



Helsinki-Uusimaa
Regional Council

Conducting the RBMV as an intermediate body

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Interreg



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The programme and our role in it

- The intermediate body represents the managing authority (Ministry of Economics Affairs and Employment of Finland) in limited tasks (e.g. project financing, monitoring and controlling) related to the EU's regional and structural policy, which is implemented through the *Innovation and skills in Finland 2021-2027-program*. Finland has received approximately 837 million euros in EU funding from the ERDF for the period 2021-2027.
- Helsinki-Uusimaa Regional Council operates regionally in southern Finland. This means that we serve partners which are located within our operating area. Due to our responsibilities Helsinki-Uusimaa Regional Council control hundreds of reports annually on the top our Interreg -controlling tasks. In Interreg programs we work as an acting controlling body. The Ministry of Economics Affairs and Employment of Finland works as a responsible control body for the Interreg – programs.

Assignment to develop RBMV

At the beginning of the new program period, the managing authority sent us the risk management strategy for the expenditure verification of the EU regional and structural policy funds.

The strategy paper contained multiple phrases which emphasized a prewritten inspection methodology and the capacity of defining the risk elements.

- “Each intermediate body is responsible for the risk-based procedure for verifying expenditure and has described this procedure in its administration and control system description”
- ”The risk-based approach guides intermerdiate bodies to allocate their resources effectively and can help prevent the occurrence of systematic errors. Expenditures are verified with an emphasis on high-risk projects, as well as projects where issues or ambiguities have arisen in their management or implementation”
- “The intermediate body is responsible for ensuring that the decisions made by the controllers regarding the processing of applications for support payments are as consistent as possible and based on the pre-established descriptions of the risk-based verification of expenditures.”

