



Fundusze Europejskie

First experiences in applying RBMV in Interreg programmes managed by Poland

Risk-based Management Verifications in Interreg, Interact

7th November 2024, Budapest



Dofinansowane przez
Unię Europejską



- Methodology for selecting payment claims
- Methodology for selecting expenditures for verification
- Results presented for three programmes:
 - Poland-Slovakia
 - Poland-Saxony
 - South Baltic



Methodologies reviewed so far

Methodology for selecting payment claims

Risk factor 1

- The value of payment claim (weight 45%)

Risk factor 2

- The categories of real costs in payment claim (weight 20%)

Risk factor 3

- The types of SCOs in payment claim (weight 10%)

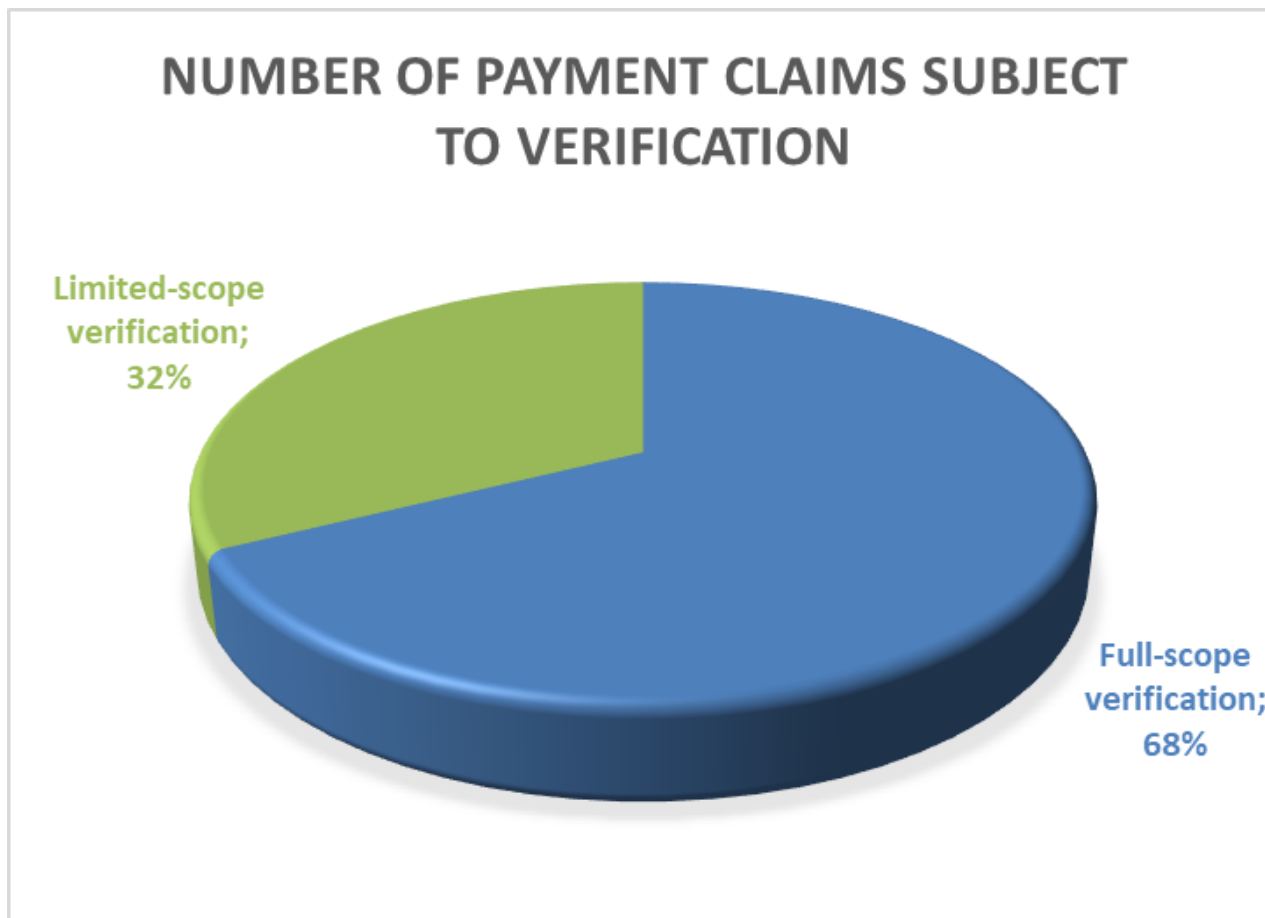
Risk factor 4

- The value of irregularities in the project (weight 15%)

Risk factor 5

- The controller's experience in cooperation with the project beneficiary (weight 10%)

Share of payment claims verified – based on average for 3 programmes



Assumption

It was assumed that around **50%** of payment claims will be subject to the full-scope verification at **the initial stage** of programmes' implementation.

