

Next chapter:

Destination – outputs

Practical implications of SCO's on

Risk Based Management

Verification

Interact



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SCOs and RBMV



- Aim for **simplification**
- Focus on **risk mitigation**

- SCOs contribute to reduction of risks on all levels
 - SCOs less error-prone → less risky by nature
 - Introductory phase & learning curve → less risky over time

Experience sharing



Interreg Central Baltic

- Merike Niitepõld, MA
- Jūlija Bondareva and Gunta Sirmā, Contollers, Latvia

Management verifications 2021-2027

WHAT

- administrative and on-the-spot verifications are risk-based and proportionate to risks identified;

WHEN

- **risk assessment methodology** should be prepared ex-ante and in writing and address how proportionality will be put into practice (criteria for having verifications that are proportionate to the types and levels of risks);
- management verifications included in the ex-ante risk assessment for the accounting year are carried out before submission of accounts.

HOW

- the ex-ante risk assessment defines risk factors/ criteria for the selection of projects and payment claims;
- the MA/ MS may define a certain coverage of the management verifications; conditions and factors for a regular revision of the methodology.

Risk-based management verifications 2021-2027 – roles and responsibilities

MA/ MS

- MA – develops risk assessment methodology, bears full responsibility;
- MS performs management verifications – MA to ensure equal treatment of beneficiaries by providing MS with min requirements for management verifications.

AA

- Does system audit of the risk-based management verifications + audit of operations (and audit of accounts);
- gives recommendations for the update of the methodology if needed;
- performs common sampling (fundamentally different from risk-based management verifications of the MA!)

Controllers

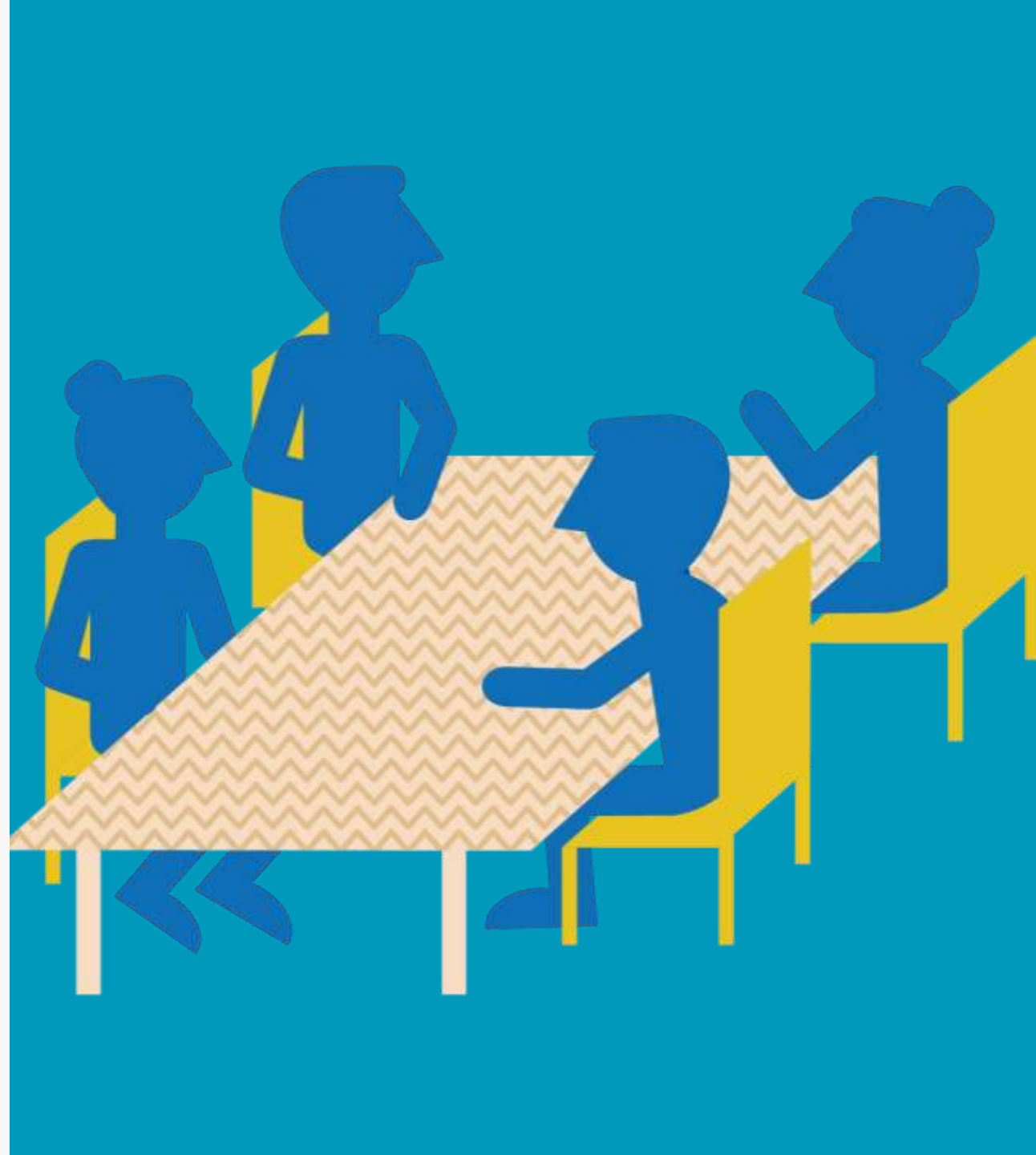
- Perform verifications of items based on the methodology developed by the MA/MS ex-ante and in writing – verification of the risky items, no 100% verifications if not justified!

