

# SCOs recap

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

Online

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# Meeting objectives



To hear news, updates and reminders



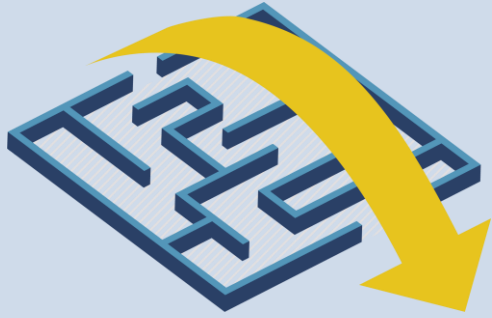
To share experiences, to pitch new ideas



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)

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

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About Interact & our service ▾ Programme management ▾ Project management and skills ▾ Communication & visibility ▾ **Finance & control ▾** Synergies & cooperation ▾

**Finance**

- Accounting function
- Decommitment
- Technical assistance

**Eligibility and SCOs**

- Eligibility
- Simplified Cost Options

**Audit and control**

- Accounts
- Audit
- Irregularities and fraud
- Management verifications

**Other financial aspects**

- Anti-fraud and risk
- Conflicts of interest
- Financial instruments
- Public procurement
- State aid

ACADEMY

Events

|                                                                         |                                                                                                                                                                   |                                                                                          |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| <p>TN Communication network meeting</p> <p>05 September 24   Online</p> | <p>16. Austauschtreffen zu Funktionsgruppen / Exchange meeting on functional groups (unit cost for staff) - No 16 (in German)</p> <p>16 September 24   Online</p> | <p>An introduction to using Plain Language</p> <p>17-18 September 24   Lille, France</p> |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|

<https://interact.eu/#>

## Simplified Cost Options

Even though we do not encourage using abbreviations, you will not find 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.

Where 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 training 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 training 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 5 different ways. For certain types of projects SCOs are the mandatory option to use. SCOs can be also used in combinations 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 practice please have a look at [the collection of SCOs used by all Interact programme](#).

Would you like to know more?

There is also a [dedicated SCOs section](#) 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 an implementation challenges and experiences. In 2020 we will continue collecting the best practices, interesting programme specific SCO examples to foster simplifications provided by SCOs and expand the knowledge and experience of training programmes. As most programmes are well advanced in implementation we also would like to discuss the audit experience. So if you are interested to exchange on the SCOs or just to hear what's new, please join us on 20 October during our [annual SCOs recap webinar](#). The registration is still open!

There have been several questions coming our way regarding double financing. Apart from the dedicated session during the SCOs webinar, we are working on a publication on this topic. The plan is to release it just after the webinar. Please contact us if you would like to share your experience or have a specific question regarding this topic, or you have a particular request what should we covered there. We will try our best to meet your expectations.

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

Last but not least as the discussions on the next programming period are ramping up, do expect discussions on the future of SCOs in training.

### Contact

For more information please contact [Creative Guide](#).

### Want to exchange on this topic?

Please visit our [Financial management network collaboration space](#). You will find there dedicated SCOs Interning folder. You can also exchange with other Programmes on SCO related topics using dedicated [Topic groups](#).

If you would like to learn more about this, please contact [Creative Guide](#).

### Additional resources

[Briefing note 1 Manual on the draft budget method](#)

[Factsheet – 2024 Flat rate](#)

[Update 2024 Verification of SCOs – update on questions](#)

[Factsheet: Reusing SCOs from Union Policies](#)

[Template 1 Appendix 1 – a hand-up example](#)

[Readings for a programme specific SCOs](#)

[Simplified Cost Options – legal references](#)

[Interact SCOs 2021-2027 – Evaluation](#)

[Preparation costs: Lump sum option](#)

[SMA SCOs in Interact programme](#)

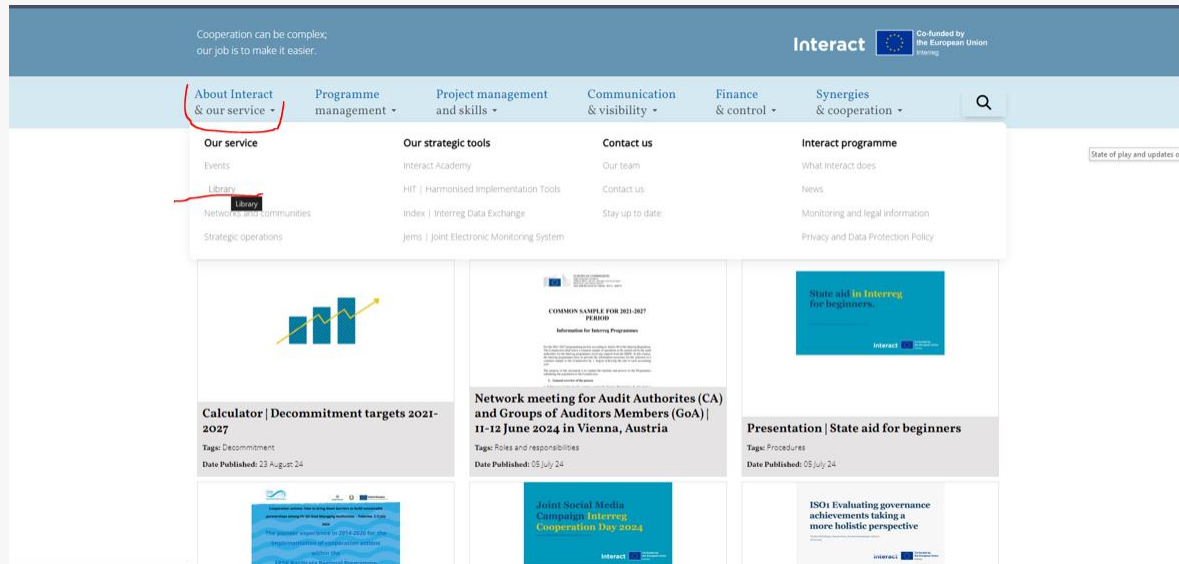
[New EIT SCOs guidelines](#)

