Risk based management verifications

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Why RBMV?

significantly reduces the administrative burden for beneficiaries (as the number of controls will be reduced) as well as for MAs and their IBs

improves management and control systems by allowing to focus management verifications on problematic areas instead of spending time and resources on verifications of every single euro declared
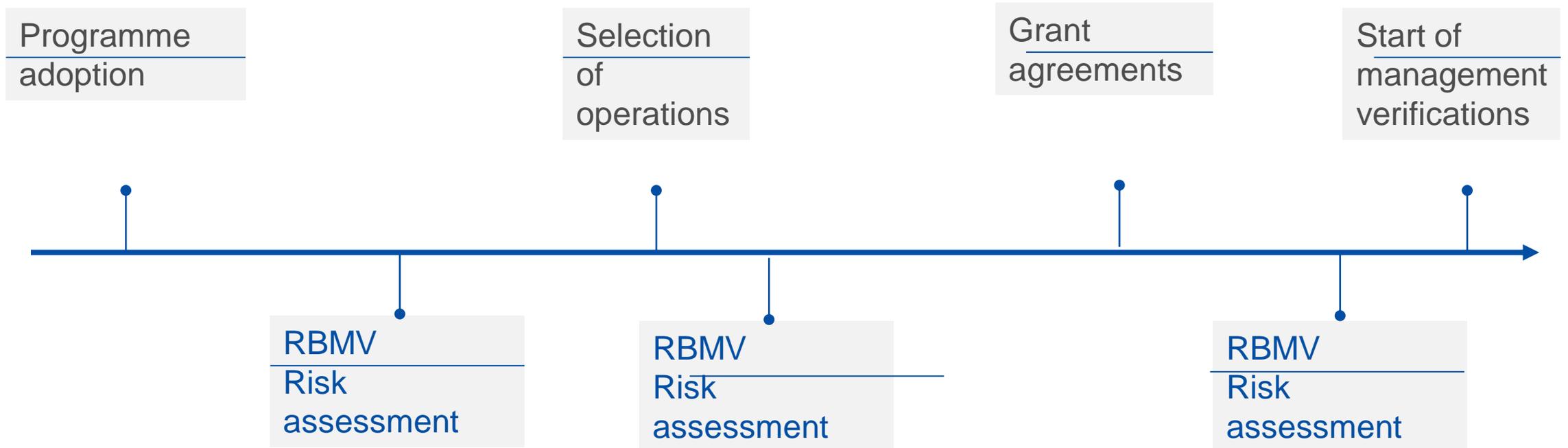
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Less is more

1 payment claim & 1 week

Many staff costs & 1 big public procurement

Timing of the risk assessment

Programme adoption

Selection of operations

Grant agreements

Start of management verifications

RBMV Risk assessment

RBMV Risk assessment

RBMV Risk assessment

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Examples of risk factors -> operation

Significant budget

New approaches

Complexity

Phased operations

No. of locations?

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Examples of risk factors -> beneficiaries

Type of beneficiary

Change of beneficiary

No. of partners?