ERDF verified – based on average for 3 programmes

Assumption

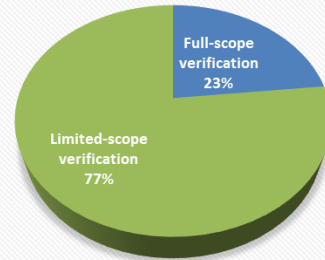
It was assumed that around **97% of allocation** shall be subject to the full-scope verification - **as an assurance level for the MA.**

ERDF SUBJECT TO VERIFICATION

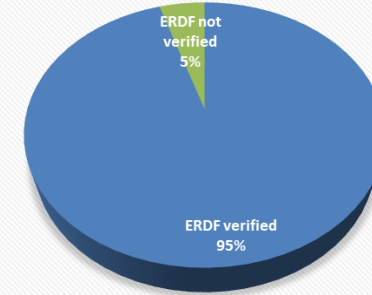


PL-SK

PL-SK - number of payment claims verified

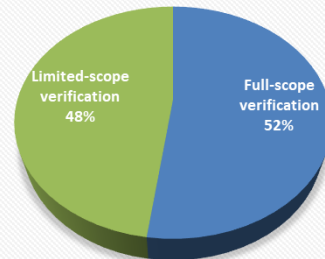


PL-SK - ERDF verified

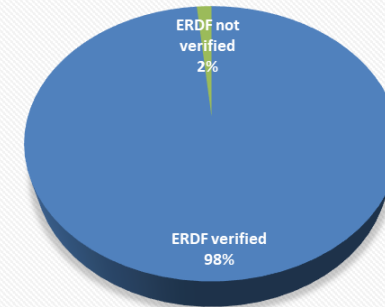


PL-SN

PL-SN - number of payment claims verified

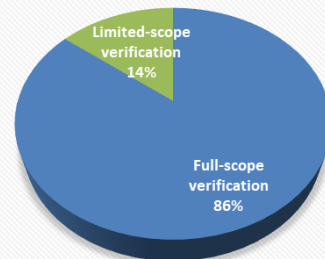


PL-SN - ERDF verified

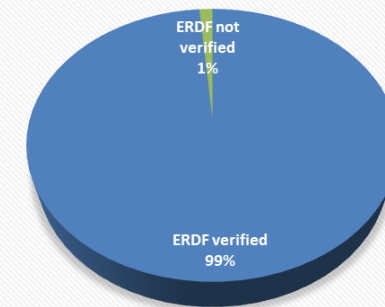


STHB

STHB - number of payment claims verified

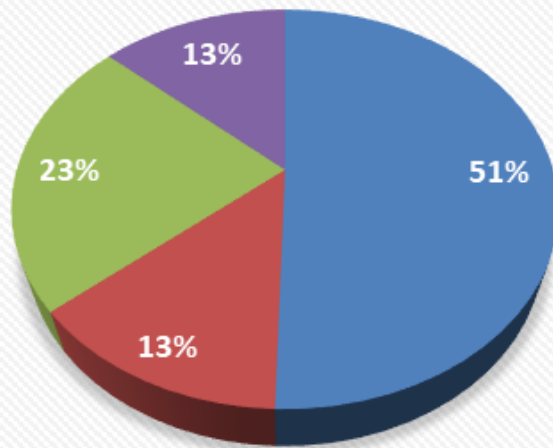


STHB - ERDF verified



Risk factor 1 - analysis of the value of payment claims

Risk factor 1 - analysis of value of payment claims



■ 0-5000 ■ 5000-10000 ■ 10000-30000 ■ >30000

Assumption

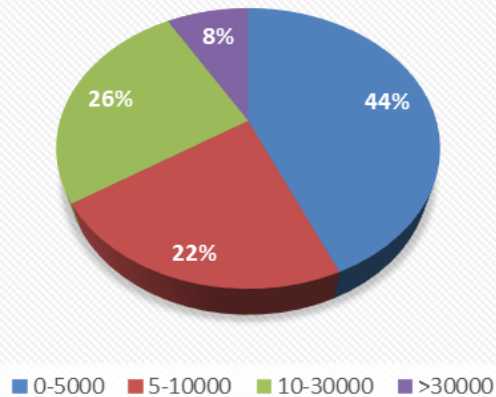
Historic data from 2014-2020: payment claims below 10 000 EUR accounted for **50%**.