[SCOs combination options: Matrix](#)

### Recent Library Items

|                                                                                                                                                                                                                 |                                                                                                                                                                                                                |                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Performance lab info</b></p> <p><b>InterFIN 2026</b></p> <p>Topic: Proc 2027 financing, UE, Environment, NCP, Management on Budget, State aid</p> <p>Date Published: 09 June 2024</p>                     | <p><b>Programme Design</b></p> <p><b>IKF 2025   Programming Post 2027 Design</b></p> <p>Topic: Accounting, Finance, Eligibility, NCP, Training, Knowledge for</p> <p>Date Published: 12 November 2024</p>      | <p><b>Exchange on implementation issues</b></p> <p><b>IKF 2024 Day 1   SCOs: Exchange on implementation issues</b></p> <p>Topic: NCP, Training, Knowledge for</p> <p>Date Published: 11 March 2024</p>         |
| <p><b>Simple introduction of SCOs</b></p> <p><b>Small Projects in Interreg</b></p> <p>Topic: Proc 2027 financing, UE, Environment, NCP, Management on Budget, State aid</p> <p>Date Published: 09 June 2024</p> | <p><b>Small Projects in Interreg</b></p> <p><b>Small Projects in Interreg</b></p> <p>Topic: Proc 2027 financing, UE, Environment, NCP, Management on Budget, State aid</p> <p>Date Published: 09 June 2024</p> | <p><b>Small Projects in Interreg</b></p> <p><b>Small Projects in Interreg</b></p> <p>Topic: Proc 2027 financing, UE, Environment, NCP, Management on Budget, State aid</p> <p>Date Published: 09 June 2024</p> |

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



## Library

You can find all Interact publications and presentations below. Please use the filters to help you find what you are looking for.

You can also look into the topics from the main menu above, this guides you to key documents on specific topics.

Filters 

Tag  SCOs 

Published after 

Published before 

RESET FILTER

# 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](#)

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

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## Verification of simplified cost options (SCOs)

March 2025, v.2<sup>1</sup>

### Practical implications of SCOs on control and audit work

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# SCOs in Interreg Teams Channel (new community)



Financial management network

General

Accounting function

Eligibility of expenditure

Investments in Interreg

Programme Financial Management

SCOs in Interreg



Grzegorz Golda | Interact Friday 14:15 Edited

## Welcome - intro, useful tips and tricks

Welcome to the **Interreg SCOs Channel**! This place is a forum for all of us to connect, share ideas, brainstorm, and work our best together to ensure the uptake of SCOs in Interreg programmes.

### This channel is organised in:

- **POSTS** - this is the place for discussions/ exchange of ideas/ advice/ questions/ news. Discussions are organised and named around specific SCOs topics (e.g., Flat rate 40%, Adjustment of SCOs methodologies, SCOs for events, Verification of SCOs , etc.). If your question/ comment/ news falls under the existing topic, **please post it as a reply in a relevant thread**, within the same window. BTW we kept the most recent threads from the previous SCOs community as pdf files and attached them as files at the beginning of each thread. A special post with an overview of available and currently implemented SCOs in Interreg programmes is available here too. If your topic is not covered by existing threads - **create a new post in channel**, by clicking the button at the bottom of this page. Don't hesitate to ask - this is how we all learn!  
[HERE](#) you will find a file with links to all threads in this section.
- **FILES** - documents are organised in folders. Here you will find files related to the specific SCOs we work on, as well as material/ presentations from our events on SCOs (similar as in posts section we saved the most recent files and folders from the old community).

If you have some specific questions/ requests, send us an email at [sco@interact.eu](mailto:sco@interact.eu)

Your SCOs team

[see less](#)



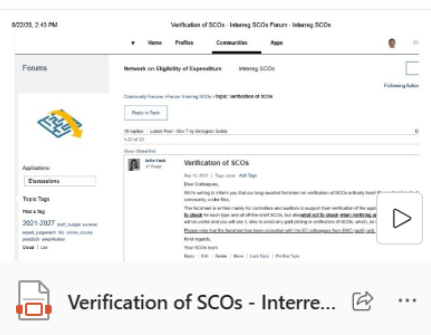
# SCOs in Interreg Teams Channel - posts



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.



