

# 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>Poland</b>
<b>Reference number (TN's map of SCO practices)</b>	<b>10</b>

### Contact details:

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<b>Type of SCO reported</b> <i>(Please choose one of these types of SCO: flat rate financing, standard scale of unit costs, lump sum).</i>	<b>LUMP SUM</b>
<b>Type of activities covered by the SCO</b> <i>(Please indicate what type of activities is targeted by the SCO).</i>	<b>ALL TYPES OF OPERATIONS IN WHICH THE PUBLIC SUPPORT DOES NOT EXCEED 100 000 EUR</b>

### A. PROJECT DESCRIPTION

<b>A1. Description of the type of operation</b> <i>(Please describe in brief what types of operations are covered by SCO)</i>
Lumps sums cover <u>all operations financed by the ESF in Poland in financial period 2014-2020 (i.e. national OP – Knowledge Education Development, and 16 Regional Operational Programmes), in which the public support does not exceed 100 000 EUR.</u>
<b>A2. Definition of outputs/results</b> <i>(Please give a short definition of outputs and/or results)</i>

Within each operation there are individual output or result indicators that specifically apply to each lump sum. They are defined in the application form and after acceptance by the intermediate body – included in the financing agreement.

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

All types of beneficiaries, who apply for public support, which does not exceed 100 000 EUR.

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

All target groups can be covered by the lump sum.

**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)*

Methodology for lump sums is applied according to Art. 67(5) d) – rates established by the Fund-specific rules, i.e. ESF Regulation.

According to Art. 14 (3) ESF Regulation, *In addition to the methods stipulated in Article 67(5) of Regulation (EU) No 1303/2013, where the public support for grants and repayable assistance does not exceed EUR 100 000, the amounts referred to in Article 67(1)(b), (c) and (d) of Regulation (EU) No 1303/2013 may be established on a case-by-case basis by reference to a draft budget agreed ex ante by the managing authority.*

The SCO is not covered by Art. 14(1) EFS Regulation.

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

Lump sums are established individually on a case-by-case basis by defining in the application form (additionally to a project implemented on a basis of real cost):

- names of tasks/activities covered by lump sums;
- for each lump sum – output or result indicators to measure the implementation of a given task/activity (names and values);
- documents to prove the implementation of indicators;

- detailed costs needed to be incurred for each task/activity – with calculation method and justification.

100 000 EUR is calculated with the use of ECB euro reference exchange rate applicable at the date of announcing the call for proposal.

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

n/a

**C. IMPLEMENTATION OF SCO**

*(Please describe in brief what implementation rules and conditions have been set out)*

All conditions for implementation of a project financed by lump sums are set out in a financing agreement.

First of all, the names of lump sums together with indicators and documents that are necessary to prove the implementation of indicators for a specific project, are repeated from an application form to the financing agreement. Therefore, their implementation is crucial for eligibility of expenditure.

There is a binary approach – the expenditure is eligible only if the predefined indicators are achieved.; if the indicators are not achieved, no payment is made to the beneficiary.

**D. AUDIT TRAIL**

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

The documents to prove lump sums (presence lists, pictures, reports, etc.) are defined in the financing agreements. They are to be sent with the payment claim at the stage of implementation of an operation, no later than at the stage of final payment claim. The documents must also be available during on-the-spot checks carried out by an intermediate body.

No invoices nor other financial documents are to be collected and stored by the beneficiary.

## **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).*

The Audit Authority has not been involved neither in preparation nor assessment of lump sums.

## **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 Managing Authority:

- positive: possibility to focus on results within projects
- negative: problems in explaining the change of approach among control units (tendency to check invoices and other equivalent documents)

For the institutions involved in ESF management:

- positive: less administrative burden – less documents to be verified
- negative: difficult and burdensome process of assessing cost of project and correctness of definition of lump sums

For the beneficiaries implementing ESF projects:

- positive: possibility to focus on results within the project
- negative: difficulty in naming correctly lump sums and their indicators

## **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.)*

The MA and intermediate bodies find it challenging to assess the budget of a project (e.g. if justification is satisfactory for eligibility of expenditure). It is also difficult to choose best lump sums for specific activities.

Beneficiaries find it quite difficult to define correctly the lumps sums. They are not convinced that controllers will not check financial documents

connected with projects.

## **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).*

There is a necessity to provide comparability of assessment among projects in a given call for proposals.

## **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.).*

Guidelines on eligibility in projects financed by the ESF, ERDF and Cohesion Fund 2014-2020 (chapter 6.6 and 8.5 refers to indirect costs) (in Polish):  
[https://www.funduszeuropejskie.gov.pl/media/27633/Wytyczne\\_w\\_zakresie\\_kwalifikowalnosci.pdf](https://www.funduszeuropejskie.gov.pl/media/27633/Wytyczne_w_zakresie_kwalifikowalnosci.pdf)