But **66%** for initial stage of programmes implementation.

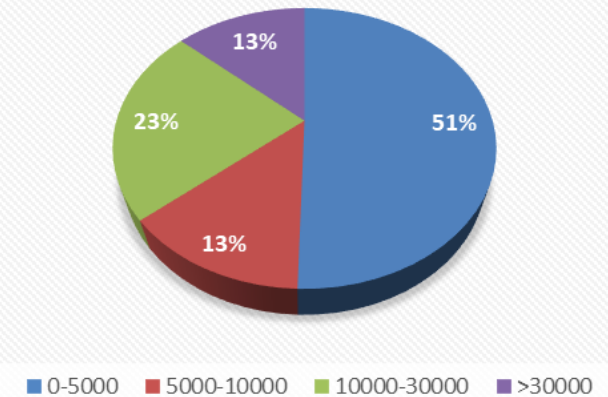
Result: 64% of payment claims attributed to the lowest categories of the risk factor (payment claims below 10 000 EUR).

Comparison: value of first payment claims in 14-20 and payment claims in 21-27

Value of first payment claims in 2014-2020 - average for 3 programmes



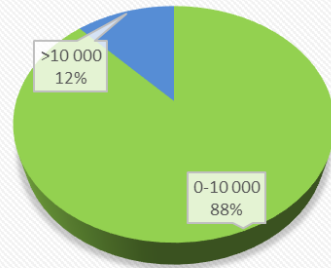
Value of payment claims 2021-2027 - average for 3 programmes



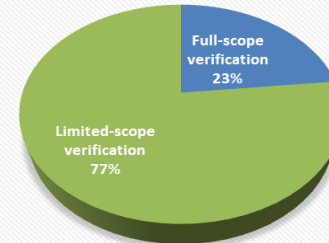
How much the first risk factor 1 affects the result of analysis

PL-SK

PL-SK - Value of payment claims

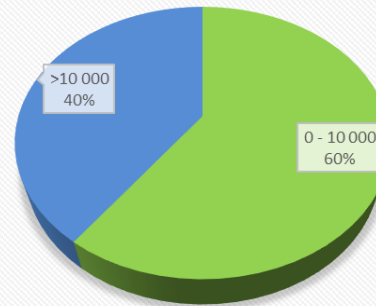


PL-SK - number of payment claims verified



PL-SN

PL-SN - value of payment claims

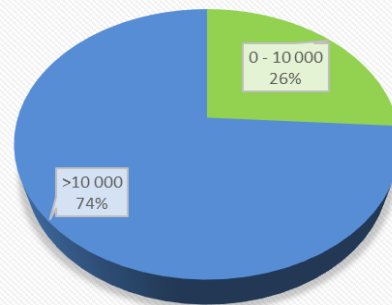


PL-SN - number of payment claims verified



STHB

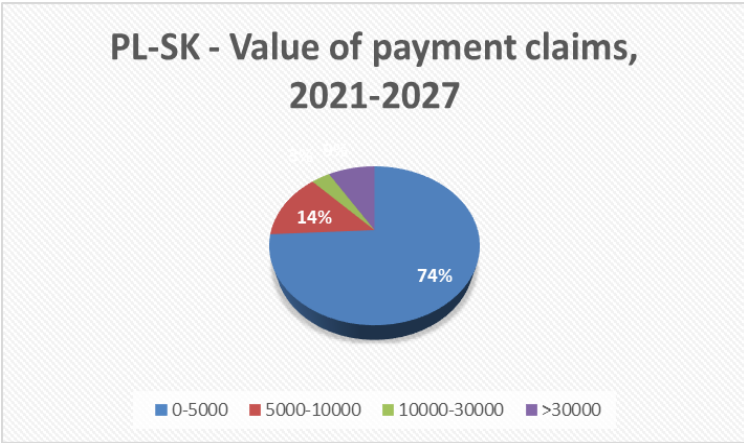
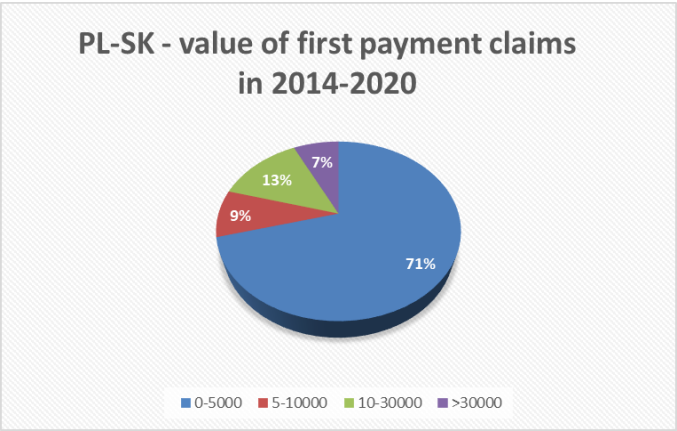
STHB - value of payment claims



