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|  | EUROPEAN COMMISSION  DIRECTORATE-GENERAL  REGIONAL AND URBAN POLICY  Director-General |



Questions and Answers

QA00209 - Audit of travel and accommodation costs reimbursed based on a flat rate

**Disclaimer:** This file includes answers to Member States’ questions on the provisions relevant to the Funds covered by the CPR. The answers in this file express the view of the Commission services and do not commit the European Commission. Only the Court of Justice of the European Union is competent to authoritatively interpret Union law.

(info) *Relevant Article*: Article 41(5) of the Interreg Regulation (EU) 2021/1059

(info) *Member State*: n/a

**Question 1 (including any relevant facts and information):**

Original question from a MA: "Off the shelf" flat rate for travel and accommodation costs up to 15% of the direct costs of the operation (Article 41(5) of the Interreg Regulation) - to confirm the eligibility of expenditures it is sufficient for the authorized control body to verify whether:

* this category of costs was planned in the project budget, and if so, whether the flat rate does not exceed the planned budget and limits resulting from regulations and decisions made in the program,
* the expenses constituting the basis for calculating the flat rate were checked to verify that no ineligible expenses were included,
* the amount corresponding to the flat rate in the payment application has been mathematically correctly calculated.”

In this context the following question arises: if the flat rate for travel and accommodation as defined in Article 41(5) of the Interreg regulation are adequately verified through the points above which are similar to the verification points followed for indirect costs.

For indirect costs, during an audit, the main risk lies with the verification of the basis to which the flat rate applies as it may happen that costs included in the basis are of indirect nature so the verification aims to address the possible risk of double funding, together with the correct calculation of the indirect costs are necessary. There is no specific verification to confirm that this category of costs exists for the beneficiary.

The risk for the off the shelf SCO related to travel and accommodation is linked **to non-occurrence of travelling or accommodation** despite them being planned in the budget of the project. We estimate this risk to be low given the nature of the projects, but there may be instances where meetings are held remotely and no travel to the meetings or related accommodation occurs.

**Answer:**

***This answer was updated on 17 January 2024. The changes are struck through and the added text is in blue and underlined*.**

~~By their nature,the~~ Interreg projects aim at improving cooperation among Member States and their regions and, where relevant,~~partner countries and~~ third countries. Therefore, travel and accommodation costs are often necessary in order to implement projects. If a project does not include any expenditure related to travel and accommodation, then this category of expenditures~~shall~~ cannot be included in the budget and consequently the relevant flat rate cannot be used for that project.~~will not be reimbursed~~.

Management verifications and audits will be based on elements set out in Annex XIII CPR (in relation to simplified cost options, in particular its point 13). In relation to Article 41(5) of the Interreg Regulation, the following elements will be verified:

* the categories of costs mentioned in Article 41(5) are envisaged in the~~grant agreement~~ document setting out the conditions for support for the operation~~and are relevant for the respective type(s) of operation;~~
* progress reports contain details of (physical) meetings~~carried out~~ held between the project partners or in the presence of project partners for project implementation;
* there is no ineligible expenditure included in the “basis for the calculation”;
* there is no double declaration of the same cost item, i.e. the “basis for the calculation” 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.

When using a flat rate, there is no~~need to~~ justification (=verification) of the real costs of the categories of expenditure covered by the simplified cost options.~~as in the case of~~ For support provided in the form of SCOs, eligible expenditure is determined purely on the basis of a predetermined rate, instead of by reference to real costs incurred by beneficiaries.

**Question 2 (including any relevant facts and information):**

If the reply to the first question is that audits should check that the categories of costs existed, what should controllers/auditors get as sufficient evidence?

**Answer:**

***This answer was updated on 17 January 2024. The added text is in blue.***

~~Considering the reimbursement under an SCO scheme, management verifications and audits should limit themselves to get assurance that the category of costs exists. Therefore, the auditors may gather this information from either a mission order or report or a recording of a meeting or similar evidence.~~

With regard to reimbursement under an SCO scheme, management verifications and audits must limit themselves to obtaining assurance that the category of costs exists. Project reports submitted by project partners are sufficient evidence, where these refer to travel and accommodation taking place as part of the project’s activities. Where there is no mention of the existence of travel and accommodation in the project reports, any similar evidence is to be considered sufficient evidence of the existence of these costs.

At the moment of a management verification or an audit, it is possible that no travel and accommodation may have occurred within a project. (There may only be a limited number of such activities within the project, or they may be concentrated at the end of the project, for example.) In such cases, their existence in the document setting out the conditions for support for the operation or in the application for funding can be checked at that time and the audit can be closed with a recommendation for the MA to ensure that it checks the existence of the category of costs at the end of the project.

A single item of travel and accommodation, during the entire lifetime of the project, is sufficient to consider that the existence of the category of costs has been proved.

**Question 3 (including any relevant facts and information):**

Is article 41(4)[[1]](#scroll-bookmark-3) of the Interreg regulation only applicable in the case that reimbursement is made based on real costs or it should be also considered when the costs are to be reimbursed via the 15% flat rate mentioned in article 41(5)?

**Answer:**

Article 41(4) of the Interreg regulation applies only when costs are reimbursed based on real costs and not when reimbursement is done via the flat rate mentioned under Article 41(5) or any other SCO in relation to travel and accommodation.

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[[1]](#scroll-bookmark-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.”