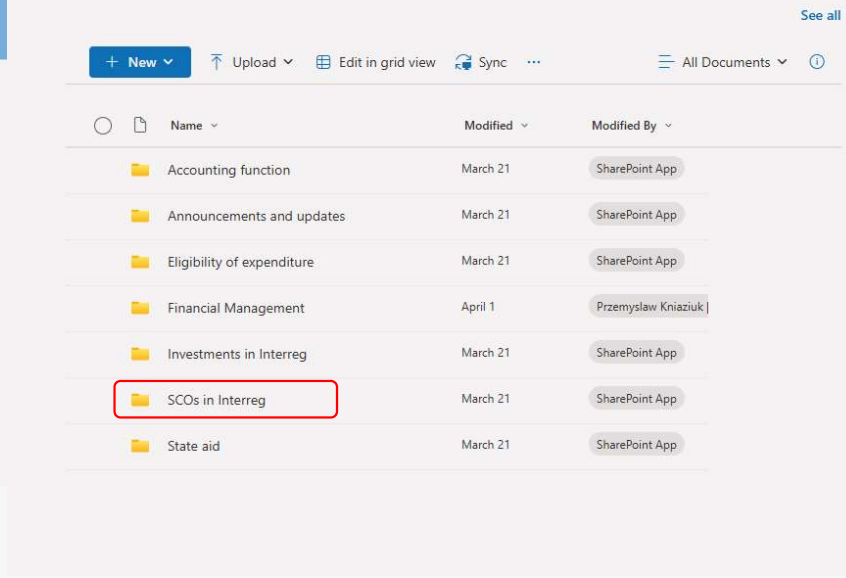
SCOs in Interreg
Teams Channel - posts



Gateway to discussion threads

SCOs in Interreg SharePoint







Collection of Interreg SCOs in 2021-2027



Interreg SCOs 2021-2027	
version	August, 2024

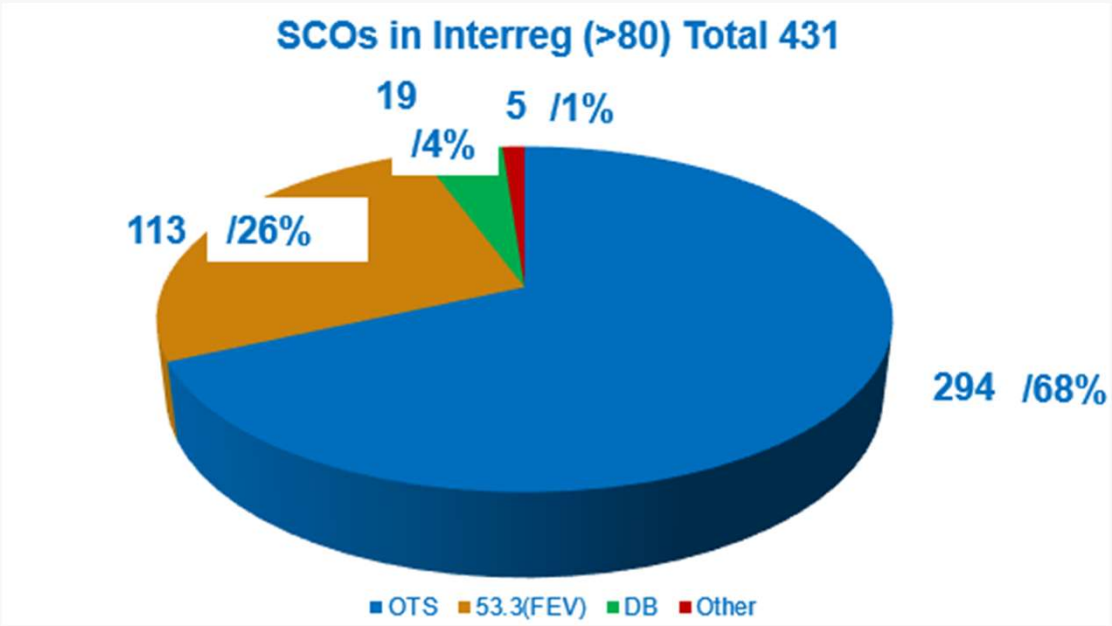
For each SCO, please use a separate row!

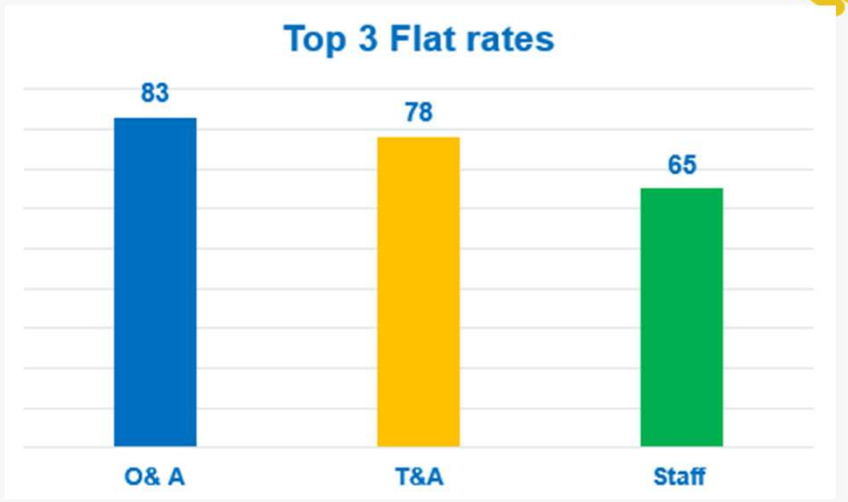
Interreg programme	Contact person	Type of SCO	Describe an SCO/ amount/ %	Level of application	Type of projects covered	Use
Choose from the drop-down list (order: CBC, TN, INT, IPA CBC, ENI CBC)	*Indicate a contact person (and email) for SCOs in your programme*	*Choose from the drop-down list. 'OTS' = 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/BrandenburgPoland	Björn Gabler (b.gabler@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/BrandenburgPoland	Björn Gabler (b.gabler@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/BrandenburgPoland	Björn Gabler (b.gabler@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/BrandenburgPoland	Björn Gabler (b.gabler@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/BrandenburgPoland	Björn Gabler (b.gabler@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/BrandenburgPoland	Björn Gabler (b.gabler@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

