

# Risk-based management verifications – Polish approach

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## Management verifications – Polish approach

Methodology for selecting payment claims

Methodology for selecting public procurement

Methodology for selecting items inside of payment claim

Methodology for on-the-spot verifications (under preparation)



## 3-step procedure

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**Step 1.**  
Selection of payment claims

Risky payment claims

Non-risky payment claims

**Step 2.**  
Selection of items within risky payment claims

**Step 3.**  
*Selection of public procurement*

## STEP 1. Risk-based methodology for selecting payment claims

Detailed verification

Simplified verification

The payment claim has been properly completed from the formal side

The payment claim is correct from the accounting point of view

If project is implemented in accordance with the co-financing agreement

Public procurement verification – if assessed as risky

Eligibility - verification of the financial documents (verified on the sample of expenditures)

Risk factor 1:  
The amount of  
payment claim  
(weight 45%)

- < EUR 5K  
– low risk
- EUR 5K - EUR 10K  
– medium risk
- EUR 10K – EUR 30K  
– high risk
- > EUR 30K  
– extreme high risk

Risk factor 1:  
The amount of  
payment claim –  
result of analysis  
for the factor  
-  
rationale

- 48% of verified payment claims (0-10k EUR) correspond to 3% of allocation
- 25% of verified payment claims (10-30k EUR) correspond to 12% of allocation
- 85% of allocation are payment claims with a value equal or greater than 30k EUR (27% of all payment claims)

Risk factor 2:  
The categories of real  
costs in payment  
claim  
(weight 20%)

- more categories with real costs in payment claim – higher risk,
- infrastructure and works costs in payment claim increase risk

Risk factor 2:  
The categories of  
real costs in  
payment claim  
-  
rationale

- the most frequently corrected categories: external expertise (32%), travel and accommodation (27%), staff costs (24%)
- value of corrections: external expertise (18%), staff costs (9%), travel and accommodation (2%)
- the highest value of corrections: infrastructure and works (59%) but only 7% of the number of corrections



Risk factor 3:  
The types of SCOs in  
payment claim  
(weight 10%)

- more types of SCOs in payment claims – higher risk

#### Risk factor 4:

The value of irregularities in the project

(The sum of corrections and irregularities from controls carried out by the controller and external controls from the project implementation period)

(weight 15%)

- < EUR 250  
– low risk
- EUR 250 - EUR 1K  
– medium risk
- EUR 1K - 10K  
– high risk
- > EUR 10K  
– extreme high risk

Risk factor 5: The controller's experience in cooperation with the project beneficiary (weight 10%)

- controller assesses the likelihood of errors in the documentation and in the implementation of the project
- controller bases on the implementation of Interreg projects implemented so far by the beneficiary

## Selection of payment claims – methodology



Risk factor	Weighting	Risk	Score
Amount of payment claim	0,45	1-4	
Categories of real costs in payment claim	0,20	1-4	
Types of SCOs in payment claim	0,10	1-4	
Value of irregular expenditures and irregularities in the project	0,15	1-4	
Controller's experience in cooperation with the project beneficiary	0,10	1-4	

1 – low risk

2 – medium risk

3 – high risk

4 – very high risk

# Summary

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Risk analysis is carried out by the controller immediately after receiving the payment claim

The payment claim is a subject to detailed verification when the acceptable risk threshold is exceeded (no fixed minimum number or value of payment claims to be checked)

The risk factors weights and the acceptable risk threshold may be set and modified individually for the every accounting year

Risk factors and acceptable risk threshold should ensure maximum coverage of the expenditures value and reduce the number of payment claims verified in details

We estimate that the number of verified payment claims will be about 50%, but coverage of proven expenses will remain high

## Step 2. Selection of items inside of risky payment claims

**BASIC SAMPLE**

### Minimum coverage

#### Real costs:

- at least 10% of value (20% for LIP)
- not fewer than 2 items
- at least one item from each cost category (budget line)

#### For SCOs:

- flat rate – all
- lump sum – minimum 1
- unit costs – minimum 3

#### RISKS:

- Items of highest value
- Items that give rise to suspicion of fraud
- Items that give suspicion of mistakes collected for Interreg programmes (internal document)

