



SCO from the audit perspective

**Workshop Simplified Cost Options in Rural Development:
Experience gained and new opportunities - 20 June 2019**

AGRI.Unit.H.4

Have you already implemented some SCO?



The auditors focus on the following controls:

Appropriate verification of the reasonableness of costs (audit of the methodology and the calculation);

Art. 67(5) of R(EU)No 1303/2013



The auditors focus on the following controls:

**Appropriate checks on
the eligibility of the costs
(if method is applied ;**

Art. 48(2)(d) of R(EU) No
809/2014



The auditors focus on the following controls:

**Adequate verification of
all payment claims;**

Art. 48 (3) R(EU) No
809/2014



The auditors focus on the following controls:

Adequate audit trail

Art. 67(5)(a) of R(EU) No 1303/2013 and Art. 49 of R(EU) No 1306/2013



Deficiencies detected:

- **Absence of evidence for the data treatment – underlying data and calculations;**
- **No reliable justification for data sources used;**
- **No access to the underlying data used in the methodology used for the calculation of SCO due to outsourcing data from (multiple) external parties;**
- **No verification of the real output of the operation.**
- **Traceability of data used for the calculations.**

Important to be considered:

SCO shall be set at the right level, based on sound methodology. It should be possible for the auditors to verify the selected individual costs via the calculations to the source data. Source data should be relevant.



Important to be considered:

Calculations are fair and equitable if they are based on reality and all assumptions used for the methodology should be well justified.



Important to be considered:

The operation realization as planned, the quantities involved in the project and that the operation is genuine need to be verified, either by in-situ visit or any other reliable method.