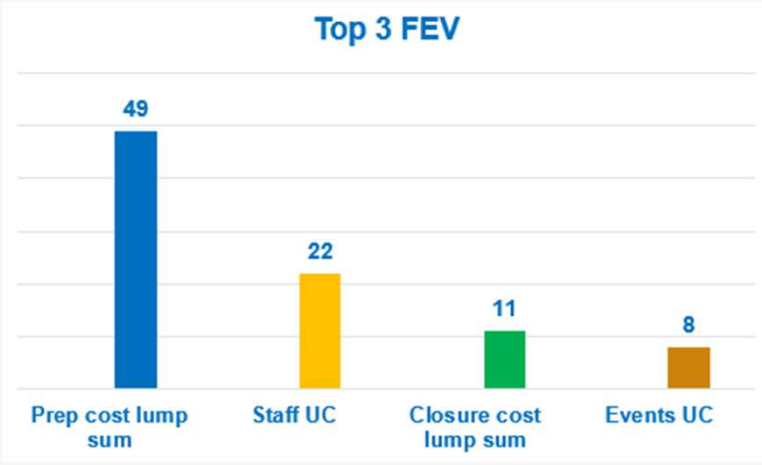
Kind request ☺

Please download a copy first, then edit or filter

Collection of Interreg SCOs in 2021-2027







Collection of Interreg SCOs in 2021-2027

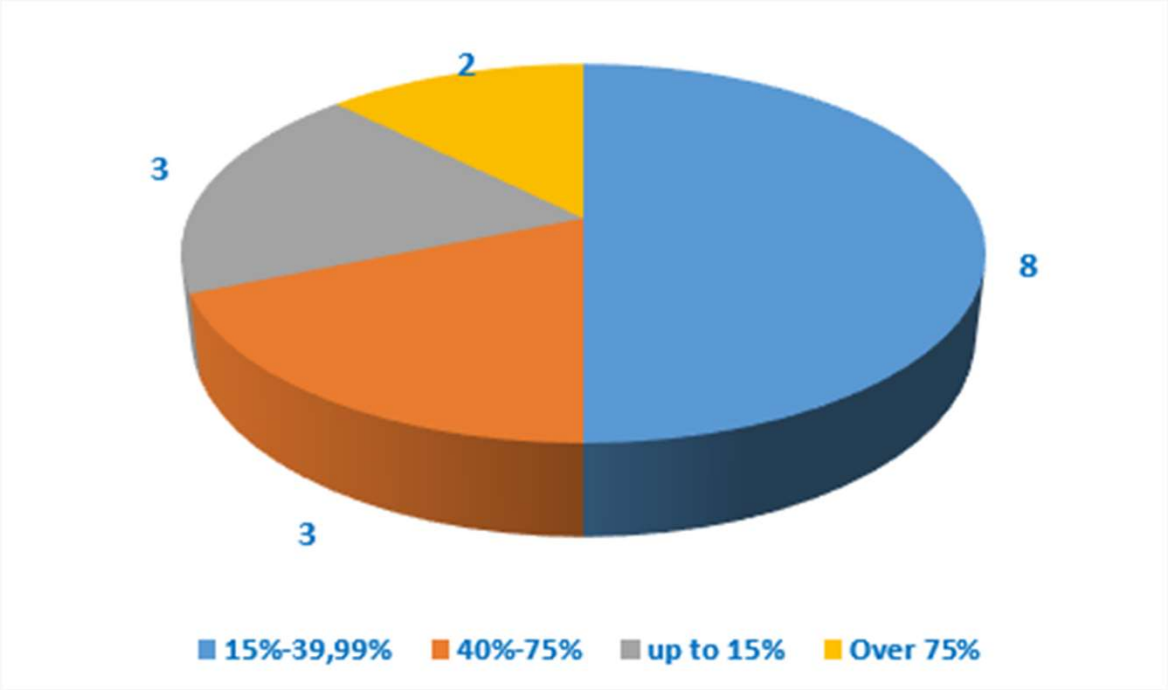


Interesting examples:

- Lump sum for territorial strategy elaboration;
- Lump sum for visibility elements and communication;
- Lump sum for vouchers;
- Lump sums for B2B and incoming missions;
- Project management equipment unit cost;
- Programme specific flat rates: for controllers; for travel cost outside EU (22%); for SPF management costs;
- …



What is an average ratio of regular project's costs covered by SCOs in your programme (16)?



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.



SCOs some reminders….



- Clear definition of cost categories:
  - SCOs and real costs
  - Combination of SCOs;
- Flat rates and …up to;
- Less is more…
- Harmonisation
- All hands on deck & communication



SCOs news…. not so many &
(& to be presented in MV session and audit)

Any SCOs news you would like to share with the room?



You asked us..

SCOs – Travel & accommodation FR

Article 41

Travel and accommodation costs

1. Travel and accommodation costs, regardless whether such costs are incurred and paid inside or outside the programme area, shall be limited to the following cost elements:

(a) travel costs (such as tickets, travel and car insurance, fuel, car mileage, toll, and parking fees);

(b) the cost of meals;

(c) accommodation costs;

(d) visa costs; and

(e) daily allowances.

2. Any cost element listed in points (a) to (d) of paragraph 1 covered by a daily allowance shall not be reimbursed in addition to the daily allowance.

3. Travel and accommodation costs of external experts and service providers fall under external expertise and services costs listed in Article 42.

