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Verification of existence of the cost category in the case of travel and accommodation costs reimbursed using the flat rate

Dear Mr. Gilland, dear Mr. Halkin,

Following the revised answers to the question QA00209 posted recently (in January 2024) in the Regiowiki, Interreg programmes would like to request a reconsideration of the reply.

The answer provided more clarifications, which was welcomed, yet it still does not address the core of the issue. In programmes' opinion the requirement, when SCOs are being used, does not stem from the regulatory framework and is against the simplification spirit. Hence, Interreg programmes believe that this problem concerns the fundamentals of how SCOs, flat rates in particular, are being verified. Please find below programmes' detailed arguments.

Article 74 (1) (a) (ii) of CPR gives mandate to a Managing Authority to check only if the conditions for reimbursement of expenditure to the beneficiary have been met.

The verification of the existence of the cost category during the implementation phase is also not mentioned in point I.13 of Annex XIII to CPR, where obligatory elements of the audit trail for grants taking the forms set in points (a) to (e) of Article 53(1) are set.

In addition, the Commission notice guidelines on the use of SCOs (revised version), make it very clear what has to be checked (all requirements have been explained in chapter 5.3.2.1). There is no requirement regarding verification of the existence of the cost category during the verification of the correct application of the method (according to the guidelines this requirement exists only during the establishment of the calculation method – chapter 5.3.1).

Furthermore, the point 5.3 of the Guidelines notifies, that the scope of management verifications and audits on the expenditure for reimbursement based on a SCO methodology will cover outputs/deliverables for unit costs and lump sums, and basis costs in case of flat rate financing.

As expressed above, the Commission's answer to verify the existence of the costs category, in programmes' view, doesn't stem from any legal provisions. In consequence no legal/financial corrections could be imposed on beneficiaries, as there is no legal basis. Such a decision of the controller/MA would be appealed against and a court wouldn't defend it. The provisions of the Commission answer are therefore according to the programmes legally invalid, and thus create additional administrative burden for controllers and the programmes.

Last but not least, in the case of Interreg programmes, project partners are expected to travel and hold meetings because of the nature of the joint projects. Without working together, also through joint meetings, it is impossible to develop joint solutions to shared problems. Reporting travel expenses as real costs was very burdensome, due to the nature of such costs (high volume, low value). That is why the Interreg community positively welcomed the introduction of the flat rate.

While the legal argument is the most important, programmes believe that introducing this requirement will have a counterproductive effect on a significant simplification achieved with the introduction of the flat rate, it will lead to various interpretations and eventually it may also unnecessarily increase the administrative burden.

Therefore, Interreg programmes kindly request that the European Commission revises their position on this matter too, and removes this obligation.

Yours sincerely



Petra Masáková
Head of Interact Managing Authority