Experience
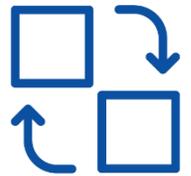
Administrative verifications

Selection of the payment claims

Selection of type of costs inside of payment claims

Selection of items inside of payment claims

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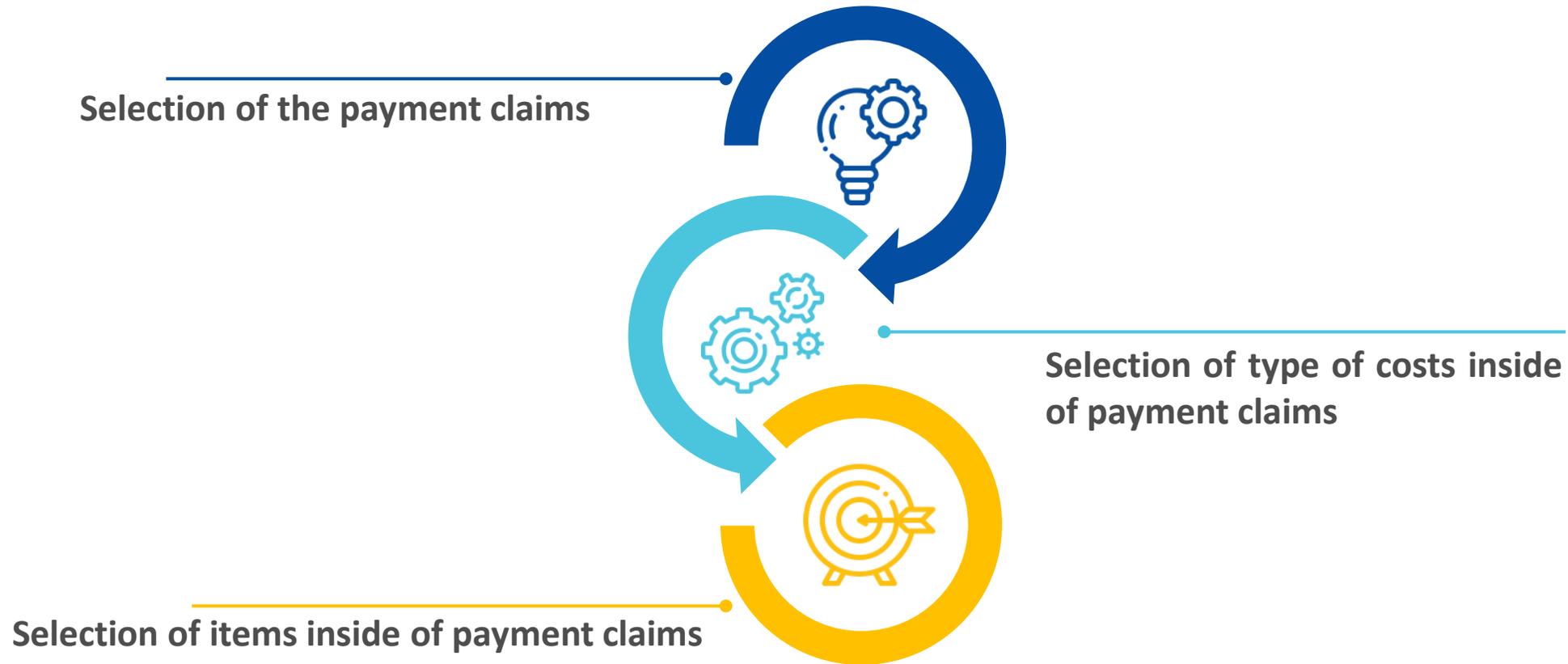
On-the-spot verifications

Delivery, publicity, indicators

Selection of operations

Selection of expenditures within the operation

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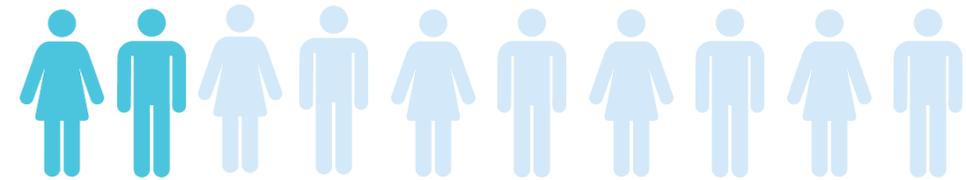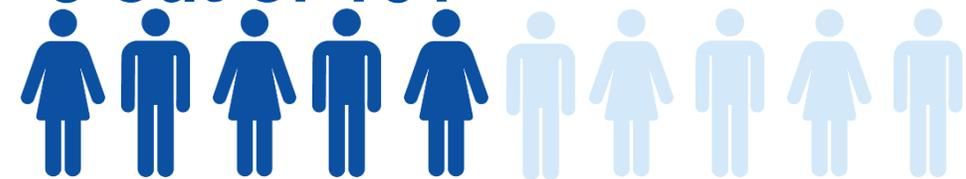
How much is enough?

While a 100% verification of the expenditure remains theoretically possible, this can only be carried out in cases when the level of risk to the budget of the Union was so severe that it would impose such an approach.
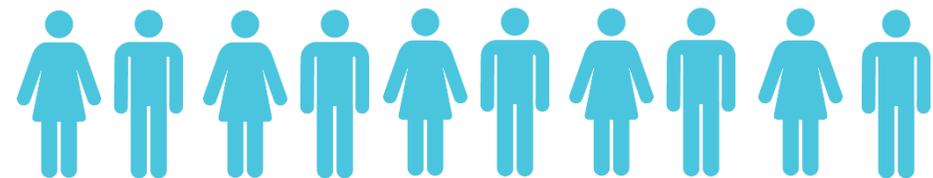
2 out of 10?