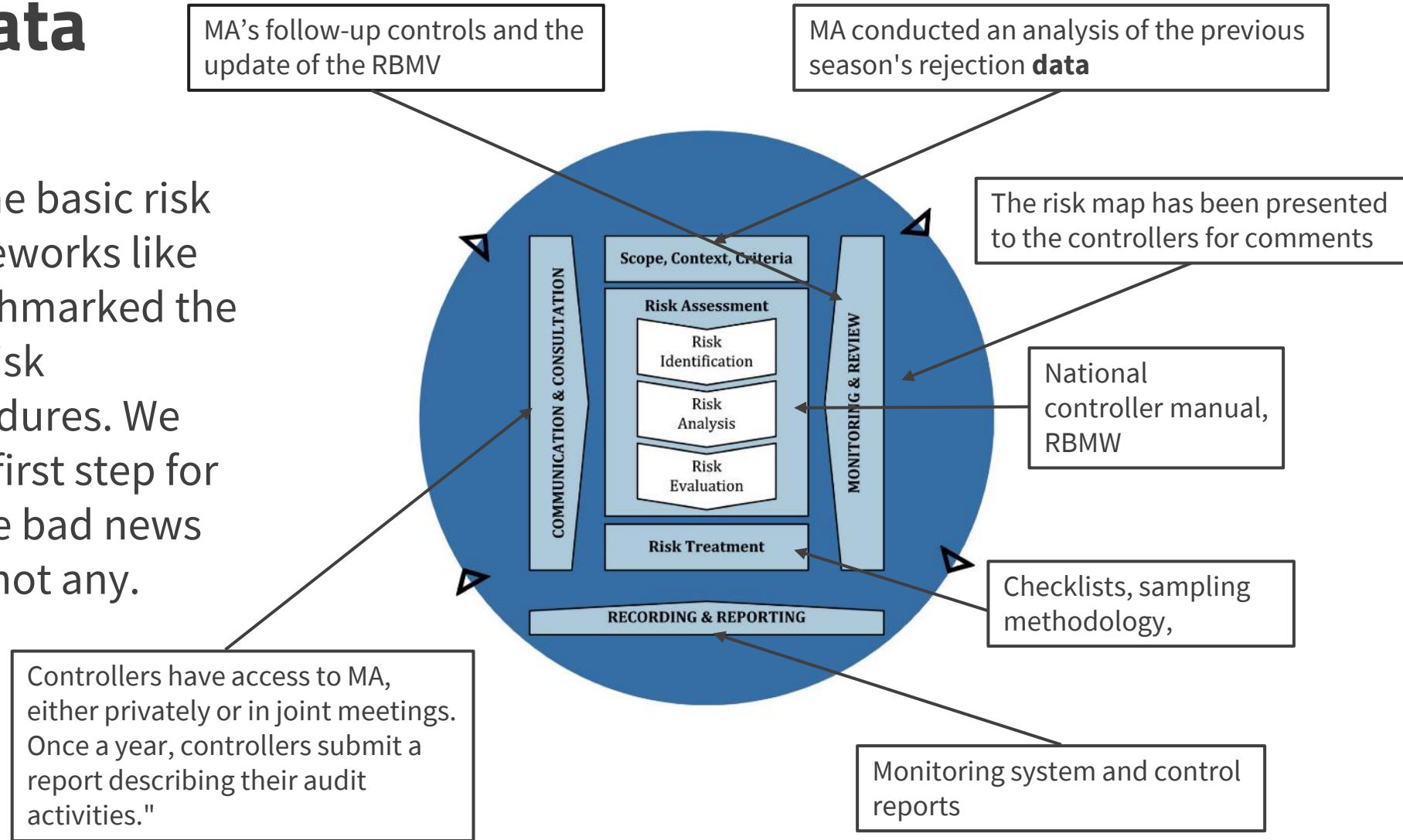
Interact's contribution

- The controlling culture in the national programme differs greatly from the Interreg programmes. The controllers have not had any guiding methodology to proceed with. However, as we got the Interreg's controlling responsibility and therefore joined to a multiple Interacts' workshops we gained understanding how to define and follow the RBMV methodology.
- The notes from the controllers' workshops and the actual RBMV's we were implementing in our FLC work proved to be extremely useful when we were planning the risk assessment.



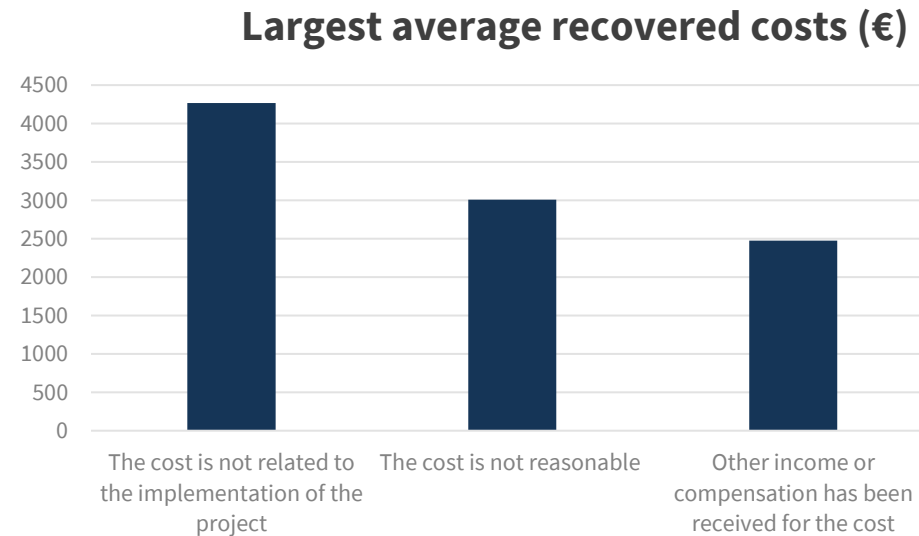
Getting the data

- We looked into to the basic risk management frameworks like ISO 31000 and benchmarked the Interreg programs risk management procedures. We concluded that the first step for us is to get data. The bad news was that there was not any.



Recovery data

- The only available data from the monitoring system was related to the recovered funds. When we divided the values of the recovered costs with the number of recoveries we got the following results

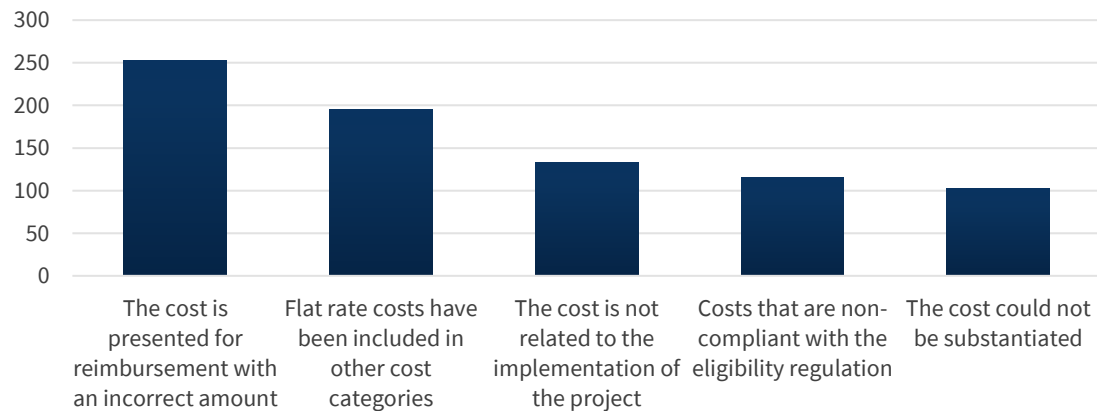


- The other observations had so low N, so we wouldn't want to make any generalizations about them.