Reply in thread



Grzegorz Golda | Interact Friday 14:32

## Interreg SCOs 2021-2027 Collection

[Gateway to discussion threads](#)

# SCOs in Interreg SharePoint

## Financial management network

Przemysław Kniaziuk | Interact

### News

+ Add



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



**Interact New collaboration environment coming soon**  
Interact is transitioning out of our IB...  
GA.Ludwiczak March 21



**IBM Connections in read only mode**  
While Interact builds its new...  
GA.Ludwiczak March 21

[+ New](#) [Upload](#) [Edit in grid view](#) [Sync](#) [All Documents](#)

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



# Collection of Interreg SCOs in 2021-2027



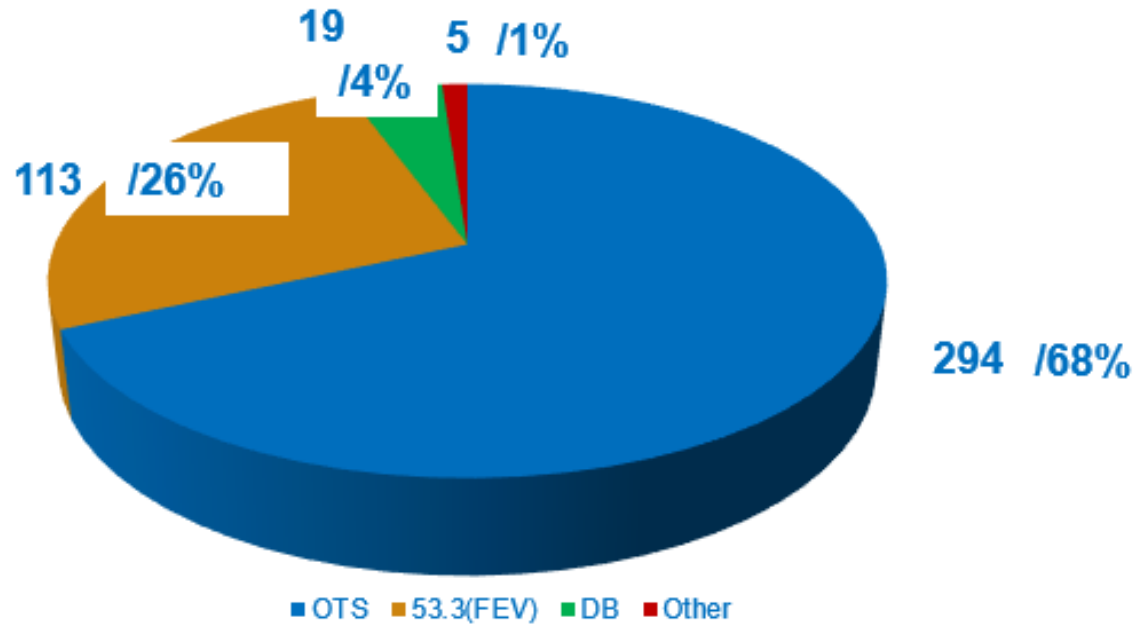
| Interreg SCOs 2021-2027                                                    |                                                                  |                                                                                                                           |                                                                                                                                                                                        |                                                                                                                                                                   |                                                                                                                                        |                                                                                                                          |
|----------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 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<br>IR = Interreg Regulation                                     | also, specify if 'Other SCO' was selected in the previous column.<br>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 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/Brandenburg/Poland ▾ | 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/Brandenburg/Poland ▾ | Björn Gabler (b.gabler@wm.mv-regierung.de)                       | Flat rate travel and accommodation - up to 15 % of the direct staff costs, Article 42(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 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 53(3)(c) IR (OTS) ▾ | 10% for partners with costs for infrastructure and works (IC6) and 20% for partners without costs for infrastructure and works (IC6)                                                   | Programme - beneficiary SCO, Article 53 CPR ▾                                                                                                                     | regular projects ▾                                                                                                                     | optional                                                                                                                 |
| (Interreg VI-A) Germany/Mecklenburg Western Pomerania/Brandenburg/Poland ▾ | 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/Brandenburg/Poland ▾ | 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