5 out of 10?

10 out of 10?

Interreg specificity?

Art. 74: Programme management by the managing authority. Art. 46 (Interreg) - derogation to point (a) of Article 74(1)(a), not (2)!

Management verifications by either:
a) **MA**
b) **Controllers identified by MS**

Controllers (or the MS) may prepare the initial risk assessments, but in this case it is recommended that the risk assessments are reviewed by MA in order to ensure equal treatment and considering the cooperation goal of these programmes. Any difference in approach between MS should be duly justified.

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When to perform MV?

Audit trail

Electronic – recommended

For all

5-years

Reduce administrative burden

Data transferred only once

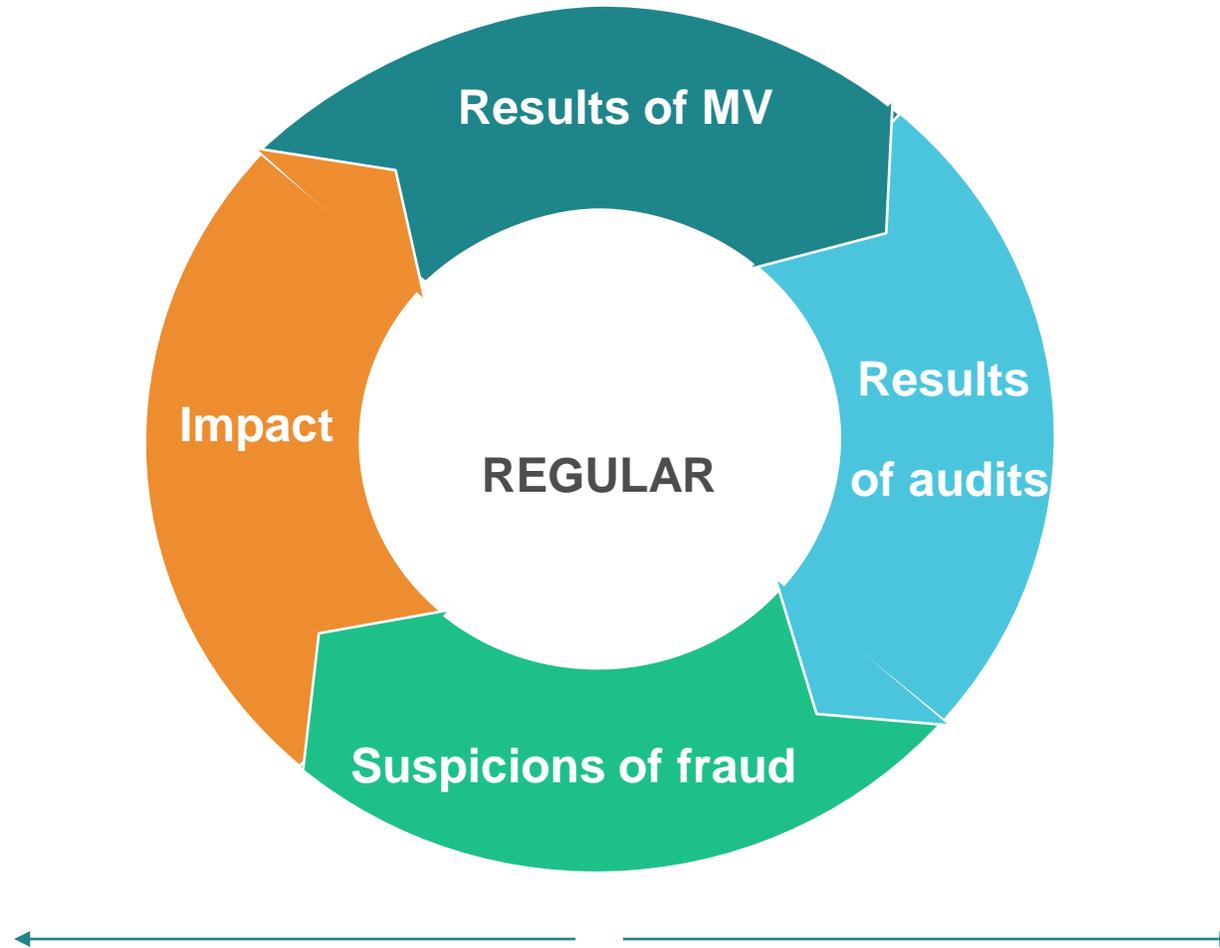Saves time and resources

Avoids errors

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Management verifications vs. audits

