

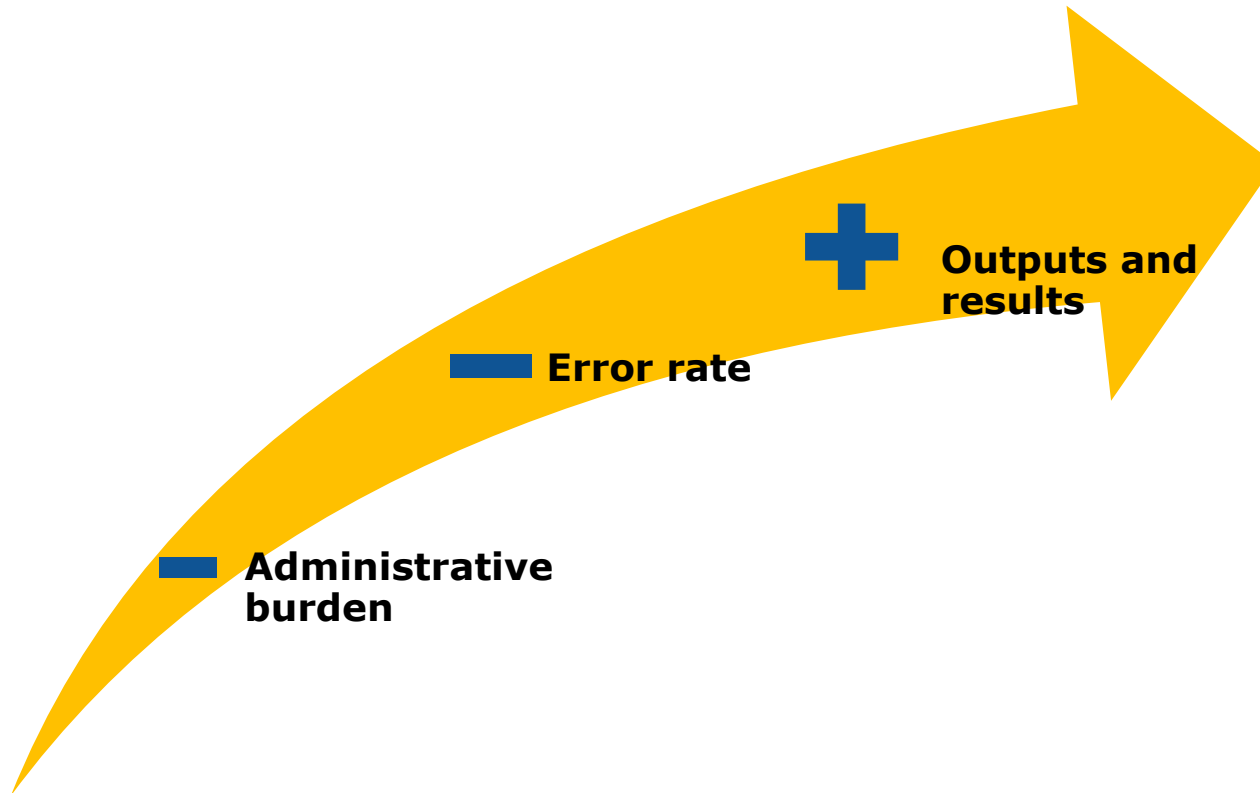


Simplified Cost Options

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Why should you use SCOs?





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Simplified Cost Options

Flat rate financing

Art.67d) CPR

Standard scales of unit costs

Art.67b) CPR

Lump sums

Art.67c) CPR



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From a real cost system...

Costs fully justified on a real costs basis

Training costs for 7 certified trainees

Direct costs = 6.000 €

| | |
|---|--------------|
| 1. Personnel cost | 5.000 |
| Internal personnel – remuneration | 3.500 |
| Int. pers. - transport home/work | 200 |
| Internal personnel – travel costs | 300 |
| External personnel – remuneration | 1.000 |
| External personnel - travel costs | 0 |
| | |
| 2. Product develop and consumption | 1 000 |
| Non depreciable consumption goods | 200 |
| Publicity | 150 |
| Organisation costs | 650 |
| Other costs | 0 |

Indirect costs = 1 000 €

| | |
|---|-----|
| Personnel costs (management) | 350 |
| Equipment and immovable goods (depreciation) | 25 |
| Internal administration, accountancy, management | 120 |
| General doc. and publicity for courses & structure | 65 |
| Office supplies | 110 |
| Telephone, post, fax | 20 |
| Taxes and insurance | 150 |
| Movable material (depreciation) | 85 |
| Immovable goods | 0 |
| External accountancy costs | 75 |
| Other costs | 0 |