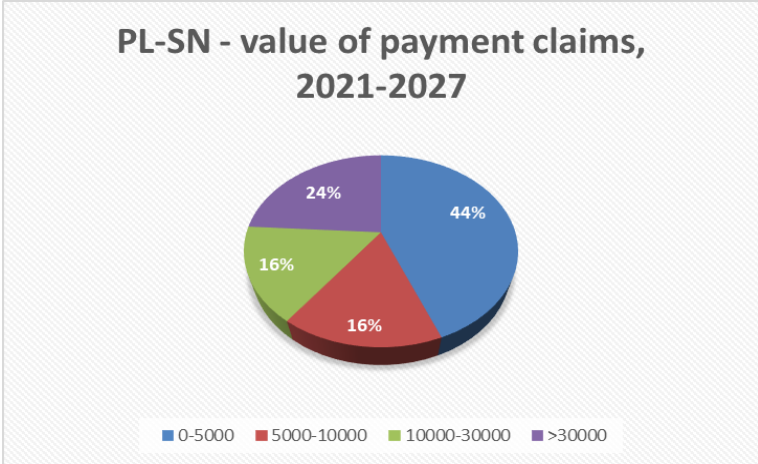
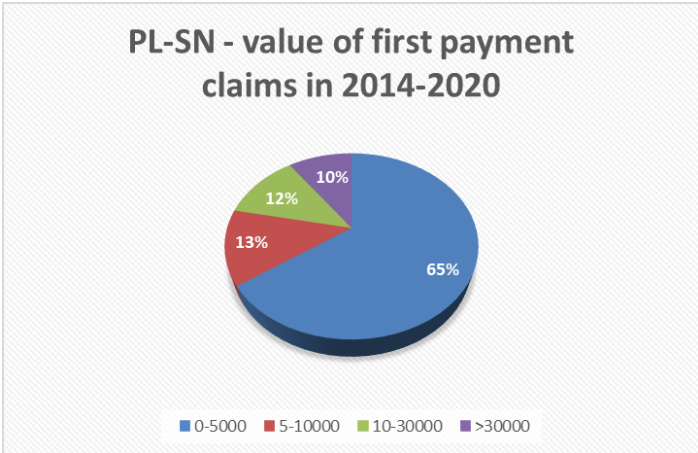
STHB - number of payment claims verified



