



EUROPEAN COMMISSION

Brussels, 8.2.2012
COM(2012) 42 final

ANNEX

Annex 2 – Financial Regulation

to the

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

A Simplification Agenda for the MFF 2014-2020

ANNEX

Annex 2 – Financial Regulation

to the

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A Simplification Agenda for the MFF 2014-2020

FINANCIAL REGULATION

<i>TYPE OF ACTION / MEASURE</i>	<i>COMMISSION PROPOSAL ON REVISION FINANCIAL REGULATION¹</i>	<i>FINAL TEXT</i>
Clear cost eligibility rules	<ul style="list-style-type: none">- The scope of grants, prizes and financial instruments is clarified (Art. 115 FR).- The obligation to open and use interest-bearing accounts is waived for grant beneficiaries (Art. 5.4 FR).- The access to Union funding is simplified for groupings, networks and entities affiliated to a beneficiary (Art. 172a.3 and 174b Delegated Regulation).- The rules applicable to financial support to third parties awarded by grant beneficiaries are	

¹ **FR:** Proposal for a Regulation of the European Parliament and of the Council on the financial rules applicable to the annual budget of the Union (COM (2010) 815 final)
Delegated Regulation: Commission Staff Working document concerning modifications linked to the revision of the Financial Regulation prefiguring the proposal for a Delegated Commission Regulation amending the detailed rules of implementation of the Financial Regulation (SEC(2010) 639)

	streamlined and the overall capping removed (Art. 127.2 FR, Art. 184a Delegated Regulation).	
Simplified methods	cost	
	<ul style="list-style-type: none"> - The unit value for lump sums is not subject to any ceiling (Art. 181.1 Delegated Regulation). - Lump sums, unit costs and flat rate may be determined per beneficiary in addition to statistical methods (Art. 181.2 Delegated Regulation). - Costs declared by the beneficiaries according to their usual cost accounting practices may be accepted as eligible (Art. 181.2 Delegated Regulation). - The beneficiary may, on a voluntary basis, have its cost accounting method verified by the Commission for more certainty (Art. 181.3 Delegated Regulation). - The Commission is not required to adjust every two years, by decision, the amounts of lump sums, of unit costs or the flat rates (Art. 181.5 Delegated Regulation). 	
Proportionate controls		
	<ul style="list-style-type: none"> - The concept of Tolerable Risk of Error is introduced, to be decided by the Council and the European Parliament for each policy area following a Commission proposal assessing the cost and benefits of controls (Art. 29 FR). - Control measures are adapted to simplified forms of grants, which allow for a shift from input-based checks to output-based controls (Art. 181 Delegated Regulation). - Pre-financing guarantees are not required compulsorily but on a risk basis (Art. 109 and 125 FR, Art. 152 and 182 Delegated Regulation). - Administrative burden for grant applicants is alleviated through lighter requirements with regard to <i>ex ante</i> verification of the non-exclusion criteria and, for low value grants, of their legal status, operational and financial capacity (Art. 122 FR, Art. 173 and 174 Delegated Regulation). - Extension of audit findings in case of recurrent or systematic errors is authorised so as to 	

	facilitate corrections without having to perform on-the-spot controls which are resource-consuming for both the beneficiaries and the institutions (Art. 126 FR).	
--	---	--