Total costs : 6.000 + 1.000 = 7.000€

...to a calculated flat rate for indirect costs

Costs fully partly justified on a real costs basis

Training costs for 7 certified trainees

Direct costs = 6.000 €

| | |
|-----------------------------------|--------------|
| 1. Personnel cost | 5.000 |
| Internal personnel – remuneration | 3.500 |
| Int. pers. - transport home/work | 200 |
| Internal personnel – travel costs | 300 |
| External personnel – remuneration | 1.000 |
| External personnel - travel costs | 0 |

| | |
|---|--------------|
| 2. Product develop and consumption | 1 000 |
| Non depreciable consumption goods | 200 |
| Publicity | 150 |
| Organisation costs | 650 |
| Other costs | 0 |

Total costs : 6.000 + 1.020 = 7.020€

Indirect costs

**Analysis of historical data
(calculation method to be
justified):**

**indirect costs = 17% of direct
costs**

6.000 x 17% = 1.020€

...to a calculated flat rate for indirect costs

Costs fully partly justified on a real costs basis

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| External personnel - travel costs | 0 |
| | |
| 2. Product develop and consumption | 1 000 |
| Non depreciable consumption goods | 200 |
| Publicity | 150 |
| Organisation costs | 650 |
| Other costs | 0 |

Total costs : 6.000 + 675 = 6.675€

Indirect costs

Use of article 68 (1) (b)

*indirect costs = 15% of **direct staff costs***

4.500 x 15% = 675€

.....to a flat rate of 40% of the direct staff costs

Costs fully partly justified on a real costs basis

Training costs for 7 certified trainees

Direct **staff** costs = 4.500 €

| | |
|--|--------------|
| 1. Personnel cost | 5.000 |
| Internal personnel – remuneration | 3.500 |
| <i>Int. pers. – transport home/work</i> | <i>200</i> |
| <i>Internal personnel – travel costs</i> | <i>300</i> |
| External personnel – remuneration | 1.000 |
| <i>External personnel – travel costs</i> | <i>0</i> |

Other costs =

Up to 40% of the direct staff costs

4.500€ x 40% = 1.800€

Total costs: 4.500 + 1.800 = 6.300 €



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**Standard scales of
unit costs**

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Indirect costs = 1 000 €

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| Immovable goods | 0 |
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| Other costs | 0 |

Total costs : 6.000 + 1.000 = 7.000€

... to standard scales of unit costs

Costs fully justified on a ~~real costs~~ calculated basis

Training costs for 7 certified trainees

Unit cost

A training costs **1,000€** per person completing the training

Output foreseen

7 people will follow the training = a total of 7 persons completing the training

Maximum expenditure

7 persons x 1,000€ = **7,000€**

Output achieved

1 trainee dropped-out at the middle of the course = **6 persons trained**

Expenditure declared

6 persons trained x 1,000€ = **6,000€**



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Total costs : 6.000 + 1.000 = 7.000€

...to a lump sum

Costs fully justified on a ~~real costs~~-calculated basis

Training costs for 7 certified trainees

Output foreseen

The training takes place



Lump sum

the training is expected to cost **7,000€**



Maximum expenditure

training = **7,000€**



Output achieved

(1) The training takes place

(2) Only a part of the training takes place or not at all



Expenditure declared

(1) Training = **7,000€**

(2) A part of the training or no training = **0€**

**Max: 100,000 EUR
public contribution !**

What are the calculation methods ?



Ex ante evaluation

Fair, Equitable and Verifiable method



Ex ante evaluation

Fair, Equitable and Verifiable method

- **Statistical data or other objective information**
- **The verified historical data of individual beneficiaries**
- **The application of the usual cost accounting practices of individual beneficiaries**

What are the calculation methods ?



Ex ante evaluation

Fair, Equitable and Verifiable method

Use of existing EU schemes

(for similar type of operation and beneficiary)

Use of existing own national schemes

(for similar type of operation and beneficiary)

Use of specific rates and methods from the CPR and Fund specific regulations



Use of specific rates and methods from the CPR and Fund specific regulations

- **Article 68(1) (b) CPR:** flat rate of up to 15% of eligible direct staff costs for indirect costs
- **Article 68(2) CPR:** the hourly rate can be calculated by dividing the latest documented annual gross employment costs by 1 720 hours
- **Article 14(2) ESF:** a flat rate of up to 40% of the eligible direct staff costs to cover the remaining eligible costs
- **Article 19 ETC:** the direct staff costs can be calculated at a flat rate of up to 20% of the direct costs other than the staff costs.

