RISK-BASED MANAGEMENT VERIFICATION METHODOLOGY

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Jems User Group

Dublin, 09.10.2024

LEGAL BASIS and SUPPORTING DOCUMENTS

✓ Article 74(1)(a) and 74(2) of the CPR

✓ Reflection Paper of the EC: RBMV 2021-2027

✓ Guidance on the RBMV for 2021-2027 and HIT methodology

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PREPARATION of RBMV

✓Workshop in Bohinj - January 2024

✓Representatives from three CBC programmes

✓External expert

✓Brainstorming

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COLLECTING THE DATA for RBMV

✓**HOW?**: Excel sheet

✓**WHO?**: Joint Secretariat/National Controllers

✓**WHEN?**: Each year after the approval of the Annual Accounts

✓**WHERE?:** Jems (eMS), Self-declaration by PPs …

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RBMV – WHO/WHICH LEVEL?

Standard projects:

✓partner level: National Controllers

✓project level: Joint Secretariat

Small-scale projects:

✓partner level: Joint Secretariat (HU NC for SI-HU)

✓project level: Joint Secretariat

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RMBV – National controlers verification

✓ HOW?: Automatised in Jems

✓ WHEN? Latest till end of June 2024

✓ WHAT? Partner reports + OTS

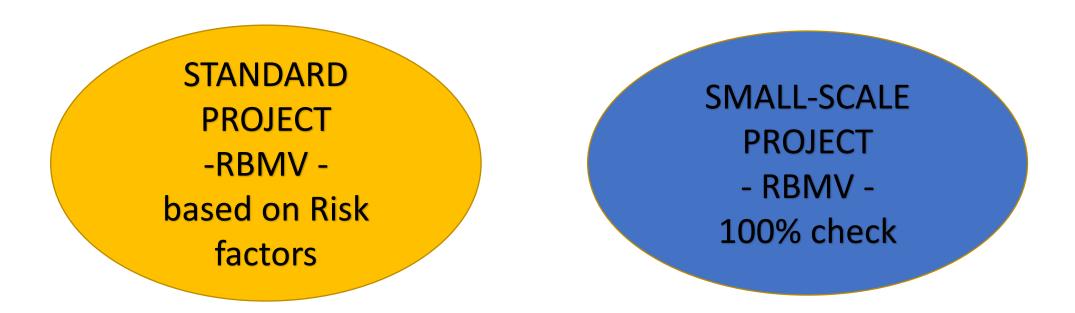✓ RISK-BASED MANAGEMENT
   VERIFICATION AND CONTROL MANUAL

RBMV Methodology

STANDARD PROJECT -RBMV - based on Risk factors

SMALL-SCALE PROJECT - RBMV - 100% check

RBMV Methodology

for STANDARD PROJECTS

RISK IDENTIFICATION

Risks	Risks description
1. Products and services not delivered – ineligible project	Operation not completed and/or not functional
	Operation not compliant with initial plan (time, quantity, quality)
	Missing evidence for indicators
2. Laws and conditions of support not respected	Wrong application of PP procedures (artificial splitting and/or non-sufficient publicity)
	Not correctly recognised state aid
	Unlawful changes
	Missing documents (permits)
3. Ineligible Expenditures and non-sufficient audit trail and accounting	Indirect costs declared as direct cost
	Wrong declaration % of staff costs
	Double-funding, missing documents
4. Simplified cost options conditions for payment not respected	Inflated staff costs
	Condition for support not respected: Activities, deliverables, outputs, results

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SCORING OF THE RISKS AT PARTNER LEVEL

No.	Risk criteria (RC)	Source of data
1	Staff with working time on the project (per person) <= 15%	JS: JEMS - manually
2	Number of operations run in parallel by partners (per ID/TAX number)	JS: self-declaration filled in by all PPs - manually
3	Change of contractor / sub-contractor(s)	NC: JEMS - manually
4	Are PP activities State aid/de-minimis relevant	JS: JEMS (check list for State aid/de-minimis) – manually
5	Did the PP activities become State aid/de-minimis relevant during past year	JS: JEMS (check list for State aid/de-minimis) - manually
6	Amount of financial errors detected by FLC on PP level in previous financial period 2014-2020 within the relevant programme	JS manually – Annual summary of controls background tables from eMS (history)
7	Amount of financial errors detected by NC on PP level in sampled expenditures in 2021-2027 within the relevant programme	JS manually – based on previous confirmed PP reports and errors detected - background tables from JEMS