4. Direct payment of expenditure for cost elements listed in points (a) to (d) of paragraph 1 by an employee of the beneficiary shall be supported by a proof of reimbursement by the beneficiary to that employee.

5. Travel and accommodation costs of an operation may be calculated at a flat rate of up to 15 % of the direct staff costs of that operation, without there being a requirement for the Member State to perform a calculation to determine the applicable rate.

Article 42

External expertise and services costs

(o) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers; and

(p) other specific expertise and services needed for operations.

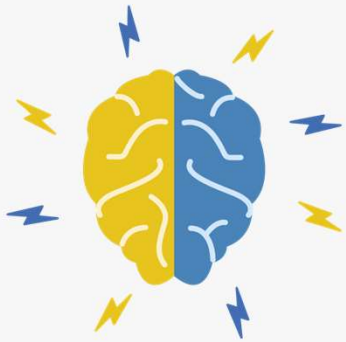
Any more questions?





SCOs Total recall

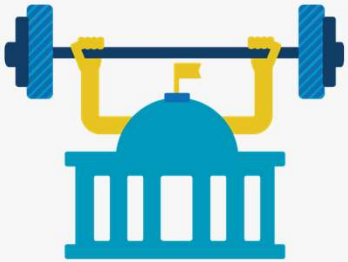
Why project partners forget how to use SCOs?

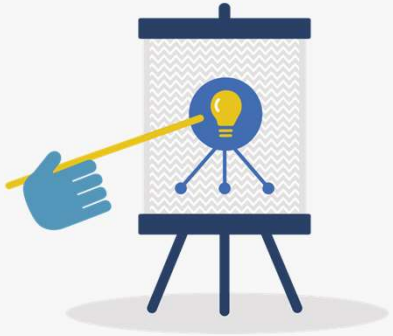


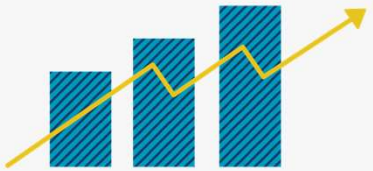












Typical repetitive mistakes ….



- Evidence provided is not sufficient (e.g. timesheets are missing)
- Incorrect value and or quantity of a unit;
- Expenditures reported under more than one cost category;

Do you observe similar in your programmes?

Is there anything missing here?

What are the typical sources of these mistakes?



- Rotation of project's staff;
- The process should be more automatised;
- It is not me, it is you (division of tasks & responsibilities);
- Test the system (?);
- Confusion which SCO should one use;
- We are living in a hasty world;
- Resistance to knowledge

Do you observe similar in your programmes?

Is there anything missing here?



Is this a SCOs specific problem or not necessarily?

Haven’t we simplified ?



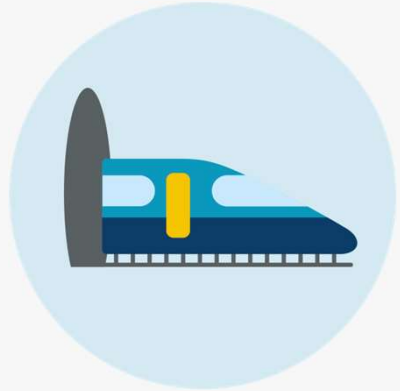


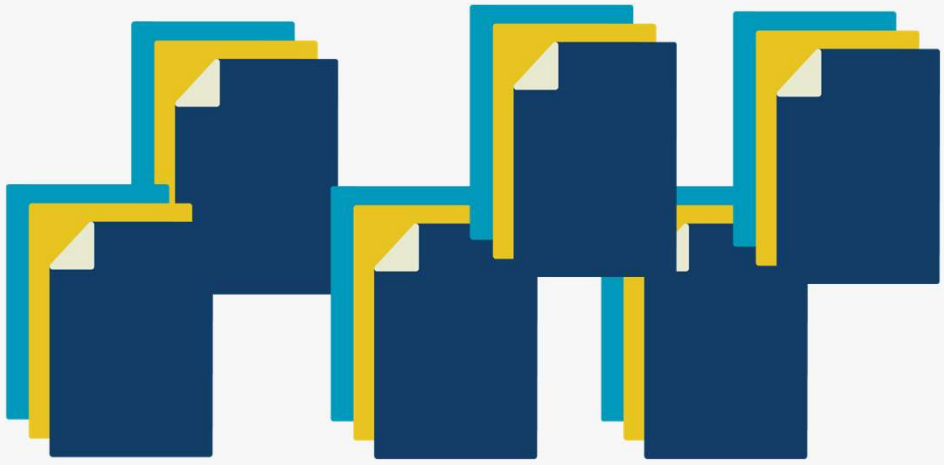
Summary

The table below presents a short recap of the audit trail for verification of staff costs:

Required documents depending on the reimbursement option	Real costs			SCOs		
		Part-time		Hourly rate		Flat rate[14] (e.g., up to 20% of direct costs)
	Full-time	Fixed percentage[15]	Actual hours	1720h method (Article 55(2)(a) CPR)	Average monthly working time (Article 55(2)(b) CPR)	
Employment/work contract/ contract/ another document	✓	✓	✓	✓	✓	×
Job description	✓	✓	✓	✓	✓	×
Payslips	✓	✓	✓	✓×[16]	✓×[17]	×
Data from the time registration system (e.g., timesheets)	×	×	✓	✓	✓	×
Proof of payment	✓	✓	✓	×	×	×







What can we do about it?



