

# Management verifications & audit in **an SPF**

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# An SPF Model

Focus on management verifications and audit

❖ Who, when, and how



# Points of departure

- ✓ An SPF is an operation (whole SPF) with a single project partner (an SPF beneficiary)
- ✓ Small projects are not an "operation" in the meaning of Article 2(4) CPR
- ✓ SPF budget consists of 2 pots: management costs of an SPF beneficiary and small projects
- ✓ 2 levels of control: at the SPF beneficiary level and small projects
- ✓ Mandatory use of SCOs for small projects below EUR 100 000 public contribution
- ✓ Real costs in small projects (above EUR 100 000 public contribution, below the ceiling but with real costs for basis costs of flat rates)
- ✓ AOB (more than one SPF, the experience of SPF beneficiary, SCOs in management costs of an SPF beneficiary)

# Reminders on clarifications from the EC

1. Management costs of an SPF beneficiary (Article 25(5) IR: “should not exceed 20% of the total eligible cost of the SPF(s)” – it is not a flat rate but a ceiling (SPF 100%: at least 80% - small projects and up to 20% - for management costs of an SPF beneficiary)

2. Off-the-shelf SCOs can be used for both management costs of an SPF beneficiary and small projects (by analogy where Interreg or CPR refer to “the operation”).



# SPF Model – Management verifications



# Control model of an SPF

MA

Develops a methodology for risk-based management verifications in the programme (incl. SPF)

SPF  
beneficiary

**Controller of an SPF beneficiary (MS where SPF beneficiary is located)**

- Checks management costs of an SPF beneficiary applying the risk-based methodology of the MA

Small projects

**Controllers (where final recipients are located)**

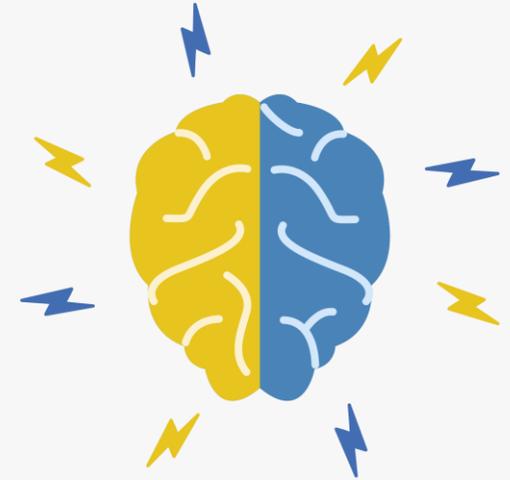
- Check small projects (real costs and SCOs) (applying risk-based methodology or not)