➢ Communication is always 🔑

➢ System audits & audits of operations

➢ Extrapolation

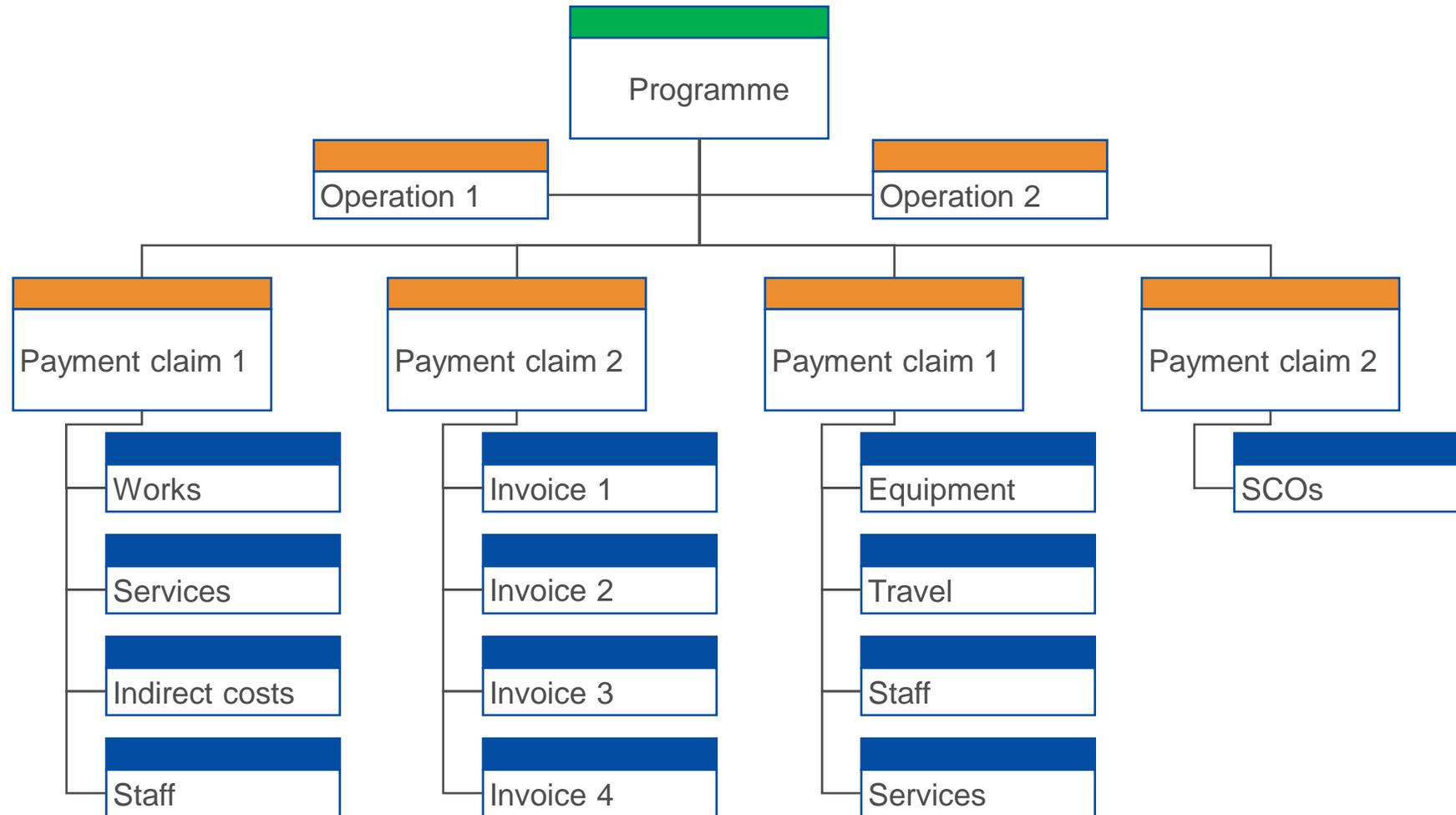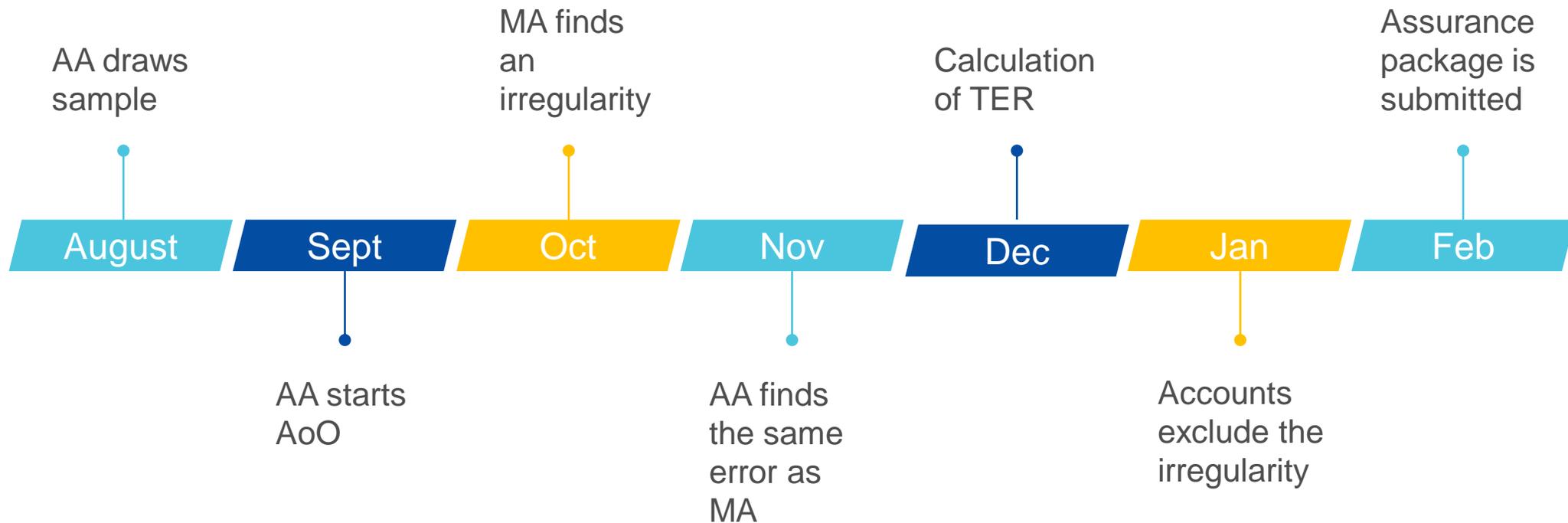➢ Could an expenditure never be verified?