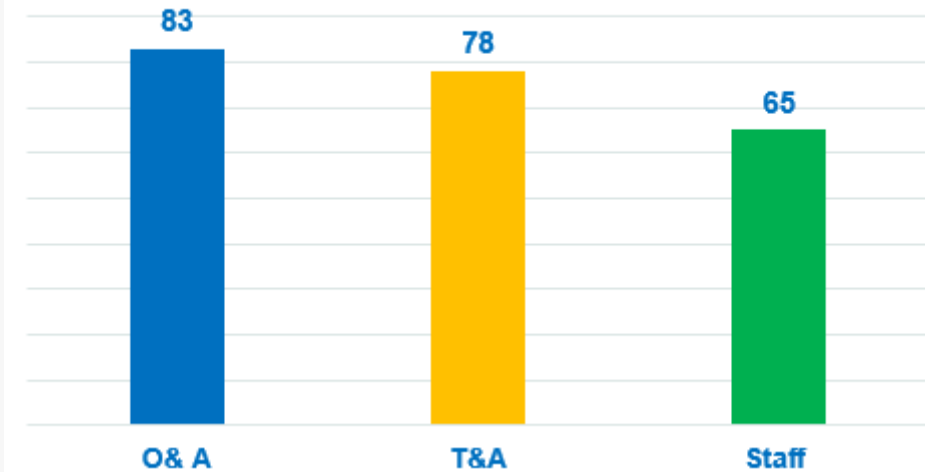


# Collection of Interreg SCOs in 2021-2027

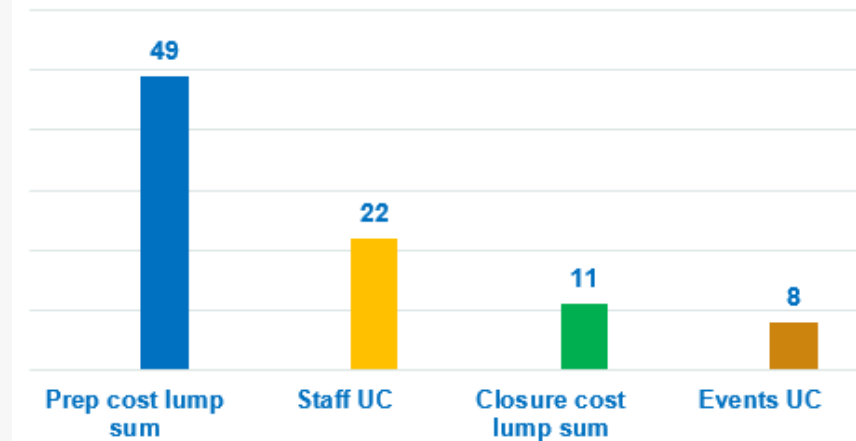
SCOs in Interreg (>80) Total 431



Top 3 Flat rates



Top 3 FEV



# Collection of Interreg SCOs in 2021-2027

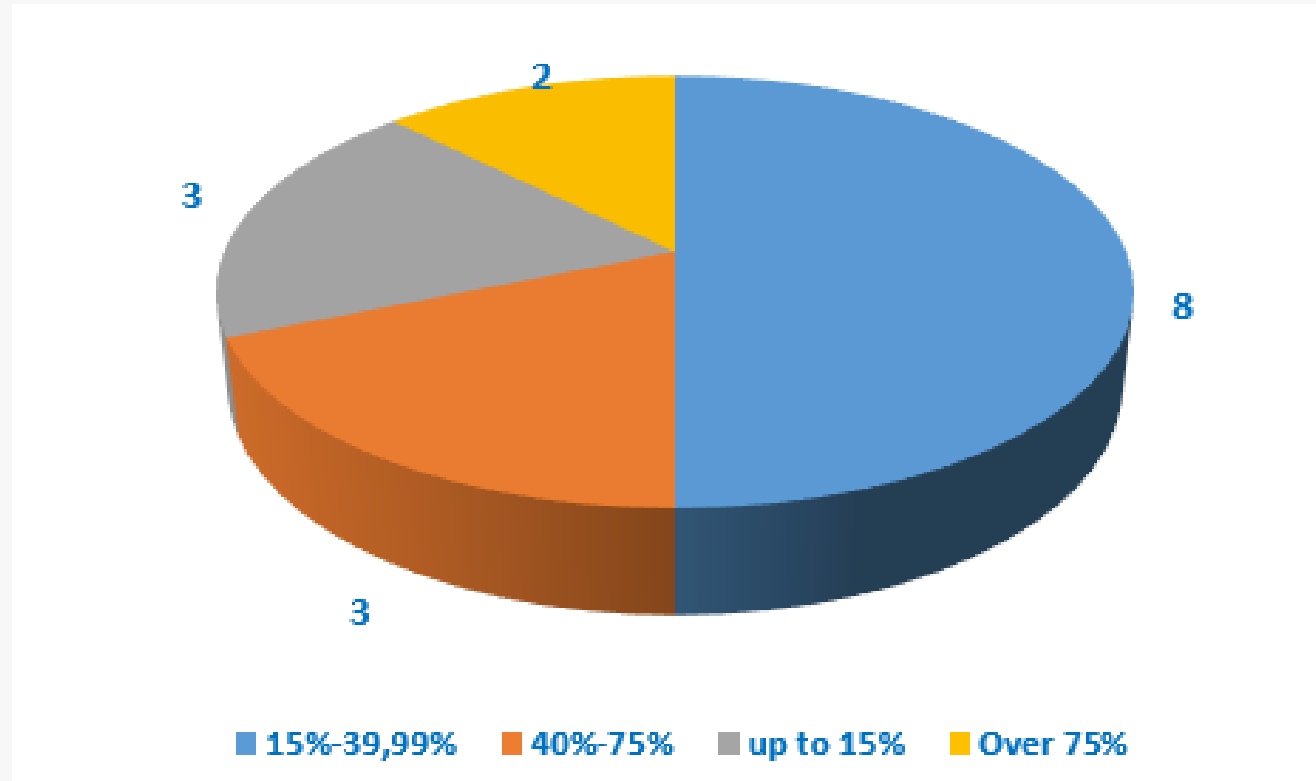


## Interesting examples:

- 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.