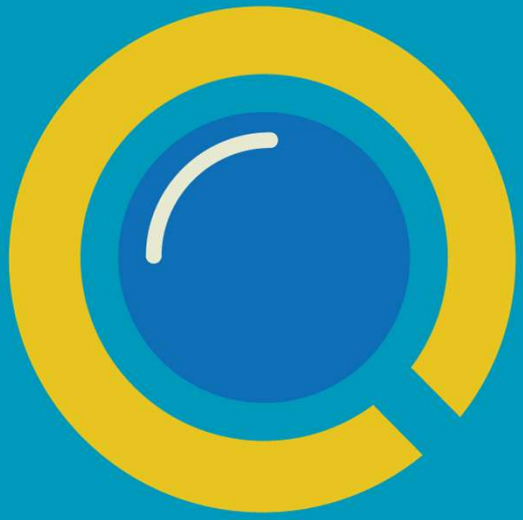
- Provide information (ex ante & ex post) and educate;
- Less is more – limit available choices;
- Up to…;
- IT solutions (including AI agent);
- Double check programme eligibility rules;
- Harmonisation of rules between neighbouring programmes;
- Exchange on what's working

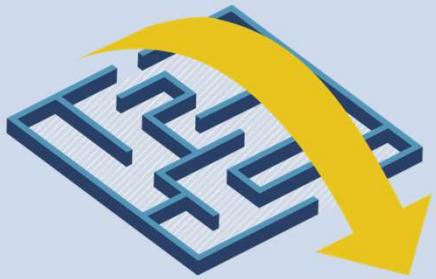
Any other ideas?

Any more questions?



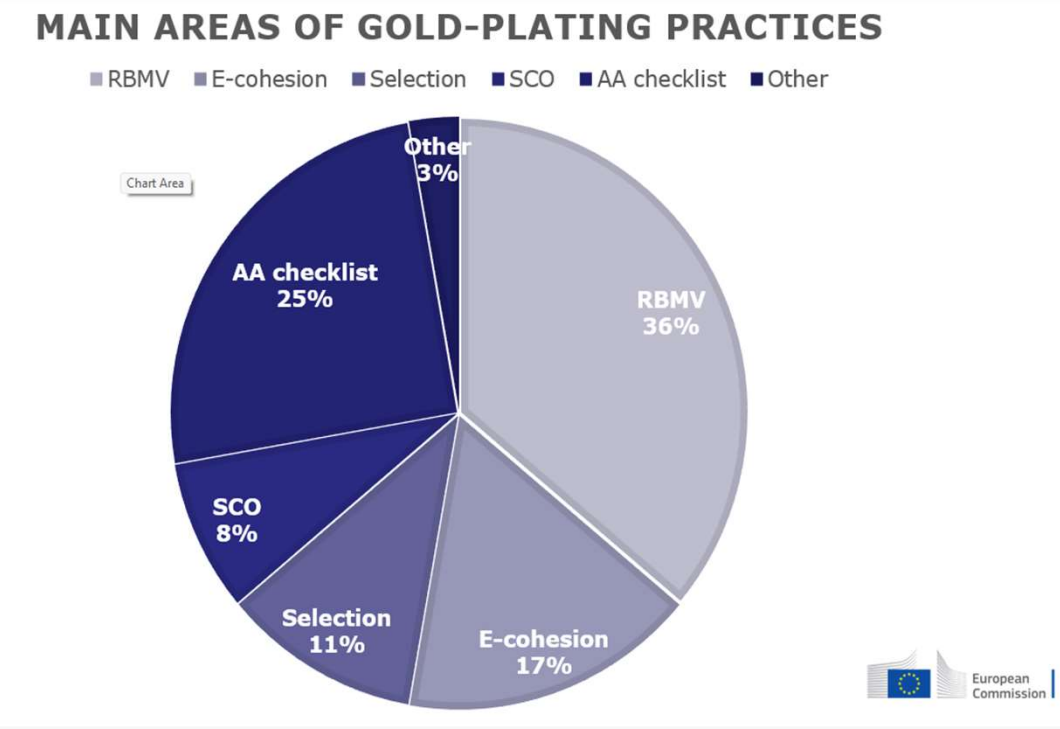
Break





SCOs - management verifications and audits.

News from
DG Regio TN network on simplification



RB(MV)

No risk assessment performed. 100%. (3)

A risk assessment is developed by MA, yet the IB uses a different one; 4 similar risk assessment (RBMV) were in place. It was unclear which one was used.

The risk assessment contained various criteria with various points yet regardless of the outcome, the MV were identical (partial).

MA divided projects into low, medium and high risk. No project was falling into the "low" risk. The MA admitted 100% checks. (2)

SCOs

✓An "off the shelf" flat rate was used, yet it was not the MA but the beneficiaries deciding the actual flat rate (the guide indicated "maximum 1%").

✓The beneficiaries (not the MA) decide if the use the "off the shelf" or "real costs".

Risk based management verifications


Ref. Ares(2023)3757159 - 31/05/2023

EUROPEAN COMMISSION
DIRECTORATES-GENERAL
EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION
REGIONAL AND URBAN POLICY
Joint Audit Directorate for Cohesion

Risk based management verifications
Article 74(2) CPR 2021-2027[1]

REFLECTION PAPER

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- Methodologies in use
- Regular update


INTERACT

Guidance on the risk-based management verifications for 2021-2027 and HIT methodology