EACH RISK IS QUANTIFIED FROM -3 TO 5

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SCORING OF THE RISKS AT PARTNER LEVEL

EACH RISK IS QUANTIFIED FROM -3 TO 5

No.	Risk criteria (RC)	Source of data
8	Number of staff per PP	JEMS - automatically – count staff rows
9	Use of the 40% staff cost flat rate	JEMS - automatically – flat rate 40% selected
10	Planned External services related to contract > 10.000 EUR	JEMS - automatically – any expenditure in total price per row exceeds 10.000 EUR
11	Planned amount of external expenditures of smaller (<10.000 EUR) exceeds 70% of total external expenditures	JEMS - automatically – sum of total cost in rows below 10.000 exceeds 70% of total external expenditures in category
12	Planned Equipment related to contract > 10.000 EUR	JEMS - automatically – any expenditure in total price per row exceeds 10.000 EUR

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SCORING OF THE RISKS AT PARTNER LEVEL

EACH RISK IS QUANTIFIED FROM -3 TO 5

No.	Risk criteria (RC)	Source of data
13	Planned Amount of equipment expenditures of smaller (<10.000 EUR) exceeds 70% of total equipment expenditures	JEMS - automatically – sum of total cost in rows below 10.000 exceeds 70% of total equipment expenditures in category
14	Existence of investments in infrastructure	JEMS - automatically – row infrastructure and works exists
15	Duration of the activities (in reporting periods)	JEMS - automatically – end period minus start period
16	Underspending	JEMS - automatically – realization per partner budget till reporting minus planned partner budget till planned reporting > 0
17	% of underspending	JEMS - automatically – realization per partner budget till reporting minus planned partner budget till planned reporting > 0

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LEVEL OF RISK

PARTNER LEVEL

Score	0-7	8-20	21 or more
Risk	low	medium	high

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FREQUENCY AND COVERAGE

PARTNER LEVEL

Frequency and Coverage – partner level			
Level of risks on partner level/ checks	low	medium	high
Desk based: Frequency	At each report		
Desk based: Coverage/Expenditures including those checked 100% (Costs) up to the L/M/H risk	min 35% of total costs declared in PP report	min 50% of total costs declared in PP report	min 75% of total costs declared in PP report
OTS: Frequency/ Number of project partners to be checked according to the level of risk	5%	15%	30%
OTS: Coverage (What to check?)	In line with the OTS checklist		

WHAT TO CHECK?

100% mandatory checks are obligatory in the cost categories:

- External services (related to planned contract value above 40.000 EUR)

- Equipment (related to planned contract value above 40.000 EUR)

- Infrastructure and works

No checks are foreseen for the indirect costs in the cost categories:

- Office and administrative costs

- Preparatory costs

- Travel and accommodation

- Other costs

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SCORING OF THE RISKS AT PROJECT LEVEL

EACH RISK IS QUANTIFIED FROM -3 TO 5

No.	Risk criteria (RC)	Source of data
1	Number of operations run in parallel by partners (per ID/TAX number)	JS: self-declaration filled in by all PPs - manually
2	Change of contractor / sub-contractor(s)	JS: JEMS - manually
3	Are PP activities State aid/de-minimis relevant	JS: JEMS (check list for State aid/de-minimis) - manually
4	Did the PP activities become State aid/de-minimis relevant during past year	JS: JEMS (check list for State aid/de-minimis) - manually
5	Quality of partnership	JS: JEMS (SAG) - manually – score of assessment
6	Quality of budget	JS: JEMS (SAG) - manually – score of assessment

SCORING OF THE RISKS AT PROJECT LEVEL

EACH RISK IS QUANTIFIED FROM -3 TO 5

No.	Risk criteria (RC)	Source of data
7	Amount of financial errors detected by JS on Project level in previous financial period 2014-2020 within the relevant programme	JS manually – Annual summary of controls background tables from eMS (history)
8	Number of deliverables	JEMS - automatically – number of deliverable rows in project
9	Number of staff working per project	JEMS - automatically – count staff rows per project (sum PP staff rows)
10	Number of accepted changes (no. of application versions)	JEMS - automatically – version of application
11	Existence of investments in infrastructure	JEMS - automatically – row infrastructure and works exists in any project partner
12	Size of the project	JEMS - automatically – total project budget

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SCORING OF THE RISKS AT PROJECT LEVEL