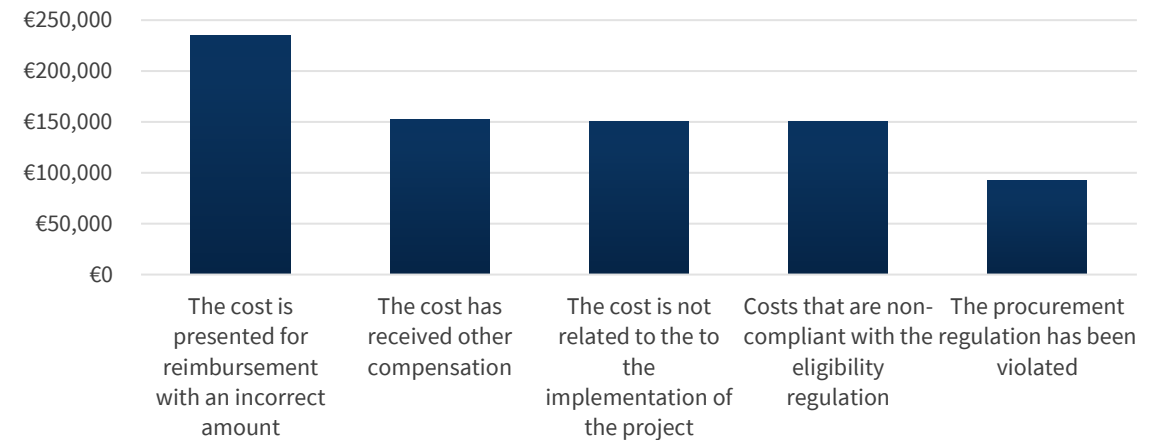
Correction data

- Six months after the initial analysis, we got access to the correction data which showed quite different results:

Most common corrections (qty)

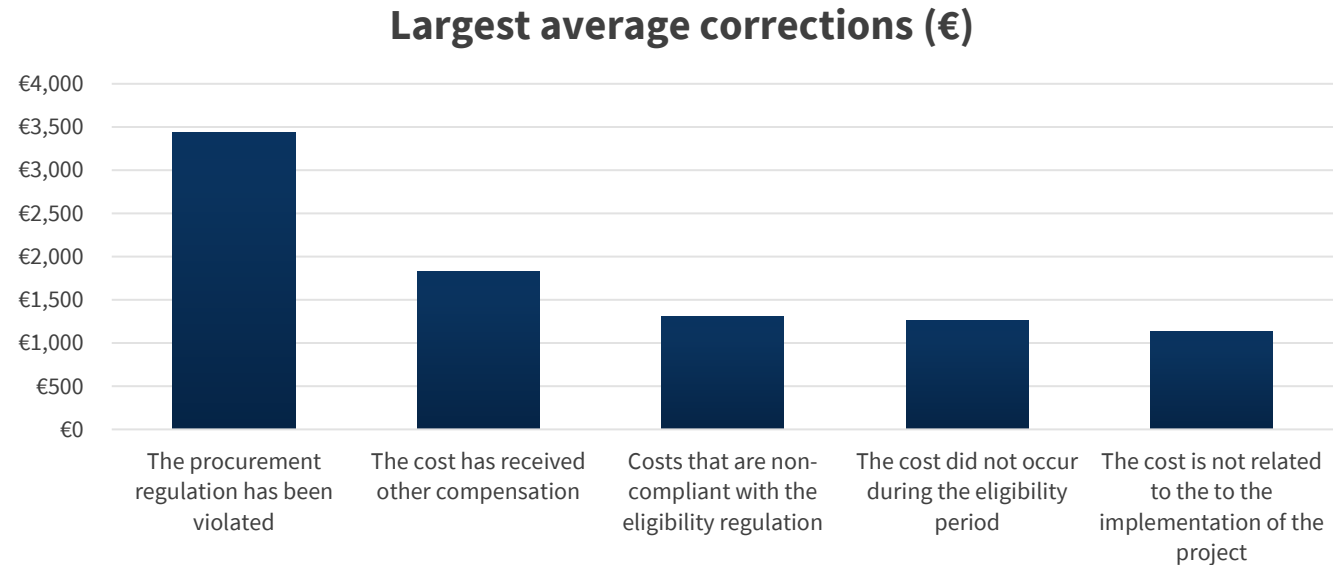


Most valuable corrections by sum (€)





Correction data

- We aimed to focus on most frequent and valuable corrections.