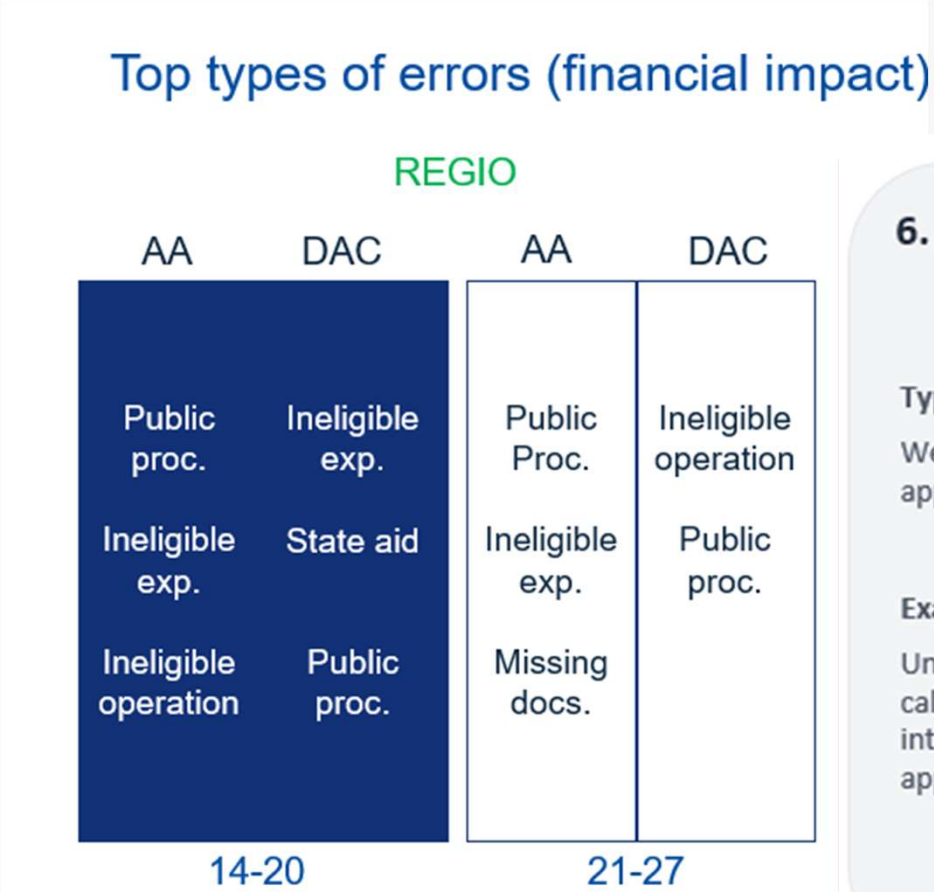
July 2023
Version 3

Interreg HIT 2021-2027

Findings:

- 100% verification
- Unclear risk assessments
- No (time) planning
- No flexibility
- Reactive vs proactive

News from
DG Regio TN network on simplification



6. Simplified Cost Options

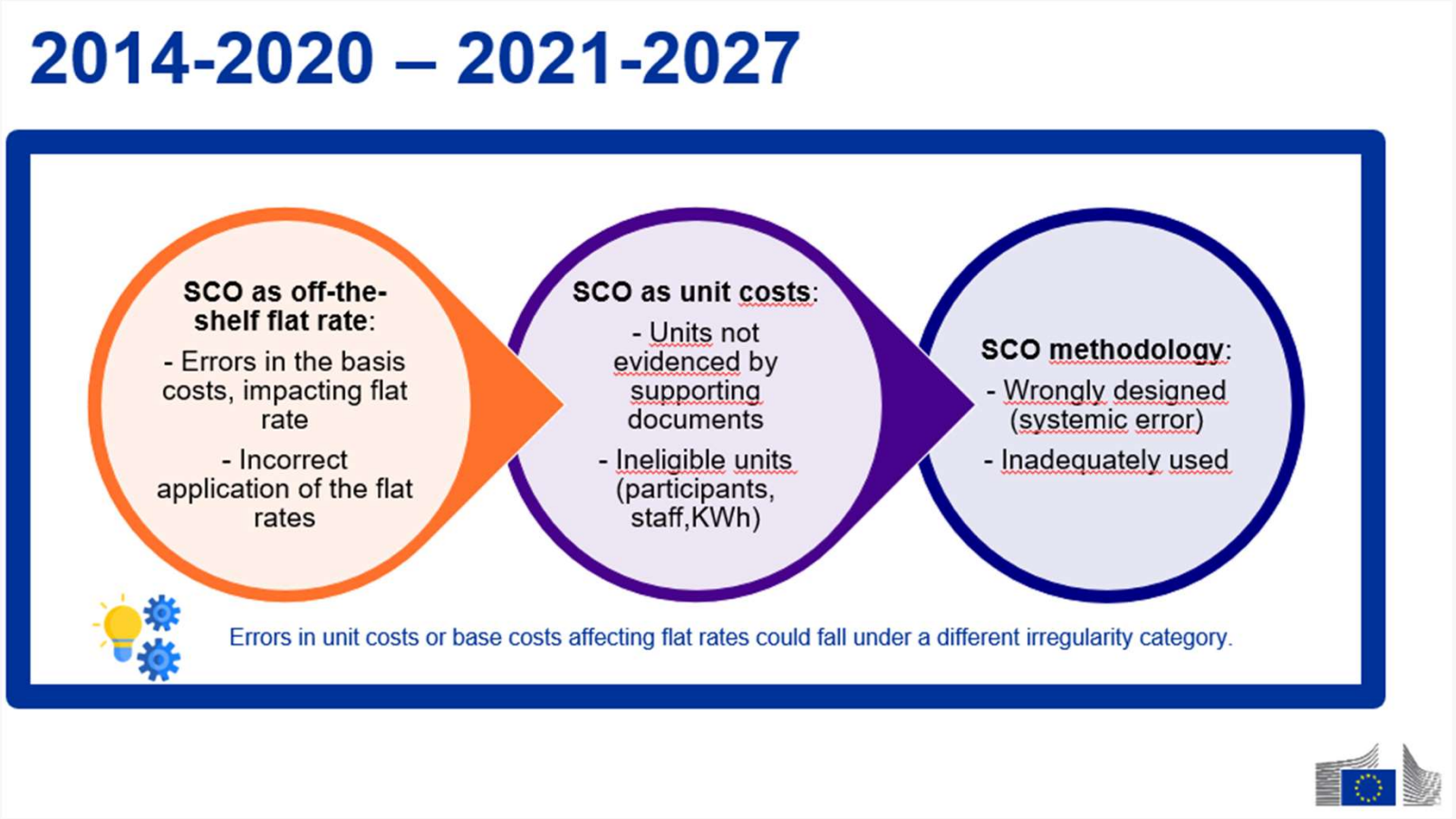
Typical issues observed:

Weaknesses in the application of an approved methodology

Examples:

Unsupported methodologies, calculation errors, retrospective introduction of SCOs, wrong application of unit costs.