What are the calculation methods ?



Ex ante evaluation

Fair, Equitable and Verifiable method

Use of existing EU schemes

(for similar type of operation and beneficiary)

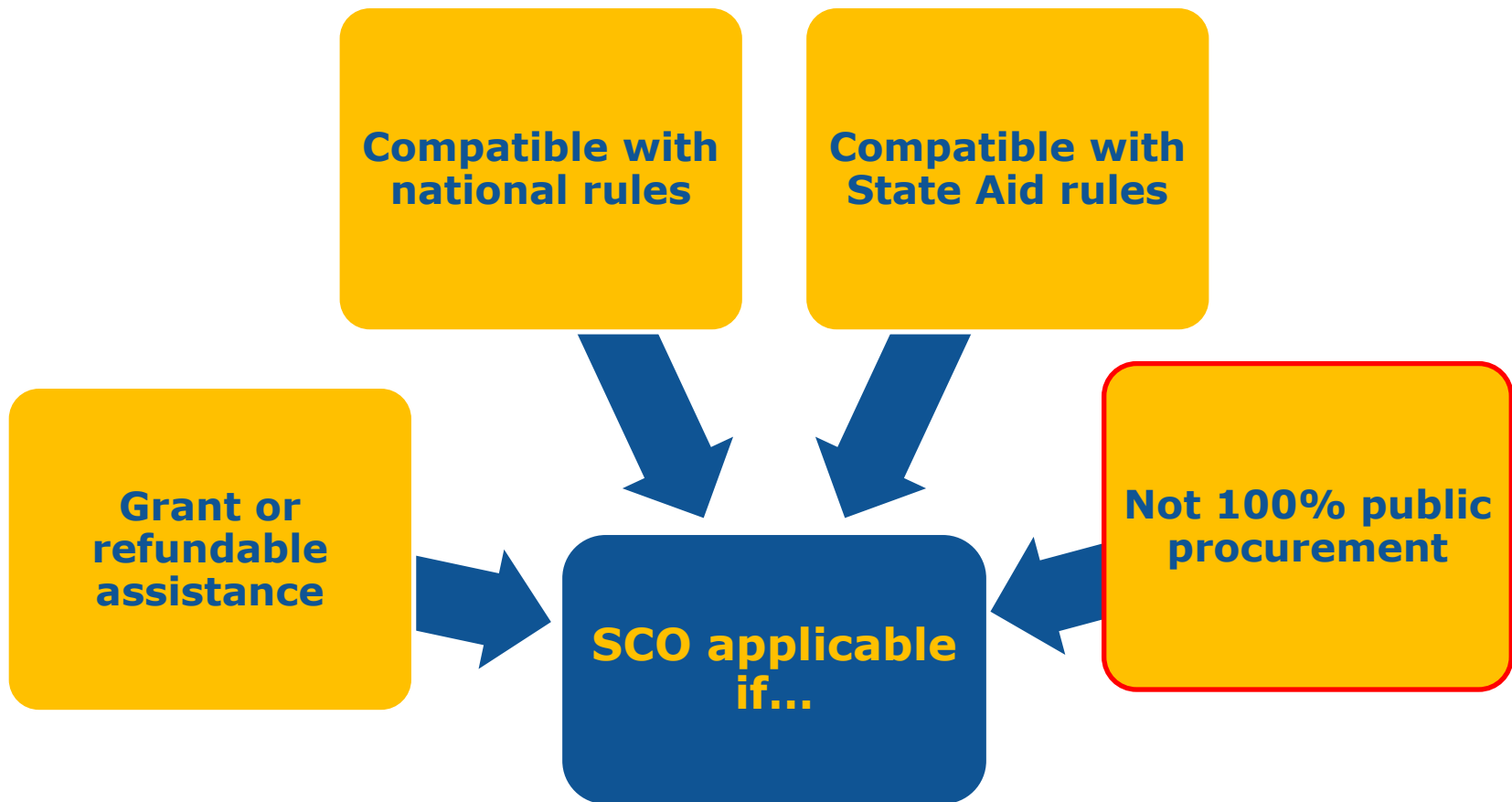
Use of existing own national schemes

(for similar type of operation and beneficiary)

Use of specific rates and methods from the CPR and Fund specific regulations

On the basis of a draft budget (ESF, <100.000 EUR of public support)







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What about audit of SCOs?

