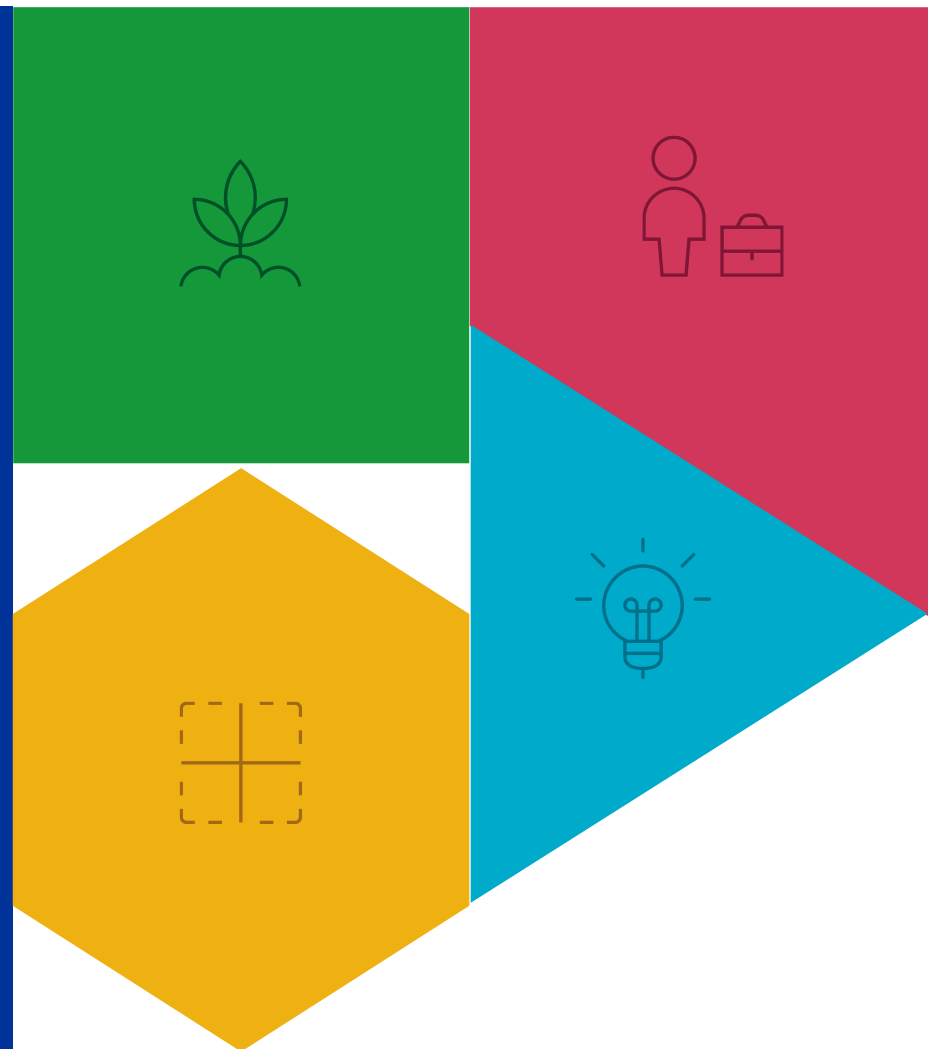




Risk based approach of Interreg Belgium-Netherlands

15-05-2024, Split



Overview

1. Interreg Belgium - Netherlands
2. Approach: continuation use two stages burden of proof
3. Criteria 1: Risk profile
4. Criteria 2: Scale and type of costs
5. Main lessons learned
6. Questions

1. Interreg Belgium - Netherlands

- Context:
 - 10 million inhabitants
 - 23.746 km²



1. Interreg Belgium – Netherlands

A current snapshot

 Update...