# SCOs in an SPF – 3 scenarios

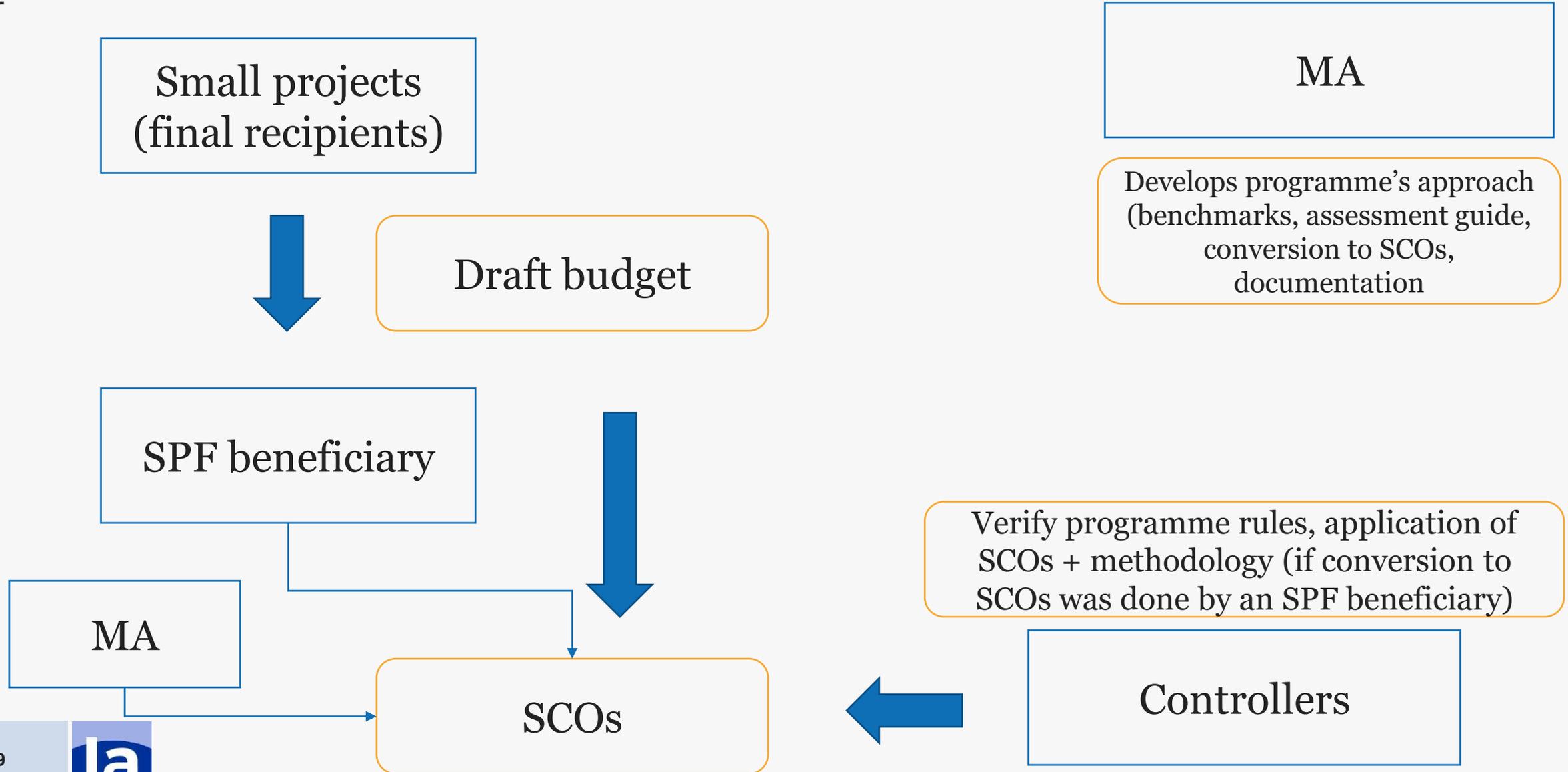
- ✓ **MA – responsible for SCOs in relation to beneficiaries (not final recipients!):**
  - ✓ MA establishes SCOs for final recipients (although no such obligation) >>> controllers of final recipients check whether the SCOs established by the MA are used (without deviations) + SCOs application
- ✓ **SPF beneficiary establishes SCOs for final recipients:**
  - ✓ Controllers check the SCOs established by the SPF beneficiary (methodology) + SCOs application
- ✓ **SPF beneficiary checks the draft budget, but the MA establishes SCOs for final recipients:**
  - ✓ Controllers check programme rules (as the MA asks the beneficiary to control the draft budget in line with sound financial management or more detailed rules) + SCOs application.

# SCOs in an SPF – Sum up

- ✓ If the **SPF beneficiary sets up SCOs (partially or fully) for final recipients**, then the controller has the right to check also the methodology as the SPF beneficiary follows a programme rule to do so (in that case, the SPF beneficiary should have in the grant agreement at least the task to set up these SCOs in line with sound financial management)
- ✓ If **MA sets up SCOs for final recipients**, then the controller checks whether SCOs used in small projects are in line with programme rules + application of these SCOs



# Draft budget method - example





# Verification of SCOs

Factsheet: Verification of SCOs. Practical implications of SCOs on control and audit work.