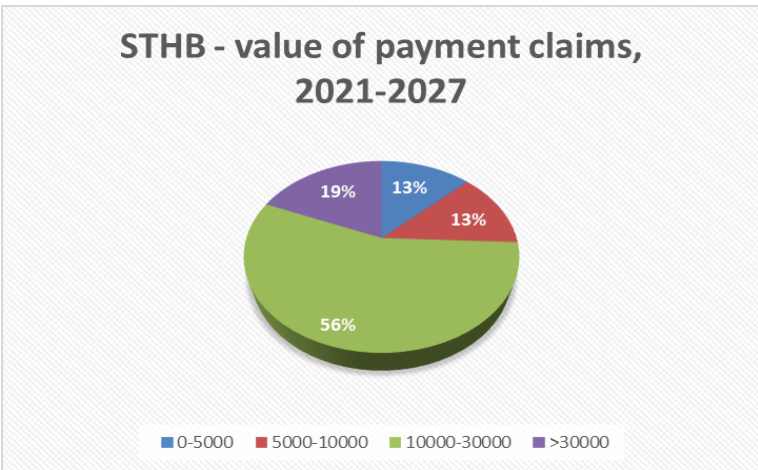
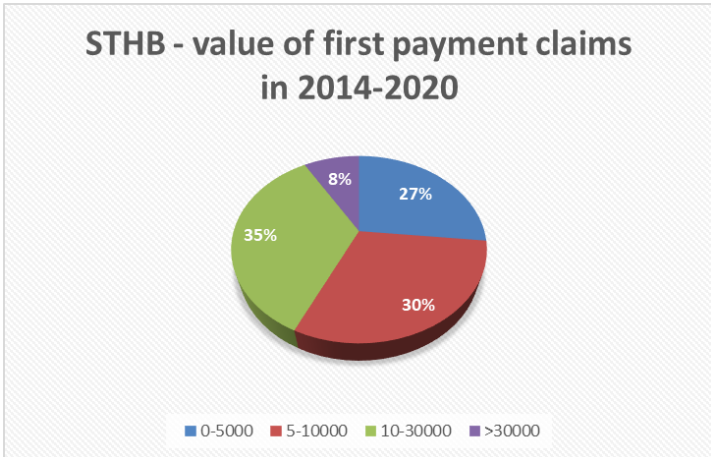
PL-SK



PL-SN



STHB



Reasons (preliminary analysis) – why in some programmes first payment claims are „bigger”

- **Travel and accommodation SCO** – reported already in first payment claims made the value of first payment claims „bigger” as compared to 2014-2020, in programmes where Staff is calculated as real costs:
 - this SCO accounts for **ca. 10-12% of value of a payment claim** – when calculated from Staff reported as real costs in so called „soft programmes”.
 - this SCO accounts for **ca. 2-3% of value of a payment claim** – when calculated from flat rate for Staff.

- The situation shall be „back on track” for subsequent payment claims.
- Others (?) – to be discussed within programme Task force.

Risk factor 3 - The types of SCOs in payment claim

Criteria for this risk factor 3:

- no simplified methods (SCOs) or flat rate used in payment claim – 1 point;
- other than flat rate simplified methods (SCOs) used in payment claim – 4 points.

Risk factor to be discussed and verified:

- to differentiate the scoring,
- to re-consider if flat rates (off-the-shelf) are risky or not – identified cases of possible double-financing (NOTE: changed methodology for selecting expenditures in this regard!)
- lumps sums still to be observed – no problems were identified in 2021-2027; used mainly for preparation costs (first payment claims referred). In 2014-2020 errors identified.
- the „40%” flat rate must be reconsidered with regard to the risk factor – as it is regarded as more risky by us if real costs for Staff used. Quite a lot mistakes in Staff found by controllers so far.

Risk factor 5 - the controller's experience in cooperation with the project beneficiary

Scoring of the criterion has already been **lowered** by 2 points:

- controller has no experience in cooperating with the project partner (previously 4 points – high risk).

Point of attention:

- Very subjective criterion. Risk that criterion may be used by controllers in order to select the payment claim (higher risk).

Results and points of attention



Number of payment claims subject to the full-scale verification to be observed – an on-going review necessary.



Risk factor 1: value of payment claims to be observed - an on-going review necessary. One programme already undergone change with regard to this factor. Second programme – need to reconsider the weighting.



Risk factor 3: use of SCOs must be observed. Special attention to be put on lump sum.



Risk factor 2 (Real costs in payment claim): due to a number of mistakes identified by controllers in Staff reported as real cost, risk factor must be re-considered. Additional analysis needed.

Methodology for selecting expenditures

■ Risk analysis

- expenditures that suggest double financing may have occurred,
- expenditures that suggest they're ineligible,
- expenditures which raises a reasonable suspicion of fraud,
- expenditures which may suggest the occurrence of selected infringements as gathered in information on irregularities collected by the controller,

■ At least one item from each cost category,

■ Minimum 2 items,

■ 10% of value of payment claim.

For SCOs:

■ All flat rates,

■ Minimum one lump sum,

■ Minimum three unit costs.

Methodology for selecting expenditures

Risks with regard to SCOs use, identified so far:

- Travels of external experts,
- Contract for trainings/conferences etc. – issue of special attention: sometimes travel and accommodation costs are already included in a contract for organization of an event/training/conference. There is need to check what is in the contract (what was calculated),
- Travels of persons working at beneficiary's institution, but not treated as project Staff (definition of Staff),
- Perhaps a „drop-down” menu in the risk analysis will be created specifying the cases where double financing may occur/which shall raise controllers' suspicions.
- Lump sums – need to check **all** conditions for paying out lump sum (e.g. timing of delivery of indicator, proof of contribution in achieving the indicator).