56 Cross-border projects

125,4 Milion Euro Subsidy allocated

534 Supported organizations



A smarter Europe
50,8 million



A greener Europe
42,9 miljoen



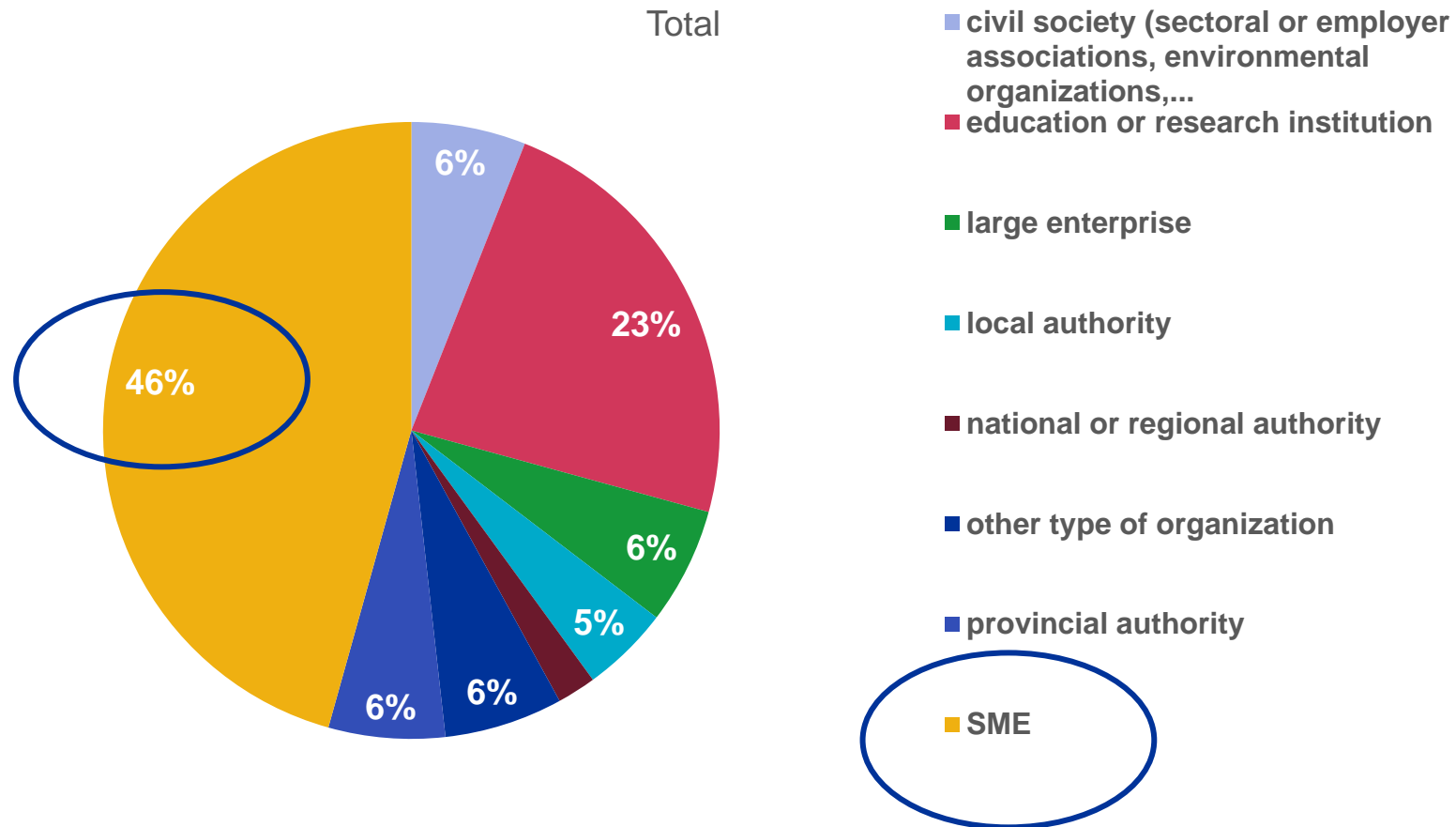
A more social Europe
26,8 miljoen



A Europe
without Borders
4,9 miljoen

1. Interreg Belgium - Netherlands

Total



Data Interreg V

2. Evolution in program 2021 – 2027

Idea Interreg VI: Focus on technical simplification

- The program for the upcoming 7 years includes some significant changes compared to the previous program period 2014-2020