## Article 42

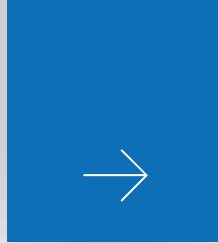
### External expertise and services costs

- (o) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers; and
- (p) other specific expertise and services needed for operations.

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.

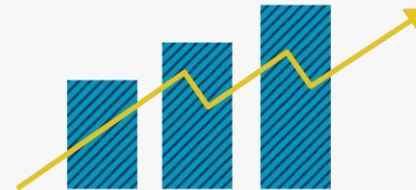
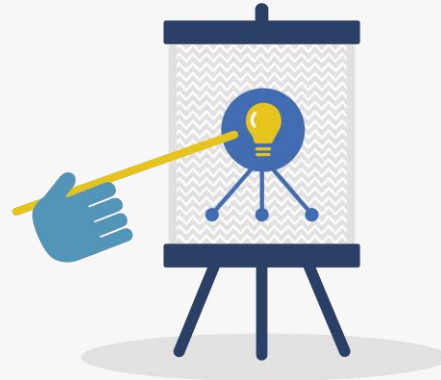
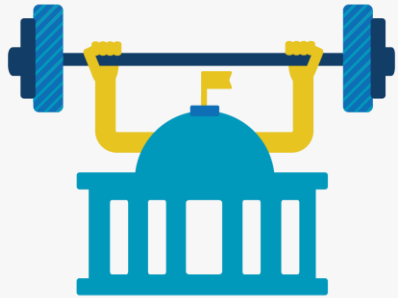
# Any more questions?





# 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

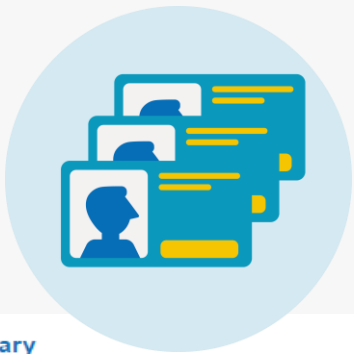
**Do you observe similar in your programmes?**

**Is there anything missing here?**



**Is this a SCOs specific problem or not necessarily?**

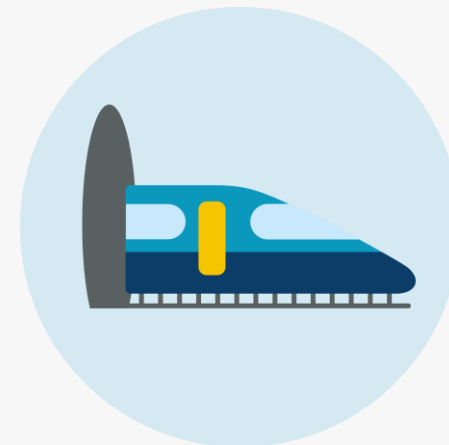
# Haven't we simplified ?



## 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                                |                                                     |                                                              |
|-----------------------------------------------------------|------------|--------------------------------|--------------|-------------------------------------|-----------------------------------------------------|--------------------------------------------------------------|
|                                                           | Full-time  | Part-time                      |              | Hourly rate                         |                                                     | Flat rate <sup>14</sup><br>(e.g., up to 20% of direct costs) |
|                                                           |            | Fixed percentage <sup>15</sup> | 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                                                  | ✓          | ✓                              | ✓            | ✓ ✗ <sup>16</sup>                   | ✓ ✗ <sup>17</sup>                                   | ✗                                                            |
| 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

