

# **Romanian Managing Authorities experience in the uptake of SCO's**

**Interreg Next Programme Romania Ukraine  
Interreg Next Programme Romania Moldova  
Interreg Next Black Sea Basin Programme**

Iulia Hertzog

Director, Head of MA,  
MRDPWA

October 18, 2023

## **Conclusion from the Report of the High Level Expert Group monitoring simplification for beneficiaries of ESI Funds (HLG)**

- “Simplification will not be the silver bullet for all of today's challenges, but it will certainly help make the results of these vital funds, and the policies that underlie them, more visible to the people and improve their lives.”
- In this respect, the regulatory framework for 2021-2027 took into account the proposals formulated in the report and the simplified costs options have been extended to numerous programmes, including the NEXT.

# General considerations for all three programmes

- Only use of the off the shelf cost options
- All project partners must use the SCO for these budget lines, no combination with real costs allowed
- Different cost options selected for regular and small scale projects in order to meet the needs of the beneficiaries

## Main reasons for the uptake of SCOs

- Streamlining the process of verification and reimbursement of costs
- Reduced administrative burden at the level of the beneficiaries

# Simplified cost option

## Regular Projects

Type of cost	Romania-Ukraine Programme	Romania-Republic of Moldova Programme	Black-Sea Basin Programme
Staff costs	<u>up to</u> 20% of the direct costs	<u>up to</u> 20% of the direct costs	20% of the direct costs
Office and administrative costs	<u>up to</u> 7% of the direct costs of the project	<u>up to</u> 7% of the direct costs of the project	7% of the direct costs of the project
Travel and accommodation costs	<u>up to</u> 15% of direct staff costs	NA	NA

# Simplified cost option

## Small Scale Projects

Type of cost	Romania-Ukraine Programme	Romania-Republic of Moldova Programme
Staff costs	<u>up to</u> 20% of the direct costs	NA
Office and administrative costs	<u>up to</u> 7% of the direct costs of the project	<u>up to</u> 7% of the direct costs of the project
Travel and accommodation costs	<u>NA</u>	NA

# **Simplified cost option**

## **Small Scale Projects, Black Sea Basin Programme**

### **Real Costs (Staff costs)**

In this case project partners will have to keep record of the supporting documents related to this category of expenditure and should be able to demonstrate at any time that the Programme rules and the relevant legislation have been observed.

**Flat Rate (Office and Administration, Travel and Accommodation, External expertise and services and Equipment)** - 40% of eligible direct staff costs, in accordance with art.56 alin 1. of the EU Regulation no. 2021/1060 (CPR).

# Audit Trail for SCO calculated through the flat rate for all three programmes

## ☐ for Office and administration, Travel and accommodation and Staff costs calculated as a Flat Rate

- *No justifying /supporting documents proving the expenditures incurred and paid have to be provided to the controller or kept for further controls*

*However, project partners will have to keep record of the supporting documents related to the expenditure based on real costs under all other budget lines and be able to demonstrate at any time that the Programme rules and the relevant legislation have been observed.*

## ☐ Grant Contract provisions:

- *No justifying /supporting documents proving the expenditures incurred under cost categories Staff costs and Office and administration costs have to be provided.*

# Simplification brought by SCOs in the verification and control process

**When verifying the correct application of the flat rates, the control structures need to:**

- ❖ Examine the programme rules concerning the SCO to be used and check that:
  - ✓ the flat rate takes into account the right categories of cost, i.e., it uses the correct category(-ies) of eligible costs on which the flat rate is based and NOT IF the category of costs covered by the flat rates exists.
  - ✓ the flat rate percentage has been used correctly.
  - ✓ there is no double declaration of the same cost item, i.e. that the 'basis cost' or any other real costs do not include any cost item that normally falls under the flat rate.
  - ✓ the amount calculated by applying the flat rate is proportionally adjusted if the value of the basis cost(s) to which the flat rate is applied has been modified due for example of some ineligible expenditure included in the 'basis costs'.



## What for the future in order to increase and extend the utilization of SCO's

□ predictability and legal certainty in the process of control and audit

**AND**

□ the simplification of rules to be maintained for the next period and possible completed by clear rules for “bad” behaviors in implementing the funds

**THANK YOU!**