E.g.:

Technical Simplifications	
Option for advance financing (receipt of funds before it's declaration)	Relaxations regarding participation requirements (partners without EFRO and/or legal personality can participate)
Continuation and increase use of SCO's	New improved monitoring system (portal)

- However, our approach regarding RBMV **remains roughly the same** as applied in previous period Interreg V (<-> unlike other programs)

2. Approach: continuation use two stages burden of proof

Main idea already in Interreg V: Not all evidence for costs have to be provided on desk:

→ Certain documents are not uploaded (and thus not verified on desk). They are kept on site, and only verified by FLC when partner is selected for **on-the-spot** check

→ On desk: the most vital documents for attaining an acceptable level of certainty regarding the submitted costs e.g. no proof of payment on desk, no timesheets, no quotation, etc -> only on site

A. Risicoprofiel bij aanvang of wijziging van het project

#	VRAAG	GEVOLG	WAARSCHIJNLIJKHEID	SCORE	TOELICHTING
5	Er is geen duidelijk onderscheid tussen het project en de dagdagelijks activiteiten van de partner.	2	4	8	Dagdagelijkse activiteiten liggen in het verlengde met de projectactiviteiten.
6	De kostentoerekening in het kostenplan is onduidelijk en heeft de nodige opvolgpunten meegekregen in de aanvraag- of wijzigingsfase.	4	4	16	Er zijn sommige onduidelijkheden die vermoedelijk issues geven tijdens de aanpak. Het is belangrijk dat deze worden opgepakt tijdens de voortgang van het project.
7	Het budget van de partner is van dusdanige omvang dat er risico's ontstaan met betrekking tot voortgang van het project bij uitval van partner	3	5	15	Partner is niet alleen de PV, maar heeft tevens ook een beduidend hoger budget
8	De financiering van de kosten is zodanig dat er risico's ontstaan m.b.t. matching, overfinanciering, etc.	3	2	6	De financiering is helder en roept geen risico's op tav matching of overfinanciering.
9	Het aankoopplan is niet of gebrekkig ingevuld, of doet risico's veronderstellen ten aanzien van de geplande aankopen. (dit is inclusief eventuele twijfelgevallen m.b.t. de toets publiek -privaat, waarbij Interreg de partner als publiek beschouwt als risicobeheersmaatregel)	4	4	16	De partner lijkt de juiste drempels te hanteren en alle aankopen uit het

Voor partners met een kostenplan dat niet 40% is en waarbij externe kosten zijn voorzien

Financiële informatie

	2022	2021
	Niet-geconsolideerd	Niet-geconsolideerd
Effectief jaar	2022	2021
Soort balans		
Aantal maanden		
Kasstroom (in 1 000 EUR)		
Huidige ratio		
Ebitda (in 1 000 EUR)		
Bedrijfsbaten (in 1 000 EUR)		
Aantal werknemers		
Winst/verlies voor de periode (in 1 000 EUR)		
Winst & verlies vóór belastingen (in 1 000 EUR)		
Winstmarge		
Rendement op geïnvesteerd vermogen		
Rendement op vermogen		
Aandelenkapitaal (in 1 000 EUR)	6,757	7,357
Solvabiliteitsratio	80.10	70.13
Totaal activa (in 1 000 EUR)	8,435	10,490
Datum van overzicht	2022-12-31	2021-12-31

VPI - informatie

	2022
VPI - effectief jaar	2022
VPI - score risico op faillissement (1-9)	4
VPI - faillissementsrating (A-F)	C
VPI - score P2B sold (top 20 %) (1-10)	10
VPI - geraamde minimale transactiewaarde (in 1 000 EUR)	7,201
VPI - geraamde minimale transactiewaarde (in 1 000 EUR)	19,935
VPI - geen score	-
VPI - mand	(onbekend)