HIT methodology for risk-based management verifications – 2021-2027

General principles:

- Ex-ante risk assessment – definition of risky items & not risky items (based on risk factors) – based on the analysis of programme historical data;
- verifications are done at the **project partner-level** – risk assessment of each project partner payment claim;
- composition of methodology:
- key-items verification – for risky items, obligatory;
- professional judgement of the controller;
- random sampling (optional) – if no SCOs are used, mistakes in the sample, etc.
- Each programme to tailor-made HIT methodology to its programme context and reality!

Group work



Group work



During the 2014-2020 period, an Interreg Programme used 2 SCOs:

- up to 15 % flat rate for office and administrative costs
- lump sum for preparation costs

Since the use of simplified cost options significantly reduced the administrative burden, the Programme decided to use the following SCOs in the 2021-2027 period:

- staff costs: up to 20 % flat rate or unit costs
- office and administration costs: up to 15 % flat rate
- travel and accommodation costs: up to 15 % flat rate
- 40 % flat rate for all other costs
- lump sum: preparation costs, events organisation – seminars and conferences; B2B meetings

Group work

HIT methodology



- Every aspect or element of the methodology can be customised to fit each specific programme's context, especially when the analysis of the individual programme suggests that the relevant risks are different from the ones used as the inspiration for this methodology
- Verification at the level of each project partner and its partner progress report.

3 steps approach:

1. Key-items verification
2. Professional judgement
3. Random sampling

More – have a look [HERE](#):

Group work



Task for each scenario:

- identify potential risks on a project level
- discuss and design a proportionate approach toward risk based management verifications during the project's lifetime
- appoint a representative and report to the plenary

You might also find [the Factsheet Verification of SCOs](#) useful.

Group work

Three scenarios have been developed:

Scenario 1:



COST CATEGORY	REIMBURSEMENT METHOD
STAFF COSTS	Up to 20 % flat rate
OFFICE AND ADMINISTRATION	Up to 15 % flat rate
TRAVEL AND ACCOMMODATION	Up to 15 % flat rate
EXTERNAL EXPERTISE AND SERVICES	Real costs
EQUIPMENT	Real costs
INFRASTRUCTURE AND WORKS	Real costs

Group work

Three scenarios have been developed:

Scenario 2:



COST CATEGORY	REIMBURSEMENT METHOD
STAFF COSTS	UNIT COSTS 1
	UNIT COSTS 2
	UNIT COSTS 3
OTHER COSTS	40 % FLAT RATE

Group work

Three scenarios have been developed:

Scenario 3:



LUMP SUM 1	PROJECT PREPARATION
LUMP SUM 2	EVENT ORGANIZATION: SEMINARS AND CONFERENCES
LUMP SUM 3	EVENT ORGANIZATION: B2B MEETINGS