MANAGEMENT BOARD DECISION 37/2017 of 15 December 2017

adopting Unit Costs for Operational Activities for host Member States

THE MANAGEMENT BOARD

Having regard to Regulation on European Border and Coast Guard¹, in particular Articles 14(3) and 28(9) of thereof,

Having regard to the General Financial Regulation², in particular Article 123(1) and 124 thereof,

Having regard to Frontex Financial Regulation³, in particular Article 90 thereof,

Whereas:

(1) Pursuant to Articles 14(3) and 28(9) of the Frontex Regulation, Frontex shall finance or co-finance joint operations, rapid border interventions, pilot projects and return operations from its budget;

(2) Pursuant to Article 90 of Frontex Financial Regulation, the relevant provisions of the General Financial Regulation apply to Frontex grants used to finance or co-finance Frontex operational activities;

(3) In accordance with Article 123(1) of the General Financial Regulation, the use of simplified forms of grants is allowed (lump sums, unit cost and flat rates) and therefore the need to strive for efficiency gains in grant management in Frontex has been recognised;

(4) In accordance with Article 124 of the General Financial Regulation, the use of lump sums, unit costs or flat rate financing should be authorised, by analogy, by the Management Board, ensuring respect for the principle of equal treatment of beneficiaries for the same category of actions or work programs;

(5) The aforementioned authorisation should be supported by a justification concerning the appropriateness of such forms of financing, clear identification of cost categories, and description of the methodology for determining lump sums, unit costs, or flat rate financing;

(6) The methods used for this calculation should be based on either statistical data or similar objective means or a beneficiary-by-beneficiary approach taking as reference certified and auditable historical data of the beneficiary or its usual cost accounting practices.

(7) The use of unit costs for participating Member States was authorised by MB decision No 33/2017 of 22 November 2017, however, there is also a need to authorise the use of unit costs in case of financing host Member States.

³ Frontex Management Board Decision 01/2014 of 08 January 2014, as last amended.
HAS DECIDED AS FOLLOWS:

Article 1
Definitions

For the purposes of this Decision, the following definitions apply:

1. Grant beneficiary - National Authority of a European Union Member State acting as host Member State (MS), which is a recipient of a Frontex grant;
2. Unit cost - simplified form of cost reimbursement in a grant, identified by reference to an amount per unit, covering certain categories of eligible costs clearly identified in advance.

Article 2
Scope and purpose

1. This Decision applies to operational activities financed by means of grants.
2. This Decision aims to:
   a. Establish unit costs for certain categories of costs incurred by grant beneficiaries;
   b. Present the methodology for determining unit costs and the conditions for reasonably ensuring that the no-profit principle is complied with and that double financing of costs is avoided.

Article 3
Determining unit costs

1. The methods for determining unit costs are based on:
   a. Statistical data or similar objective means in case of unit costs determined by Frontex; or
   b. A beneficiary-by-beneficiary approach, by reference to certified or auditable historical data of the beneficiary or its usual cost accounting practices.
2. The methodology to be used by beneficiaries when determining their unit costs is described below in Articles 6 to 8 in line with Article 124(2)(c)(i) of the General Financial Regulation.
3. The specific unit costs determined by Frontex are indicated in Article 4 below.

Article 4
Cars

1. Car related costs cover:
   a. In case of service cars: costs related to use and maintenance of the service car (fuel, car washing, parking fees, tolls, full insurance);
   b. In case of rented car: costs related to rental and use of the vehicle (fuel, car washing, parking fees, tolls, full insurance).
2. The amounts depend on the type of the car and are as indicated below. The unit costs of the service patrol car are defined by the Beneficiary in accordance with Articles 6 to 8.

<table>
<thead>
<tr>
<th>Car Type</th>
<th>Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service standard car</td>
<td>0,28 EUR/km</td>
</tr>
<tr>
<td>Rented standard car</td>
<td>55 EUR/day</td>
</tr>
<tr>
<td>Rented patrol car (heavy duty car)</td>
<td>85 EUR/day</td>
</tr>
</tbody>
</table>
Article 5
Identification of the costs or categories of costs covered by unit costs determined by grant beneficiaries

The categories of costs determined by grant beneficiaries include:

1. Bus/minibus: cost related to the means for transportation of persons, counted by unit to be defined by the beneficiary (hour, day, person, km or any other justified unit).

2. Daily rate in host MS: the beneficiary’s costs related to one day deployment of an officer/expert in its own country. It covers: daily subsistence allowance, accommodation, insurance, health care, vaccination, communication, laundry, local public transport, other sundry expenses and related administrative costs. Crew members are not covered by the daily rate.

3. Deployment of dogs: all costs including transport, food, lodging, veterinary costs, counted by days.

4. Experts’ (e.g. cultural mediator/interpreter, psychologist, medical support) fees: a fee related to the provision of a given service, counted by working days. To be applied when no unit cost for expert costs is determined and the beneficiary will use the daily rate. This category may include also costs related to external staff contracted to support specific technical equipment if the cost is not included already in the unit cost for specific technical equipment.

5. Experts’ costs: (e.g. cultural mediators/interpreters, psychologists, medical support, monitor) - all costs including fee, DSA, accommodation, travel, and related administrative costs, counted by days.