Secundaire NACE	VPI Bankruptcy score Obsolete	VPI -
0110	12	10
-	-	-

so only

PROEFCENTRUM FRUITTEELT VZW

Bedrijfsnummer

Risico Score

97

Probability of Default

0,047 %

Internationale score

A

Kredietlimiet

€675.000

Status

Actief

Gerechtigde gegevens

Nee

Dagvaardingen

Nee

Check & Decide

Is in monitoring

Samenvatting

Bedrijfsinformatie

Jaarrekeningen

Score/Limiet/Indicatoren

Betalingservaringen

Koppelingen

Juridische gebeurtenissen

Bestuurders

Officiële publicaties

Bedrijfsidentificatie

Bedrijfsnaam	PROEFCENTRUM FRUITTEELT VZW
Safe Number	BE01211347
Registratienummer	878145255
BTW-nummer	BE.0878.145.255 Valideer BTW-nummer
BTW aansprakelijk	ja
Datum van registratie	7 december 2005
Akte van oprichting	7 december 2005
Rechtsvorm	Vereniging zonder winstoogmerk
Status bedrijf	Active - Actief
Hoofdactiviteit	72190 - Overig speur- en ontwikkelingswerk op natuurwetenschappelijk gebied
RSZ Nummer	1799441-17

Contactgegevens

Adres	FRUITTUINWEG 1, 3800 SINT-TRUIDEN Bekijk op de map
Telefoonnummer	+32 11 69 70 80
E-mail adres	pcfruit@pcfruit.be
Website	www.pcfruit.be

Status en score van het bedrijf

Status	Risico Score	Internationale score
Actief	97	A

3.C Tools for risk analysis – last lender of resort: the partner!

As both risk analysis tools have their own (and common) limitations we often still end up asking our questions **to the partner**. (or we ask to confirm/validate)

3 habits that you should learn while using databases:

→ Be critical!

→ Be logical!

→ When in doubt, always double check!

→ E.g. wrong date of establishment, or legal entity can have a lot of consequences!



Not only because by using databases certain data is inaccurate, but also...

By relying entirely on an external online database for business information, a company may become dependent on this source for critical data. If the database goes offline or is unavailable, it could disrupt business operations.

4. Criteria 2 - Scale and type of costs

The on – the – spot checks were already risk based in Interreg V! Not only by using a risk profile, but also by taking into account the scale & type of costs!

- The Managing Authority believes that **the size of budgets and costs** is an additional risk factor:
 - ➔ A correction of a larger cost in the second line has significant implications for the error margin.
 - ➔ Therefore, it seems appropriate to perform extra checks on the highest costs
 - ➔ Different sample for budgets with external costs <-> flat rates
- At the same time, it can be clearly observed that external costs are riskier than personnel costs. Therefore, the Managing Authority will base its risk-driven approach *also* on the **type of costs**

4. Special case of type of costs: Simplified Cost Options (SCO's)

Goal:

The aim of this is to allow **simplification** in a cost plan, by moving away from actual costs and covering them with flat rates, fixed amounts (lump sum), or standard scales of costs (SUT/VUT). SUT/VUT = method of calculating hourly rate

Types:

- Flat rates (e.g. 40% on Personnel costs)
- Lump sums (e.g. fixed amount for costs made in preparation of project (37k))
- Standard Scale of Unit Costs (e.g. fixed hourly rate (VUT))

= **Simplified Cost Options**

Benefits:

- **Reduce the administrative burden** for beneficiaries (as not all evidence should be provided) as well as for MA's (less controls)
- **Improve the effectiveness** of management and control systems by allowing to focus management verifications on problematic areas (! External costs)