EACH RISK IS QUANTIFIED FROM -3 TO 5

No.	Risk criteria (RC)	Source of data
13	Number of PP	JEMS - automatically – number of PPs
14	Duration of the project in periods - up to the programme	JEMS – automatically – number of periods
15	Underspending	JEMS - automatically – realization per project budget till reporting minus planned project budget till planned reporting > 0
16	% of underspending	JEMS - automatically – realization per project budget till reporting minus planned project budget till planned reporting > 0

LEVEL OF RISK

PROJECT LEVEL

Score	0-10	11-28	29 or more
Risk	low	medium	high

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FREQUENCY AND COVERAGE

PROJECT LEVEL

Frequency and Coverage – project level			
Level of risks on project level/ checks	low	medium	high
Desk based: **Frequency / Project reports to be checked according to the L/M/H risk (risks shall be defined for all projects consisting of a pool of projects in risk group)**	Based on submission: Every 5th project report submitted from the pool of low-risk projects	Based on submission: Every 3rd project report submitted from the pool of medium-risk projects	Based on submission: Every 2nd project report submitted from the pool of high-risk projects
Desk based: **Coverage (What to check?)**	In line with the JS checklist		
SSV: **Frequency/ Percentage of projects to be checked according to the level of risk from the pool of projects in risk group**	Defined once a year after RBMV exercise 10%	Defined once a year after RBMV exercise 25%	Defined once a year after RBMV exercise 50%
SSV: **Coverage (What to check?)**	In line with the SSV checklist		

RBMV Methodology

for SMALL - SCALE PROJECTS

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FREQUENCY AND COVERAGE

PROJECT LEVEL

Frequency and Coverage – project level	
Desk based: Frequency / Project reports to be checked: - **all projects from a pool of projects have the same risk factor** - **the pool of projects is consisting of all contracted projects from each SSP submission deadline**	Automatically - randomly chosen 80 % of all projects.
Desk based: **Coverage (What to check?)**	In line with the JS checklist for SSP
SSV*: **Frequency/ Projects to be checked:** - **all projects from a pool of projects have the same risk factor** - **the pool of projects is consisting of all contracted projects from each SSP submission deadline**	Automatically - all projects that were not desk-based checked (20%).
SSV: **Coverage (What to check?)**	In line with the SSV checklist for SPP

FROM THEORY TO PRACTICE

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CONSIDERATIONS

✓Where shall the data be stored – JEMS or any other system

✓Where do we take data from – JEMS, manually, Keep, Arachne, other

✓Which programming language to use – is there a framework

✓What personnel do we have for implementation – internal/external

✓How flexible we can be

✓Do we touch the Core JEMS

✓Timing and cost of implementation

✓What we have and can we build on top of that

✓…

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CONCRETE ANSWERS

✓We implemented some plugins in JEMS that are pretty standard

✓We did some Exports in JEMS, but only for paper visualization

✓We did produce an Aggregator tool that uses API for data

✓We already take data from JEMS and put it in aggregator database

✓We added models in own database for usage of data

✓We have dedicated servers for own implementations

✓We don't know what additional functions can we expect in JEMS

✓Aggregator app gives us more flexibility as we know development timeline

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DECISION

- ✓ Create as much as possible in Aggregator (fast, secure, easy framework)

- ✓ Query Aggregator via API

- ✓ Take data from JEMS and turn it around in Aggregator application (presentation layer)

- ✓ Modify plugins so that they interface with Aggregator app

```
val apiTokenReader = File("/run/secrets/jems_jems_agregator_api_token").bufferedReader()
val apiToken = apiTokenReader.use { it.readText() }.trim()

runBlocking {
    val response = client.get(apiBaseUrl) {
        url {
            appendPathSegments("expenditure-samples")
            parameters.append("interreg_programme_title", projectData.programmeTitle)
            parameters.append("partner_id", partnerId.toString())
            parameters.append("partner_report_id", reportId.toString())
        }
        headers {
            append(HttpHeaders.Authorization, "Token $apiToken")
        }
    }
```

PROCESS WORKFLOW OF RBMV

✓ We added items that are not present in JEMS to Aggregator (risks, scores, different programmes, unique identifiers…)

✓ When report starts to be checked plugin in JEMS asks Aggregator API for selection of invoices

✓ Aggregator asks JEMS to send him all the updated data and selects items for the verification based on presented methodology

✓ Aggregator sends to JEMS data to be selected

✓ JEMS plugin selects data in JEMS database so the controller can see them properly

✓ Similar process is implemented also at the level of Project reports with a contentwise difference – sampled item doesn't have to be checked