Review

AA role

➢ AAs are encouraged to review ex-ante the risk assessment

➢ The risk assessment can be subject to system audits (particularly early ones, but not only – KR 4)

➢ Results of audits of operation influence the risk assessment

Extrapolation. Stratification.

Treatment of errors

AA draws
sample

MA finds
an
irregularity

Calculation
of TER

Assurance
package is
submitted

| August | Sept | Oct | Nov | Dec | Jan | Feb |

AA starts
AoO

AA finds
the same
error as
MA

Accounts
exclude the
irregularity

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Q&A (1)

1. Will audits use the same methodology and sample of expenditures, or is it possible that their audit expenditures were not checked by controllers?

2. How to extend the sample if the errors are identified?

3. What is the approach of the AA to the examination of methodologies? What will they focus on? What does EC recommend?

Q&A (2)

4. How to approach sampling in combination with the extensive use of SCOs?

5. Do beneficiaries have to know in advance which expenditures will be controlled? Does the programme have to communicate its risk-based methodology to the beneficiaries?

6. Who is responsible (if at all) for checking whether controllers have fully complied with their tasks (checked what was defined in the methodology and not beyond)?

Q&A (3)

7. Is it possible that some joint sampling strategy is developed top-down to be followed by all programmes, similar to the common sample in the audit?

8. How to identify the risk factors at the first stage of the methodology (does it have to be qualitative or quantitative analysis)?

9. How to identify the riskiest areas in the actual project?

UD0098 - Risk based management verifications Article 74(2) CPR 2021-20271 - Reflection Paper - RegioWiki Extranet - RegioWiki (europa.eu)

Thank you for your attention

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