6. Service patrol car: costs related to use and maintenance of the service car (fuel, car washing, parking fees, tolls, full insurance), counted by km.

7. Thermo-vision van (TVV): costs related to use and maintenance of TVV (fuel, service, spare parts, insurance, tolls, transfer costs by other means (i.e. when not driven by the beneficiary’s staff but transported by other body: private company or intergovernmental agency), counted by day.

8. Travel cost in host MS: return ticket in a host MS and all local travel costs from the place of residence to the place of deployment in a host MS, as well as related expenses such as: excess luggage, transport of weapons and other justified travel related expenditure. If additional travel (additional leg) is required during the deployment (e.g. due to change of deployment or briefing/debriefing meetings taking place in another location), it is claimed separately.

Article 6
The methodology for determining unit costs by beneficiaries - general principles

When determining their unit costs the following conditions shall be respected by grant beneficiaries:

1. Only eligible costs may be taken into account in accordance with the definition of each unit cost above. In addition, the following costs are not eligible:
   a. VAT in case of activities engaged in as public authorities;
   b. salaries of deployed officers/crew;
   c. costs declared as eligible under another grant funded by the Union.

2. No-profit principle.
   Profit is defined as a surplus of the receipts over the eligible costs incurred. It shall not be interpreted as deviance from the actual costs covered by the unit cost, which is legal and regular. The no-profit principle means the prohibition of using commercial rates or unit costs including a profit margin i.e. unit costs are to be established on the basis of real costs incurred over a period of time, not inflated by any commercial component.

3. No double financing.
   A unit cost may not include:
d. costs declared as eligible under another grant funded by the Union;
e. the same costs as eligible under different categories.

Article 7
The methodology for determining unit costs by beneficiaries by reference to certified or auditable historical data

1. The unit costs are established following the collection of historical data from accounting statement of the grant beneficiary on actual costs incurred for the categories of eligible costs to be covered by unit costs.
2. The reference period from which the data will be collected shall be at least one year so as to identify any potential exceptional circumstance which would have affected actual costs in a specific year as well as the tendencies in the cost amounts.
3. The average cost over the reference period rounded up to a full number shall count as a unit cost.
4. Frontex may, depending on its risk assessment, require that those data are certified by an approved auditor or, in the case of public bodies, by a competent and independent accounting officer, so as to ensure reliability of the reference data used. This certification of data may be made in the framework of statutory audits or contractual audits. Where the risk of error or irregularity in the accounting statements used is deemed low, the calculation method may be made on the basis of non-audited data (without any requirement of a certificate), provided they may be checked if need be.

Article 8
The methodology for determining unit costs by beneficiaries by reference to usual cost accounting practices

1. The beneficiary’s usual cost accounting practices (such as: collection of historical data, data drawn from existing contracts of the beneficiary, rates established in the national regulations) may be used to determine unit costs if they comply with the following boundary conditions:
   a. the cost accounting practices used constitute the beneficiary’s usual cost accounting practices and are applied in a consistent manner, based on objective criteria independent from the source of funding;
   b. the costs declared can be directly reconciled with the amounts recorded in its general accounts.
2. The unit cost established by reference to usual cost accounting practices is rounded up to a full number.
3. In case of unit costs determined by reference to usual cost accounting practices of the beneficiary, verification of the compliance of the cost accounting practices of the beneficiary with the boundary conditions may be conducted ex-ante or ex-post, based on the risk analysis carried out by Frontex. This verification may be carried out by Frontex’ staff or a contracted auditor.

Article 9
Validity and evolution of unit costs

1. The unit costs determined by Frontex are valid for new operational activities launched as of 2018 and onwards. They may be adjusted following the collection of data.
2. The Annual Bilateral Negotiations (ABN) serve to present the unit costs determined by the beneficiary for the activities of the following year. The adjustment of unit costs is possible in the next ABN based on:
a. New calculation following the methodology described in this decision; or
b. Indexation (e.g. on the basis of evolution of the national consumer price index or other officially recognised indexes).

**Article 10**

**Checks and audits**

1. The grant beneficiary is obliged to preserve all documentation that is relevant to the grant for the period of five years from the date of payment of the balance.
2. The supporting documents related to unit costs claimed to be kept by the beneficiaries and made available in case of checks and audits shall be such as to prove the number of units claimed.
3. Audits or controls of costs declared or covered on the basis of unit costs may not lead to correction of the amounts of those unit costs where those have been determined by Frontex or by application of the beneficiaries' usual accounting practices that have been approved by Frontex ex-ante.
4. In all other cases when Frontex carries out the verification of the unit costs determined by beneficiaries and the beneficiary’s usual cost accounting practices, and the latter do not comply with the conditions laid down in this MB decision, the amounts declared as eligible shall be corrected. The same applies in case Frontex considers, after the beneficiary has requested assessment of its cost accounting practices, that they are not compliant.

**Article 11**

**Entry into force**

This decision enters into force on the day following its adoption.

Done by written procedure, 15 December 2017.

For the Management Board

[signed]

Marko Gašperlin
Chairperson