

# ESF THEMATIC NETWORK ON SIMPLIFICATION

## REPORT ON SCO PRACTICES

(Draft for the 6<sup>th</sup> Meeting of the Thematic Network - The Hague – 8-9 June, 2017)

### References:

<b>Member State / Region</b>	<b>Slovak Republic</b>
<b>Reference number (TN's map of SCO practices)</b>	<b>3</b>

### Contact details:

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<b>Type of SCO reported</b> (Please choose one of these types of SCO: flat rate financing, standard scale of unit costs, lump sum).	<b>FLAT RATE UP TO 15%</b>
<b>Type of activities covered by the SCO</b> (Please indicate what type of activities is targeted by the SCO).	<b>INDIRECT COSTS</b>

### A. PROJECT DESCRIPTION

<b>A1. Description of the type of operation</b> (Please describe in brief what types of operations are covered by SCO)  Flat rate used in operations e.g.: <ul style="list-style-type: none"><li>- education of pedagogical and specialised staff,</li><li>- trainings - language, IT (employees, unemployed)</li><li>- social inclusion – social field work, support of integration of health disadvantaged pupils, support of social care, community centres</li></ul>
<b>A2. Definition of outputs/results</b> (Please give a short definition of outputs and/or results)

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Flat rate is applied to cover only indirect costs including administration (publicity manager; accountant; public procurement expert), communication and information technology (laptops, printers, scanners), refreshment and supporting processes for project; domestic travel costs for the project team, consumables and equipment for project administration, overheads (water, electricity, lease for administration premises), other operation costs (e.g. property insurance) and others.

#### **A3. Beneficiaries** *(please indicate the types of beneficiaries involved in the operations covered by SCO)*

for example: NGOs, private entities (entrepreneurs, professional associations), public entities – schools, legal persons directly managed by state, municipalities

#### **A4. Target group(s)** *(Please list target groups within projects covered by SCO)*

Employees, unemployed people, socially excluded persons

## **B. METHODOLOGY AND CALCULATION METHOD**

**B.1 Methodology** *(please indicate which methodology/ies has/have been used: Fair, equitable and verifiable method / use of existing EU schemes for similar types of operation and beneficiary / Use of existing own national schemes for similar types of operations and beneficiaries / use of rates and specific methods enshrined in the regulation or in a delegated act / use of a draft budget /combination of methodologies).*

*Please indicate if the concerned SCO has been covered by Art. 14(1) ESF)*

Use of rates and specific methods enshrined in the regulation - flat rate according to Art. 68 (1) (b) of the CPR.

#### **B.2 Calculation Methods** *(please describe how the calculations have been made)*

Applying 0 - 15 % value without a requirement to perform a calculation to determine the applicable rate, nevertheless, when project requirements (draft budget) indicated higher % than 15% flat rate 15% is applied, when project requirements (draft budget) indicated lower % than 15% flat rate 0 - 15% is applied.

#### **B.3 Data source** *(please indicate the type of data used and the data source)*

Data source:

specific method in the regulation - flat rate according to Art. 68 (1) (b) of the CPR

## **C. IMPLEMENTATION OF SCO** *(Please describe in brief what implementation rules and conditions have been set out).*

Flat rate is applied according to Art. 68 (1) (b) of the CPR.  
The basis is total value of direct staff costs of the operation.

**D. AUDIT TRAIL** *(Please provide a brief description of the audit trail for the concerned SCO, including documents, key contents/conditions and procedures).*

In previous program period 2007-2013 were indirect costs reported on real documentation. In most cases this documentation consisted of large quantity of paper documents with small values. For MA was difficult to verify these documents. In this point of view flat rate for MA is the best choice how to improve effectiveness and apply a principle value for money (MA costs vs. eligible expenditures).

Direct staff costs as the basis are verifying by MA. Then the correct (approved value by MA) % of flat rate is checked and finally, correct application of relevant % is considered.

**E. ASSESSMENT BY THE AUDIT AUTHORITY(IES) INCLUDING EVENTUAL EX ANTE ASSESSMENT** *(If relevant, please explain how the audit authority has been involved in preparation and assessment of the SCO).*

Audit Authority has not been involved in setting of flat rate - flat rate is applied directly pursuant to Art. 68 (1) (b) of the CPR.

**F. IMPACT OR ADDED VALUE FOR THE MA, BENEFICIARIES AND OTHER STAKEHOLDERS** *(Please explain how you have perceived impact/added value of the SCO for the MA, beneficiaries and other stakeholders).*

For the MA:

1. preparing of calls – simplified setting of rules for indirect costs
2. selection process - simplified and faster evaluation
3. fist level control - MA focuses on direct staff costs, indirect costs are calculated accordingly.

For the beneficiaries:

1. budget - simplified setting of the amount of indirect costs
2. eligibility - no need to submit any further documentation
3. first level control - faster verification of expenditure eligibility

**G. SPECIFIC ISSUES FACED WITHIN CALCULATION AND IMPLEMENTATION OF THE SCO** *(Please indicate any issues/problems/challenges you have experienced when setting out or implementing the SCO, i.e. high workload, state aid, public procurement, national legislation, revenues etc.)*

First of all there is decision, whether to use max. 15% or to thoroughly analyse project requirements or draft budget (when available in advance).

**H. LESSONS LEARNED AND POINTERS** *(Please indicate any unforeseen practical implications that have emerged and any key lessons you have learned from the development and implementation of the concerned SCO practice).*

MA didn't identify any problems with applying flat rate. The main question would be AA approach – possible consequences to a flat rate, related to AA findings (e. g. public procurement within indirect costs covered by flat rate).

**I. ANNEXES OR LINKS TO ONLINE DOCUMENTS** *(Please list documents or links to online documents like complete methodology, calculation methods, documents submitted to the Commission, guidance for MAs and beneficiaries, calls for proposals, audit trail, legal acts etc.).*

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