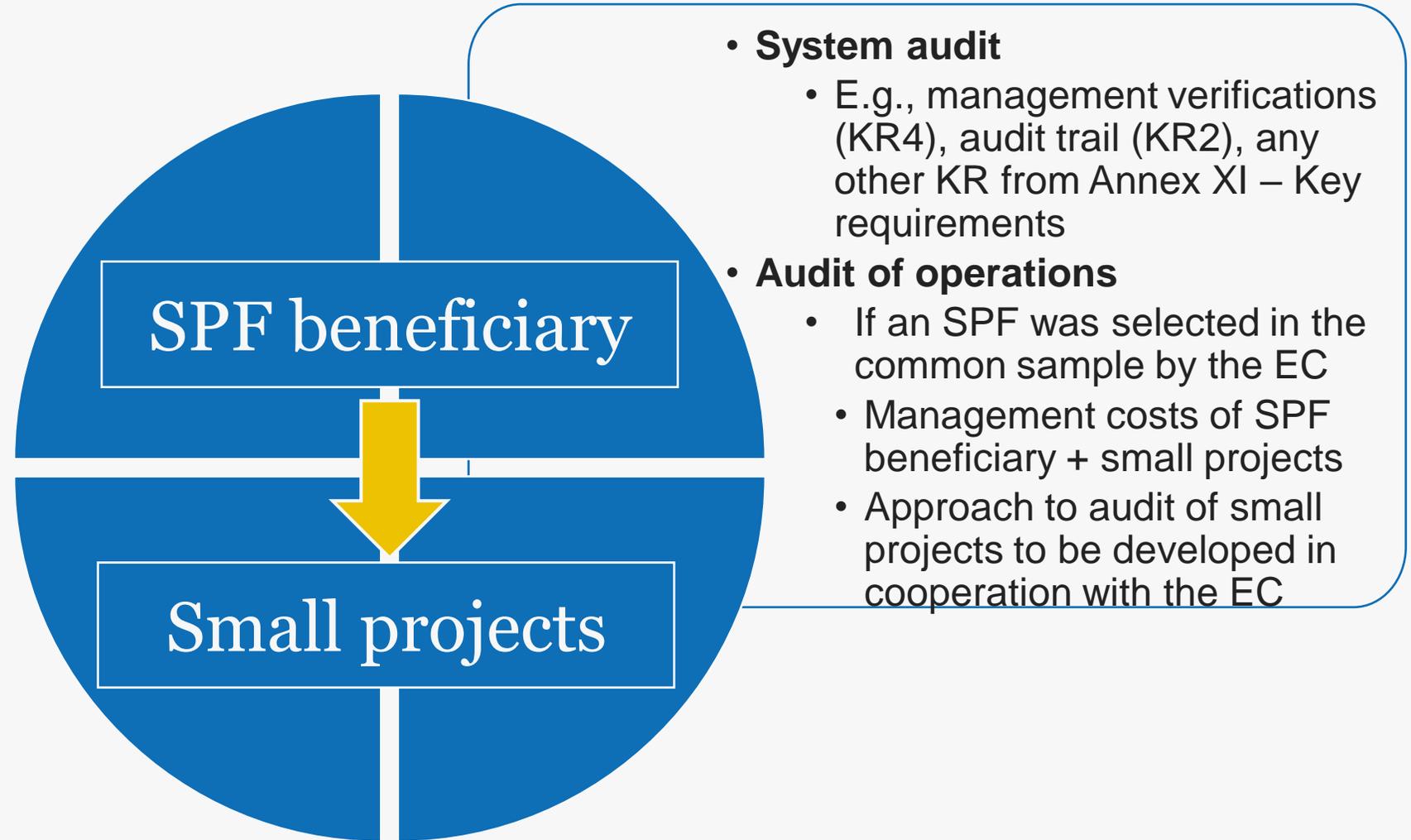




# SPF Model – Audit

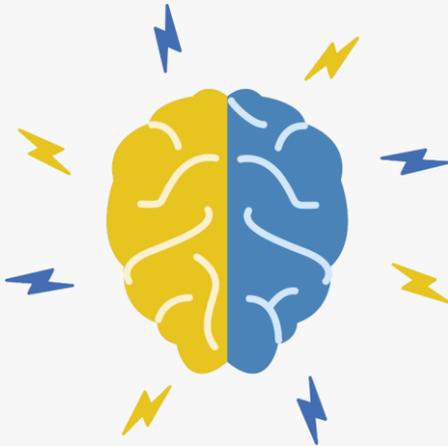


# Audit of an SPF - AA



# Tips for a lean control system of an SPF

- ✓ **Small projects implemented fully via SCOs:**
  - ✓ Verifications are limited to the delivery of pre-agreed outputs/ results (done by SPF beneficiary/ controllers – per an agreement between the MA and SPF beneficiary)
- ✓ **It's recommended that the MA develops clear guidance on how the draft budget method is used by an SPF beneficiary** (assessment guide, ensuring consistency and coherence, equal treatment)
- ✓ **Risk-based approach for verification of management costs of an SPF beneficiary is required by Regulations!**
- ✓ Verification of small projects (controllers/ SPF beneficiary; risk-based or not) is not regulated by the Regulations – up to the programme to set-up the system



# Control system in an SPF



- Have you considered an SPF in your methodologies for risk-based management verifications? Is the approach the same or any different for an SPF?
- Are there any specific risks for an SPF(s)?
- Small projects: with or without real costs



# Cooperation works

All materials will be available on:  
[Interact / Library](#)