News from Expert group on CPR Funds
Common errors associated with SCOs



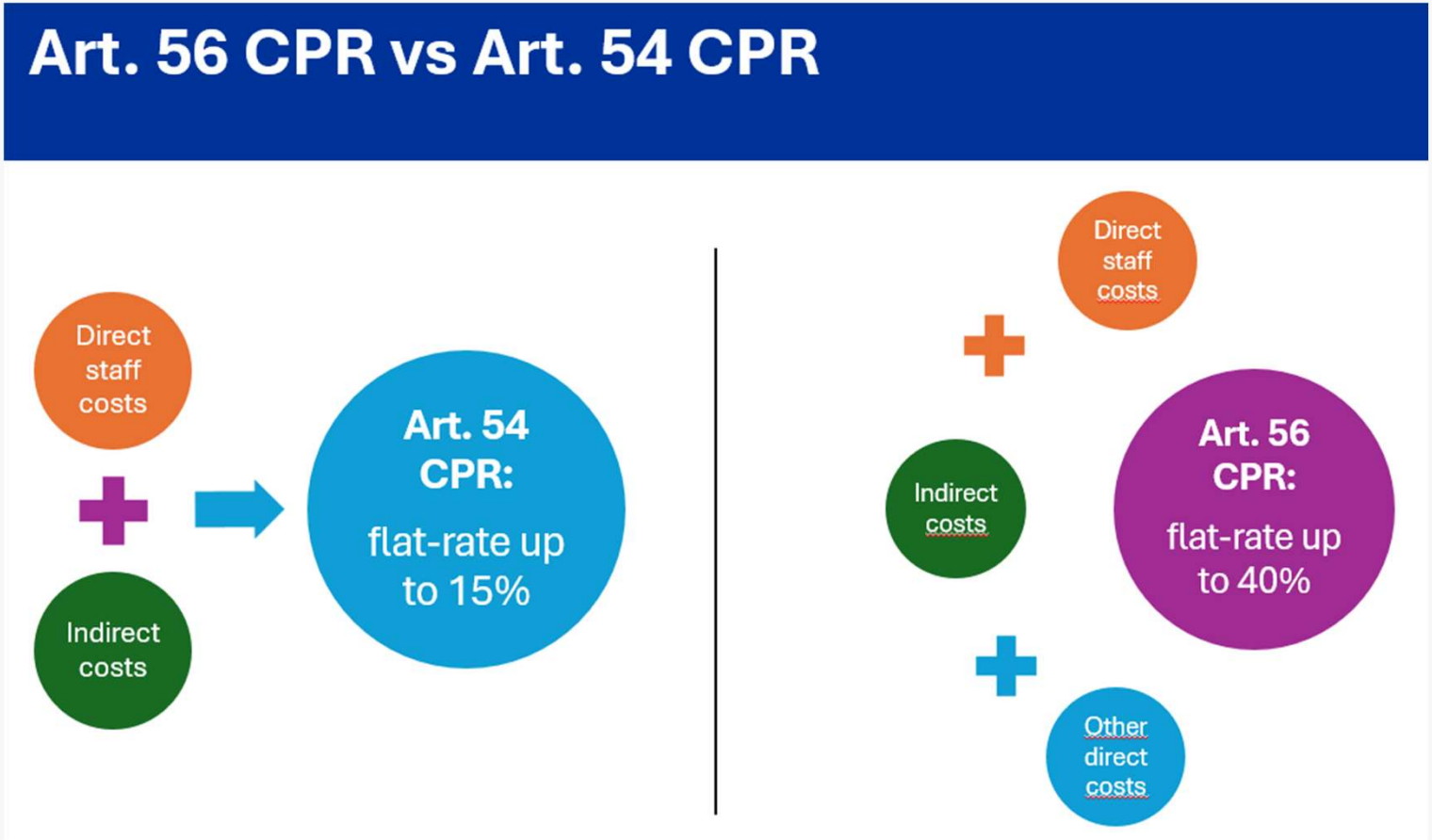
News from DG Regio TN network on simplification
Incorrect use of up to 40% flat rate

SCO: Art. 56 CPR (flat-rate up to 40%)

*"A flat rate of up to 40 % of eligible direct staff costs may be used in order to **cover the remaining eligible costs of an operation**. The Member State shall not be required to perform a calculation to determine the applicable rate."*

News from DG Regio TN network on simplification

Incorrect use of up to 40% flat rate



News from DG Regio TN network on simplification

Incorrect use of up to 40% flat rate

SCO audit approach about Art. 56 CPR

→ **Art. 56 CPR**

- **Call for proposals:** clear rules that only projects incurring both direct and indirect costs on top of direct staff costs will be financed.

- **Ex ante assessment by MA (selection stage)**
  - **Flat-rate is applicable:** other types of direct costs than salaries are needed for the implementation of the operation
    - Understanding the cost categories covered by the flat-rate
  - **Assessment at operation/project level or call level** (when actions under a single call are homogeneous & call is clear about actions to be implemented).

News from DG Regio TN network on simplification
Incorrect use of up to 40% flat rate

SCO audit approach about Art. 56 CPR

→ **Art. 56 CPR**

- **Audit:**
  - Is Art. 56 CPR applicable at operation level or call level (homogeneous call) = three types of cost categories foreseen by CPR are present?
  - Did the MA assess whether other direct costs exist in the implementation of the operation?
  - **If MA's assessment missing:** is there sufficient and readily available evidence to conclude on the existence of other direct costs, next to direct staff costs?

Proportionality ⟷

Key cornerstone for Art. 56 CPR: MA assessment!

News from DG Regio TN network on simplification
Incorrect use of up to 40% flat rate

SCO audit approach about Art. 56 CPR

Art. 56 CPR - Audit findings?