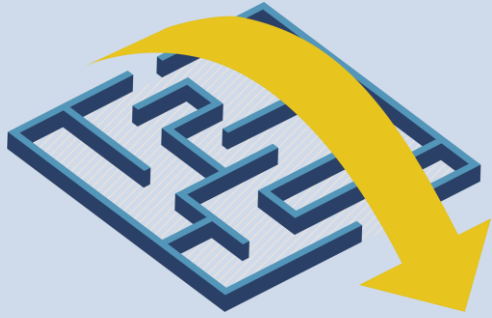
**Any other ideas?**

# Any more questions?



# Break





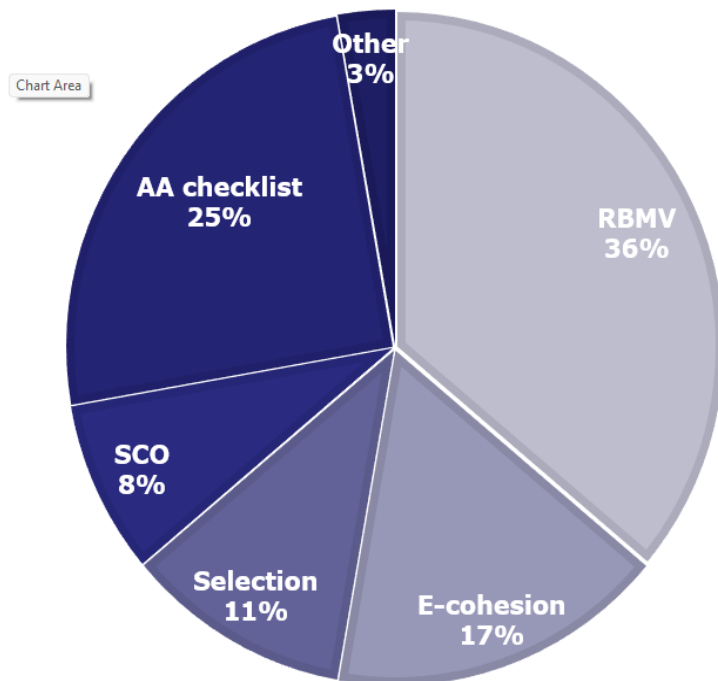
# SCOs - management verifications and audits.



# News from DG Regio TN network on simplification

## MAIN AREAS OF GOLD-PLATING PRACTICES

■ RBMV ■ E-cohesion ■ Selection ■ SCO ■ AA checklist ■ Other



## 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 they use the "off the shelf" or "real costs".

# Risk based management verifications



## Risk based management verifications Article 74(2) CPR 2021-2027<sup>1</sup>

### 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



### Findings:

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

# News from DG Regio TN network on simplification

## Top types of errors (financial impact)

### REGIO

| AA                   | DAC             | AA              | DAC                  |
|----------------------|-----------------|-----------------|----------------------|
| Public proc.         | Ineligible exp. | Public Proc.    | Ineligible operation |
| Ineligible exp.      | State aid       | Ineligible exp. | Public proc.         |
| Ineligible operation | Public proc.    | Missing docs.   |                      |
| 14-20                |                 | 21-27           |                      |

## 6. Simplified Cost Options

### Typical issues observed:

Weaknesses in the application of an approved methodology

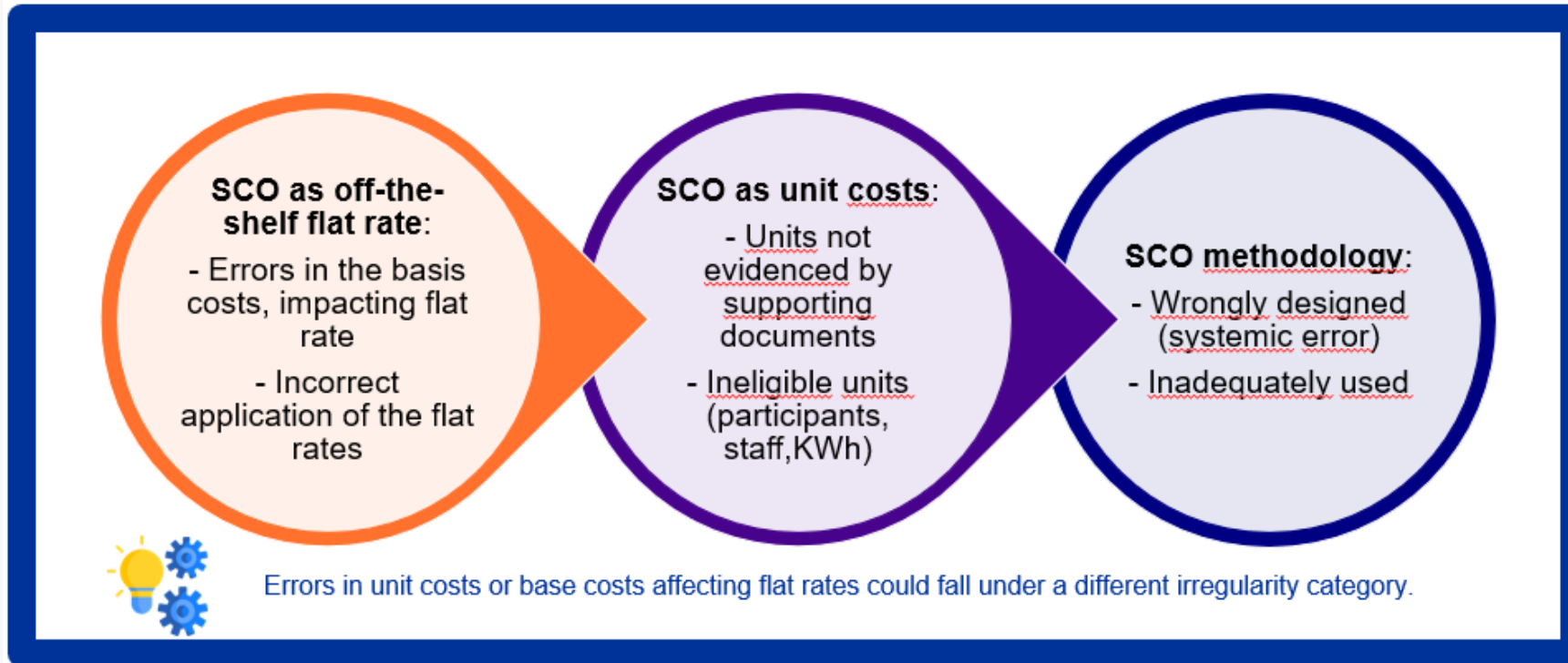
### Examples:

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

**2014-2020 – 2021-2027**



# 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%)**

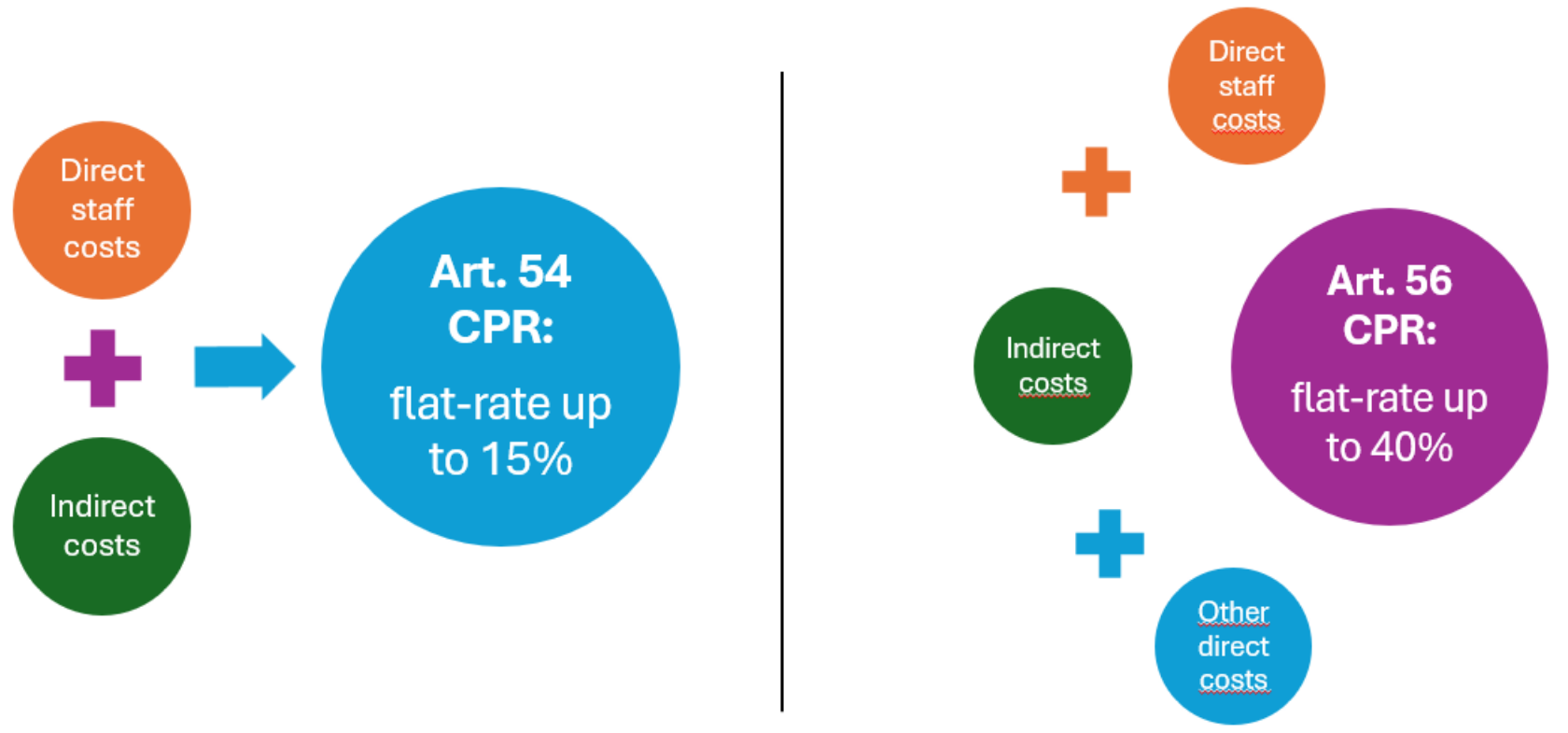
*"A flat rate of up to 40 % of eligible direct staff costs may be used in order to **cover the remaining eligible costs of an operation**. The Member State shall not be required to perform a calculation to determine the applicable rate."*