A few figures about audit of SCOs

ECA – discharge exercise of 2012:

- 26% of the ESF transactions were using SCOs
- 0 error linked to the use of SCOs

"The Court recommended [...] that the Commission should extend the use of lump sum and flat rate payments instead of reimbursing 'real costs' in order to reduce the likelihood of error and the administrative burden on project promoters. [...] Projects whose costs are declared using SCOs are less error prone.

Thus a more extensive use of SCOs would normally have a positive impact on the level of error"

What is being checked, and where?

Managing Authority

- **Check of the methodology** (including compliance with State aid rules)
- **Verification of the supportive documents** (also at beneficiary level)

Beneficiary

- **Check of the application of the methodology**
- **No verification of the underlying real costs**



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If you are looking for more...

Some "advanced level SCOs"

Please refer to:

- The **Joint Action Plans** (guidance to be issued for the ESF TWG of 15/10)
- **Article 14(1) ESF** (Fiche 21 and guidance to be issued for the ESF TWG of 15/10)

For more information on SCOs

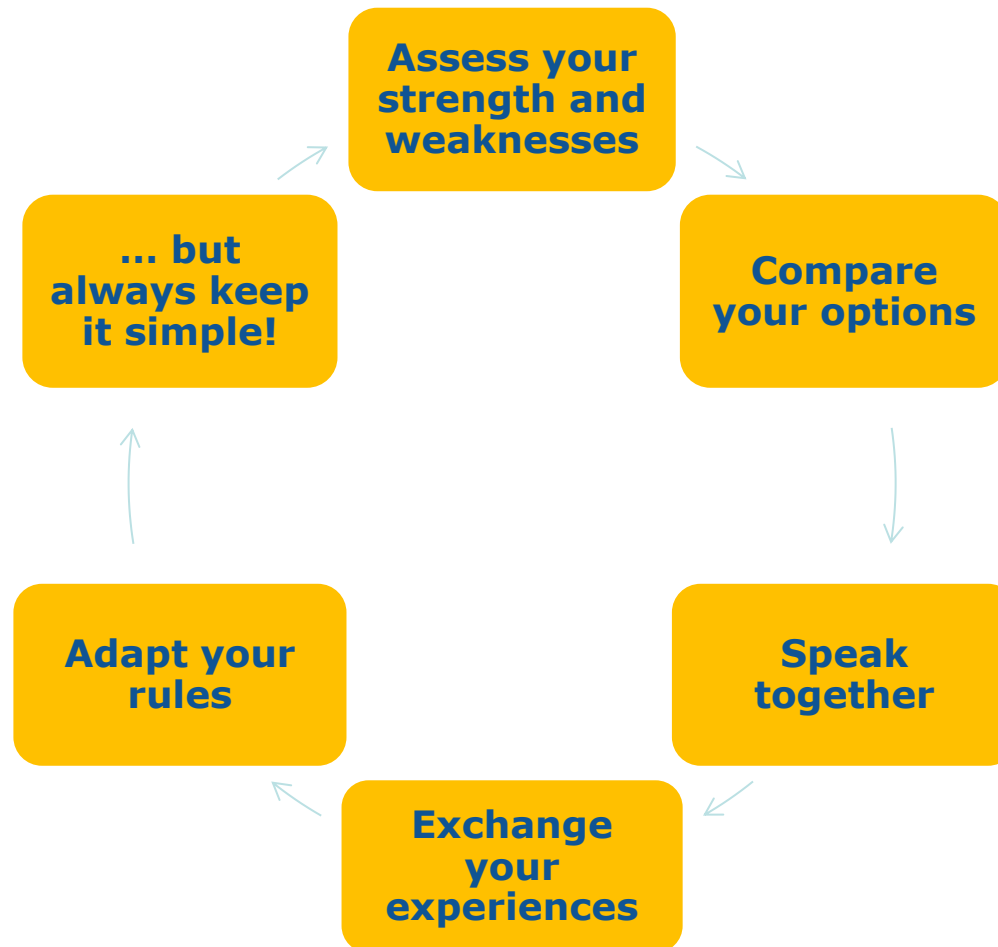
Please refer to:

- The Guidance on Simplified Cost Options – EGESIF_14-0017 (finalized in September 2014)

And a case study:

- The implementation of SCOs in Italy with ESF 2007-2013 (to be found on the EU Bookshop website)

Simplification? It's up to you!





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Thank you and good luck!