4. Special case of type of costs: Simplified Cost Options (SCO's)

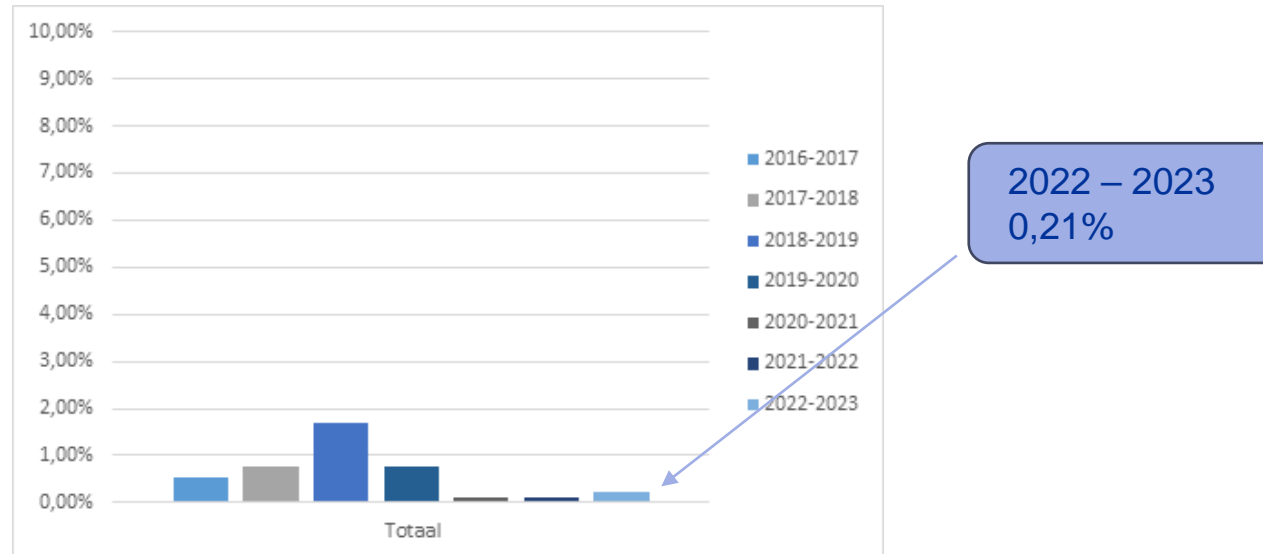
- Real costs covered by such a flat rate or lump sum are no longer subject to control, neither by the first line nor by the second line
 - E.g. expenses for catering, external staff, etc..
- For standard scale of unit costs, only control will be conducted on the correct application of the simplified cost option and the evidence still to be provided
 - E.g. Documents proving access to the SUT and timesheets

4. Special case of type of costs: Simplified Cost Options (SCO's)

- Depending on the chosen type of budget plan, the level of control pressure will range from low to moderate to high:
 - The more costs are covered by SCO's, the less cost control is needed.
 - When considering the risks associated with cost categories, we can say that generally, a budget plan with PK + 40% will be much less risky than a cost plan with external costs, due to the nature of the envisaged costs.
 - Explanation for Interreg Belgium – Netherlands: repeated audits revealed few issues regarding personnel costs. So we learnt by using standard scale of unit costs errors are kept to a minimum and so risk of this type of costs is lower → control pressure is lower

5. Main lessons learned

- The effectiveness of this approach was confirmed year after year by the good results in the second-line control and the **continuously decreasing error rate** there:



- Moreover, this also helped to significantly **reduce the administrative burden for beneficiaries** without increasing the risk of rejections in the second line.
- As proven to be successful -> continuation of that approach in Interreg VI

5. Main lessons learned

Our approach summarized: The on-desk control is 100%, but applied to a part of the total burden of proof. The additional burden of proof that may be kept within the organization itself is checked randomly

- The Managing Authority will base its risk-driven approach at least on:
 - Risk profile of a beneficiary (through a risk analysis using different tools*)
 - Type & scale of costs



* Risk scoring tools primarily serve as a risk assessment support tool

Results:

- In the majority of cases, it was simply confirmed that these documents were in order on site
- If corrections were nonetheless necessary, the EU budget was not typically impacted, as the program conducted its on-site audits before certifying the costs
- & last but not least: ofcourse this methodology was validated at the start of the program in coordination with the Audit Authority (AA)

Questions?