# News from DG Regio TN network on simplification

## Incorrect use of up to 40% flat rate

### Art. 56 CPR vs Art. 54 CPR



# 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

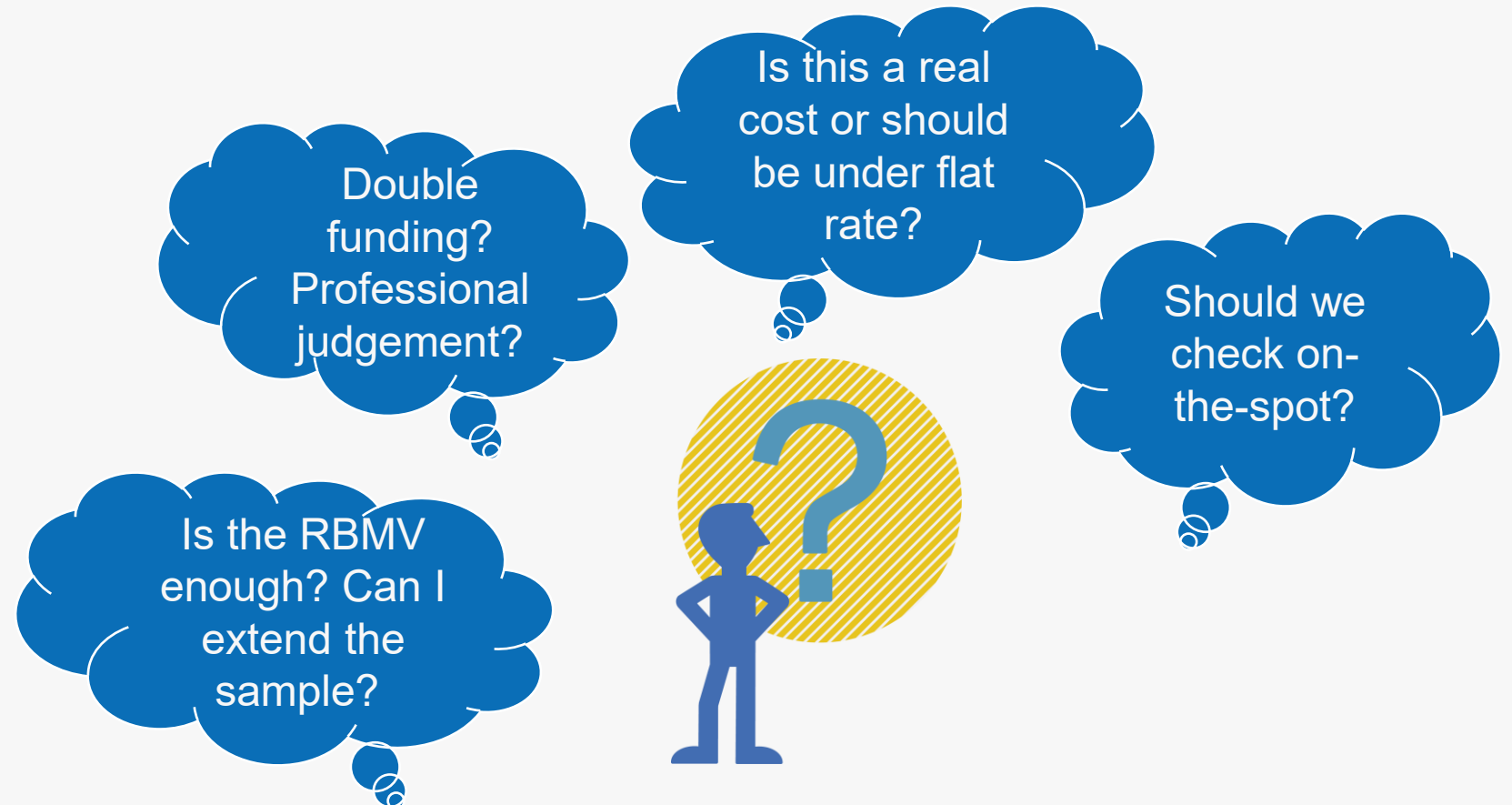
## Audit findings - examples

*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<br>(assurance on project level)                                                                        | AA<br>(effectiveness of the whole system)                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Setting the framework: <ul style="list-style-type: none"> <li>• SCO methodology</li> <li>• Programme guidance</li> <li>• Risk assessment</li> <li>• Support to beneficiaries/controllers</li> <li>• Monitoring</li> </ul> | Perform (risk-based) verification: <ul style="list-style-type: none"> <li>• Correct application of SCOs</li> </ul> | <ul style="list-style-type: none"> <li>• Correct establishment of the method</li> <li>• Correct application of the method</li> </ul> |

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

- 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.



## Factsheet | A 40% flat rate

Interreg SCOs community

Period 2021-2027 | Version 1, September 2023

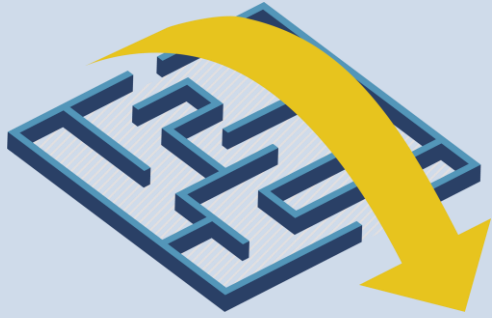
### Legal framework

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

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

#### 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.



# 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](https://Interact.eu/Library)**

**Want to discuss it? Join our MS Teams environment!**  
**[Portal.Interact.eu](https://Portal.Interact.eu) | Programme and Project Management**

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