Data analysis results

- Primary observed risks:
 - Procurements
 - Double funding
 - Staff costs
 - Costs have not occurred during the project
- Secondary observed risks:
 - Partners do a lot of mistakes
 - Not relevant costs are being reported
- The median of all the reports sequence number was 2, so we assumed that the **second period is the riskiest.**

Risks identified outside the data analysis

- The P & Q component framework, presented by the auditors in Rotterdam also helped us to identify systematic risk outside of the data analysis related to the P-component (determination of the hourly rate)

P-component (price) = The price of the hour

Q-component (quantity) = Amount of hours

$P \times Q = \text{Staff costs}$

Risks identified outside the data analysis

- Unfortunately, another systematic risk was identified regarding the Q-component (report of hours). The monitoring system used in the program is not GDPR applicable, so it is forbidden to input any name data to it.

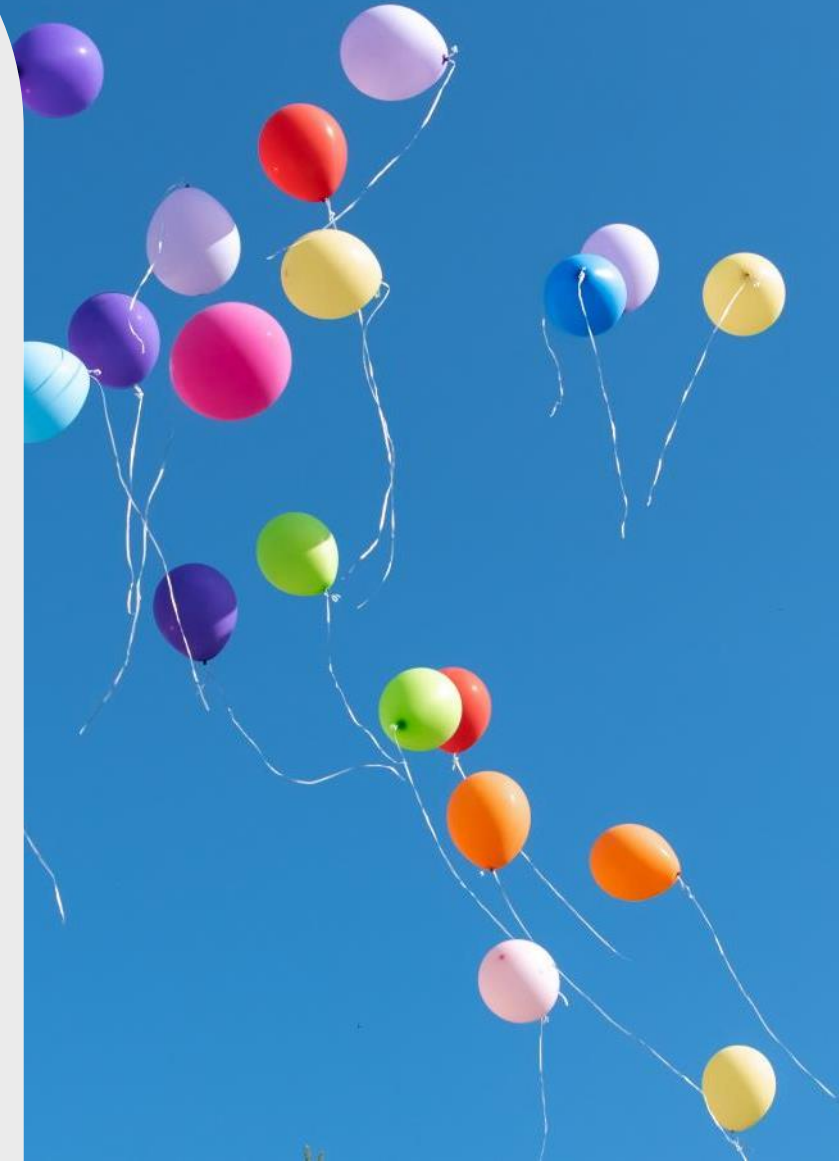
P -component (price) = The price of the hour

Q -component (quantity) = Amount of hours

$P \times Q = \text{Staff costs}$

RBMV's highlights

- **Simplified controlling procedure** = Lower sampling rates (all way down to the 25 %).
- **Extended controlling procedure** = Higher sampling rates (all way up to the 100 %). Applicable on the first, second and the final reports.
- **The hourly rates are sampled randomly on the application phase. The population of the sample are funding call based.** If the calculation method has already done to a specific partner, it will not be a part of the second samplings population.
- **On the spot-inspections will focus on the inspection of the Q-component.** All original and signed report of hours will be controlled.





Feedback from the audience?

- Is it appropriate to use largest average corrections as the most relevant risk meter?
- Other intermediate bodies have their own correction data's. Is it appropriate to use our data only or should we draw conclusions from the nation-wide dataset also?
- How to assess sampling rates to a new cost categories which we don't have any data? Any general guidelines?
- Should the complexity of the project affect the risk level?



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Thank you!

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