- **Yes,** some audit findings raised (Art. 56 CPR not applicable)
- **Reassurance:** not all audit findings have ultimately led to a financial correction

  as

- **Evidence** of other direct costs could be brought forward ex post

News from Expert group on CPR Funds
SCO - Wrong methodology

- **Operation:** developing and implementing innovations that make food and plant production environmentally sustainable and at the same time competitive.
- **Costs**
  - **Staff costs** (SCO unit cost: hourly or monthly rate)
  - **Methodology** 14-20 (verified historical data) **re-used** for 21-27 (adjustment)
  - Positive audit of AA on methodology for both periods
  - Flat-rate of 40% (remaining costs)

Legal basis: Art. 53(3)(a) CPR

The amounts for the forms of grants shall be established in a fair, equitable and verifiable calculation method.

AUDIT FINDING

- (2014-2020) SCO methodology developed by MA for hourly and monthly rates: verified historical data
  - Monthly rate: calculated from average eligible employment costs
  - Hourly rate: derived from the monthly rate using **1650 hours/years as a standard**
- (2021-2027) Previous SCO methodology is used by **indexing** it:
  - Hourly rates are indexed (labour cost index)
  - Monthly rates = (indexed hourly rates * **1720** hours) / 12 months
  - The new monthly rate is **calculated by not using the same standard**

  (i.e. standard number of working hours/years, 1650 vs 1720 hours/year)

News from Expert group on CPR Funds
SCO - Wrong methodology

Legal basis: Art. 53(3)(a) CPR

The amounts for the forms of grants shall be established in a fair, equitable and verifiable calculation method.

AUDIT FINDING

- **Finding: inconsistency** between initial methodology (2014-2020) and indexed methodology (2021-2027)
- Consequence:
  - Hourly rates were indexed by 14,97%
  - Monthly rates indexed by an average of 20% --> Project partners declaring staff costs using the monthly rate are **reimbursed more** than they would have been reimbursed if the new monthly rates had been correlated to the initial methodology
- As the methodology for 2021-2027 is actually an **adjustment** of the amounts established for 2014-2020, **there is no reason to use a different number of hours per year to establish the monthly rates.**
- **The methodology is not compliant with article 53(3), point a) CPR.**

News from Expert group on CPR Funds

Audit findings - examples

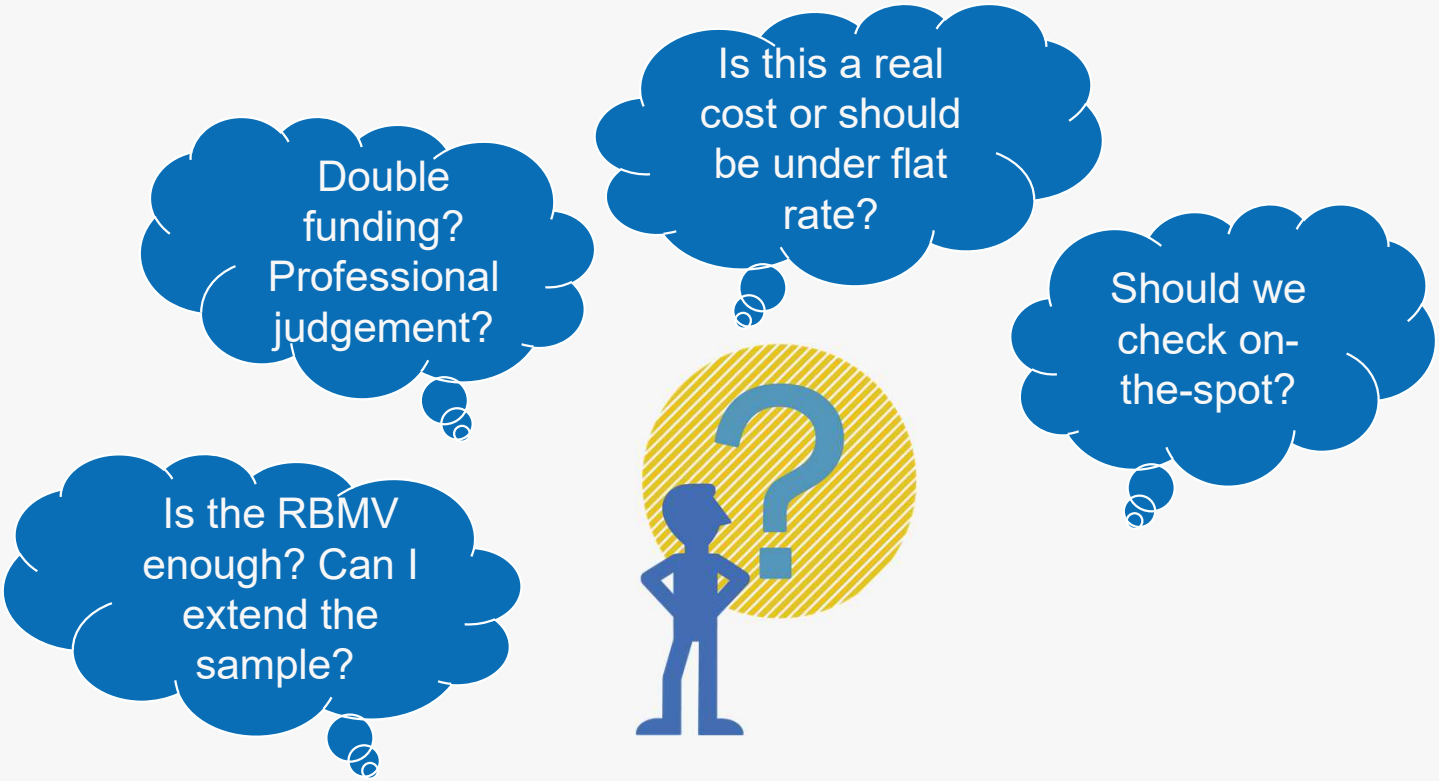
SCOs are less error prone but not error free