Note: no obligation for investments

## Selection of items inside of payment claims

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**EXTENDED  
SAMPLE**

- Controller extends the sample if:
  - assurance is not obtained (repeated mistakes of beneficiary, „unusual” items)
  - irregularities/drawbacks identified
- The sample is to be extended for a cost category or for a payment claim
- 100% verification - only in well justified cases (fraud)

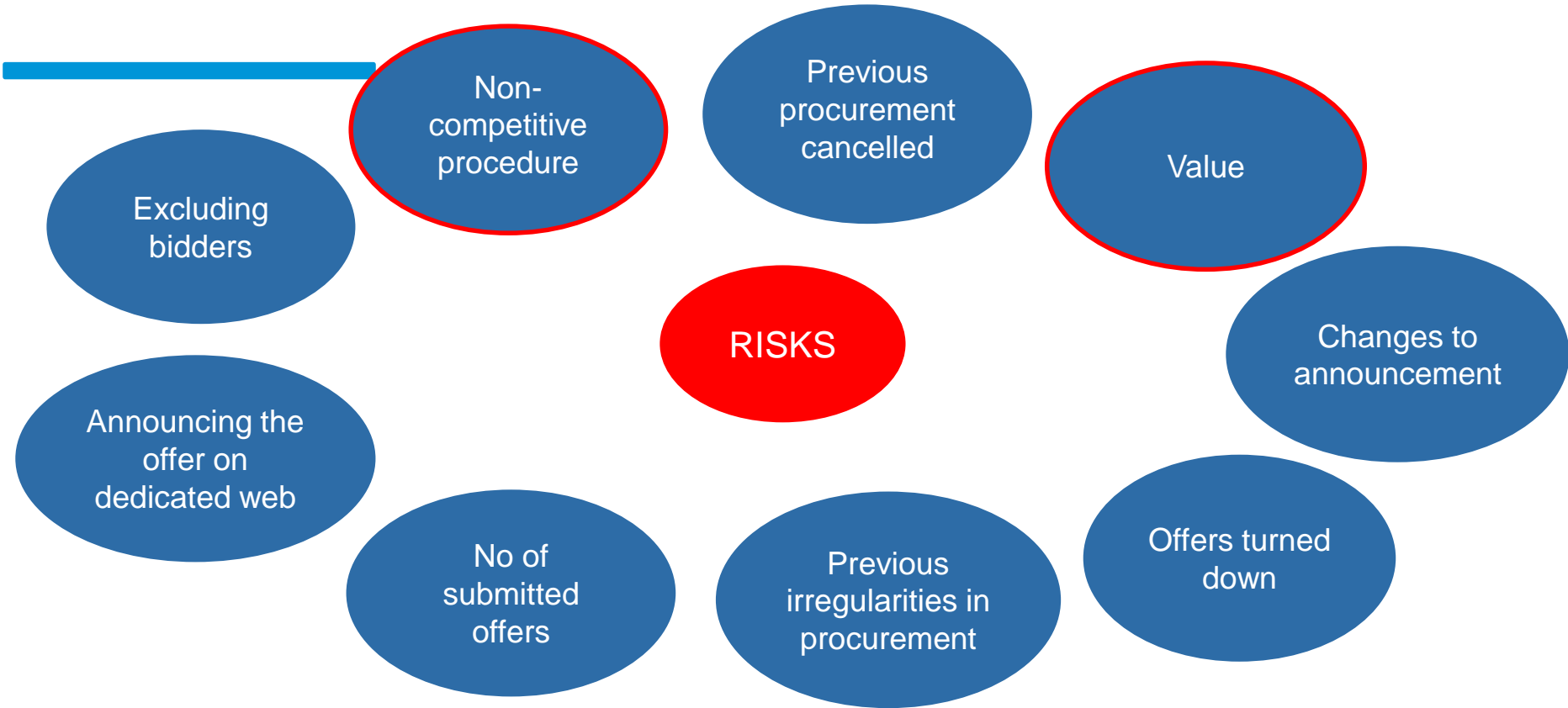
## Selection of public procurement – risk based

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- The analysis is conducted for each public procurement – even if a payment claim is not selected as a risky one
- Risky procurement does not change the „status” of a payment claim – verification of procurement may be done without checking the payment claim
- Risk identified by the MA/NA based on analysis of Public Procurement Office in Poland



# Selection of public procurement





MINISTRY OF DEVELOPMENT FUNDS  
AND REGIONAL POLICY



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