Results and points of attention



The size of the sample varies between 28-67% of value of a payment claim.



Much depends on how the expenditure has been described/titled on the list of expenditures.



Random sampling vs. sampling items of highest value – a discussion point among controllers.



Lack of random sampling still identified as problem by some controllers.



Tendency to choose more items to the sample than necessary according to the procedure.

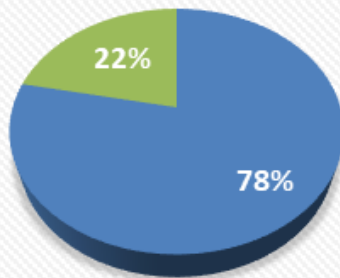
Review – traps and hints

- 210 payment claims analysed. Forecasted number of payment claims in whole programming period – over 4 000.
- The analysis encompassed **5%** of forecasted number of payment claims, for each of the programme:
 - PL-SK – 8%
 - PL-SN – 2%
 - STHB – 8%
- Define the representative level.
- Define and take a consideration to the programme implementation phases (initial stage vs. data from whole programming period).
- Monitor, but do not take decisions too quickly.
- Do not assume – verify.

Review – traps and hints

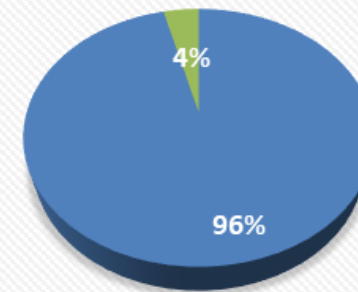
- Be careful about your data. Check regularly data in the IT system.
- Define your blind-spot in the system/procedures.
- The mistakes level: **26%** payment claims attributed wrong status in the IT system.
- The result generated from IT system can result in wrong decisions:

ERDF verified - based on data from IT system not being checked



■ Full-scope verification ■ Limited-scope verification

ERDF checked - based on data corrected in IT system

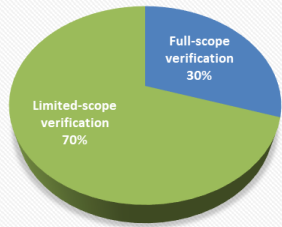


■ Full-scope verification ■ Limited-scope verification

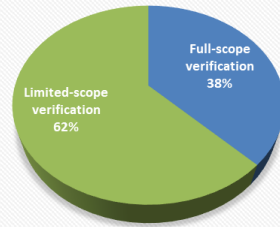
Review – traps and hints

Timing – how often to review....

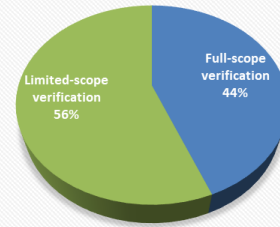
Number of payment claims verified
- MARCH



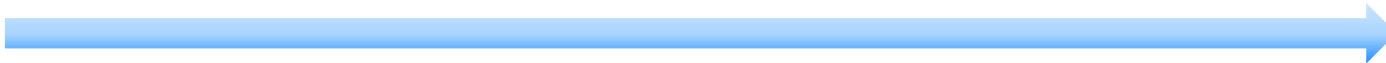
Number of payment claims verified
- MAY



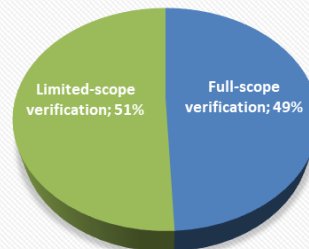
Number of payment claims verified
- AUGUST



Number of payment claims subject
to verification - OCTOBER



Number of payment claims subject to
verification - NOVEMBER





First impressions

- Sampling on the level of payment claims makes a difference.
- Sampling on the level of expenditures and for on-the-spot verification have remained the same.
- On-going monitoring of methodologies/value of projects/value of payment claims/type of beneficiaries, etc. on the side of the MA necessary. Less administrative burden on controllers' side vs. more workload for the MA (?).
- Learning process still on-going.
- System audit ahead.



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Would you like to find out more or exchange on your experiences, please contact:

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