Therefore, there is a need to:

- Explain audit controls on SCOs
- Raise awareness on potential weaknesses
- Share useful preventive measures

From the registration: Good news :) fewer or no questions





A reminder…who does what:



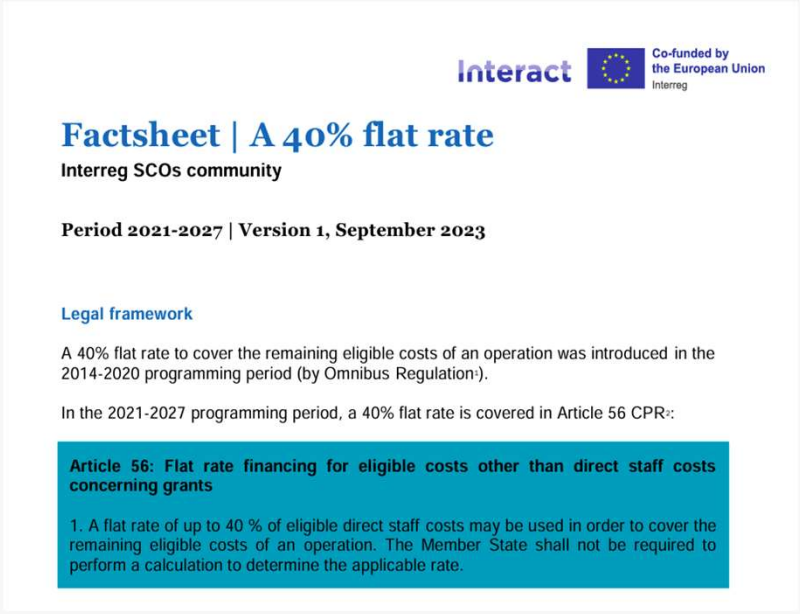
MA/JS	Controllers (assurance on project level)	AA (effectiveness of the whole system)
Setting the framework: • SCO methodology • Programme guidance • Risk assessment • Support to beneficiaries/controllers • Monitoring	Perform (risk-based) verification: • Correct application of SCOs	• Correct establishment of the method • Correct application of the method

Unit costs & lump sums = verification of the delivered outputs/deliverables
Flat rates = basis costs

Individual invoices of underlying expenditure (reimbursed on the basis of SCOs), are not checked.

A reminder…40% flat rate





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Factsheet | A 40% flat rate

Interreg SCOs community

Period 2021-2027 | Version 1, September 2023

Legal framework

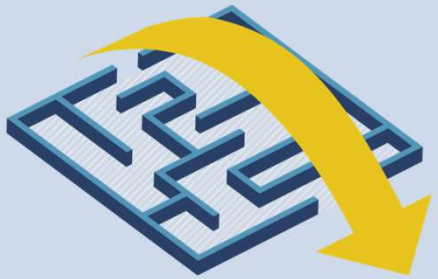
A 40% flat rate to cover the remaining eligible costs of an operation was introduced in the 2014-2020 programming period (by Omnibus Regulation[1]).

In the 2021-2027 programming period, a 40% flat rate is covered in Article 56 CPR[2]:

Article 56: Flat rate financing for eligible costs other than direct staff costs concerning grants

1. A flat rate of up to 40 % of eligible direct staff costs may be used in order to cover the remaining eligible costs of an operation. The Member State shall not be required to perform a calculation to determine the applicable rate.

- Suitable for certain types of projects/beneficiaries
- Focus on the assessment (detailed description of the planned outputs/ results to be delivered)
- Verification: emphasis on the quality of reports, the quality of outputs/ milestones/ results reported in the activity report, and direct staff costs reported by the partner
- Irregularities: correction of staff costs (e.g. travel which was not approved in the AF – correction of direct staff costs by reducing the amount of the staff costs for the day(s) travelled.



SCOs &
double funding

Principles I

The same costs must not be financed twice from the EU budget

- Art. 191 Principle of non-cumulative award and prohibition of double funding, Financial Regulation (EU, Euratom) 2018/1046, paragraph 3: “In no circumstances shall the same costs be financed twice by the budget."

- CPR 2021/1060 in Article 63 – Eligibly paragraph (9) "An operation may receive support from one or more Funds or from one or more programmes and from other Union instruments. In such instances, expenditure declared in a payment application for one of the Funds shall not be declared for either of the following:
  (a) support from another Fund or Union instrument;
  (b) support from the same Fund under another programme. […]"

Principles II

In the context of SCOs main aspects of double-funding to be considered:

- Prevention of reimbursement of same costs within same or different cost category by real costs or SCOs (unambiguous definition of cost categories, or at least type of costs covered by SCOs is crucial);

Double-financing & project life cycle

- Design/Application off-the-shelf:
  Clear definition, rules, examples, provisions in subsidy contract

- Assessment & contracting:
  Checks of activities (project), budget items (eligibility), declarations

Double-financing & project life cycle

- Implementation (= management verifications), checks on:
  - Separate accounting records or project-specific accounting codes
  - Documentation of cost allocation methods where relevant
  - Potential overlaps in activities, outputs and expenditure
  - Maintenance of a complete and reliable audit trail

- Closure:
  - Retention of project records and supporting documents (via subsidy contract)

Typical double-financing items?

1. Staff…
2. Admin & office…
3. Travel & accommodation…
4. External expertise and services…
5. Equipment…
6. Infrastructure and works….

From the registration

- Specific expenditure items covered under flat rate or real costs category
- T&A flat rate; Bus rental split between flat rate T&A and ex ex

Spotlight

- Travel & accommodation flat-rate



What's next;
What we plan focusing on:

- Draft budget – implementation practicalities;
- RBMV and SCOs;
- Double funding publication;
- Role of SCOs in Post 2027.

Please share your feedback

THANK YOU!

SCOs Recap 20 October 2026 | Online

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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