



EUROPEAN COMMISSION

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**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**

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

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### FINANCIAL REGULATION

<i>TYPE OF ACTION / MEASURE</i>	<i>COMMISSION PROPOSAL ON REVISION FINANCIAL REGULATION<sup>1</sup></i>	<i>FINAL TEXT</i>
<b>Clear cost eligibility rules</b>	<ul style="list-style-type: none"><li>- The scope of grants, prizes and financial instruments is clarified (Art. 115 FR).</li><li>- The obligation to open and use interest-bearing accounts is waived for grant beneficiaries (Art. 5.4 FR).</li><li>- The access to Union funding is simplified for groupings, networks and entities affiliated to a beneficiary (Art. 172a.3 and 174b Delegated Regulation).</li><li>- The rules applicable to financial support to third parties awarded by grant beneficiaries are</li></ul>	

<sup>1</sup> **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).	
<b>Simplified methods</b>	<p><b>cost</b></p> <ul style="list-style-type: none"> <li>- The unit value for lump sums is not subject to any ceiling (Art. 181.1 Delegated Regulation).</li> <li>- Lump sums, unit costs and flat rate may be determined per beneficiary in addition to statistical methods (Art. 181.2 Delegated Regulation).</li> <li>- Costs declared by the beneficiaries according to their usual cost accounting practices may be accepted as eligible (Art. 181.2 Delegated Regulation).</li> <li>- The beneficiary may, on a voluntary basis, have its cost accounting method verified by the Commission for more certainty (Art. 181.3 Delegated Regulation).</li> <li>- 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).</li> </ul>	
<b>Proportionate controls</b>	<ul style="list-style-type: none"> <li>- 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).</li> <li>- 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).</li> <li>- Pre-financing guarantees are not required compulsorily but on a risk basis (Art. 109 and 125 FR, Art. 152 and 182 Delegated Regulation).</li> <li>- 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).</li> <li>- Extension of audit findings in case of recurrent or systematic errors is authorised so as to</li> </ul>	

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