



Risk based management verifications (RBMV). Reflection paper.

DAC

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

Legal framework



Art. 74(2)
risks identified ex ante and in writing

Art. 74(2)
carried out before submission of the accounts.

Recital 62

appropriate balance between the effective and efficient implementation of the Funds and the related administrative costs and burdens

Examples of risk factors -> operation



Significant budget



Complexity



Multiple sub-projects



New approaches



Phased operations

Examples of risk factors -> beneficiaries



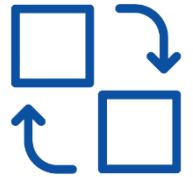
No. of operations



Type of beneficiary

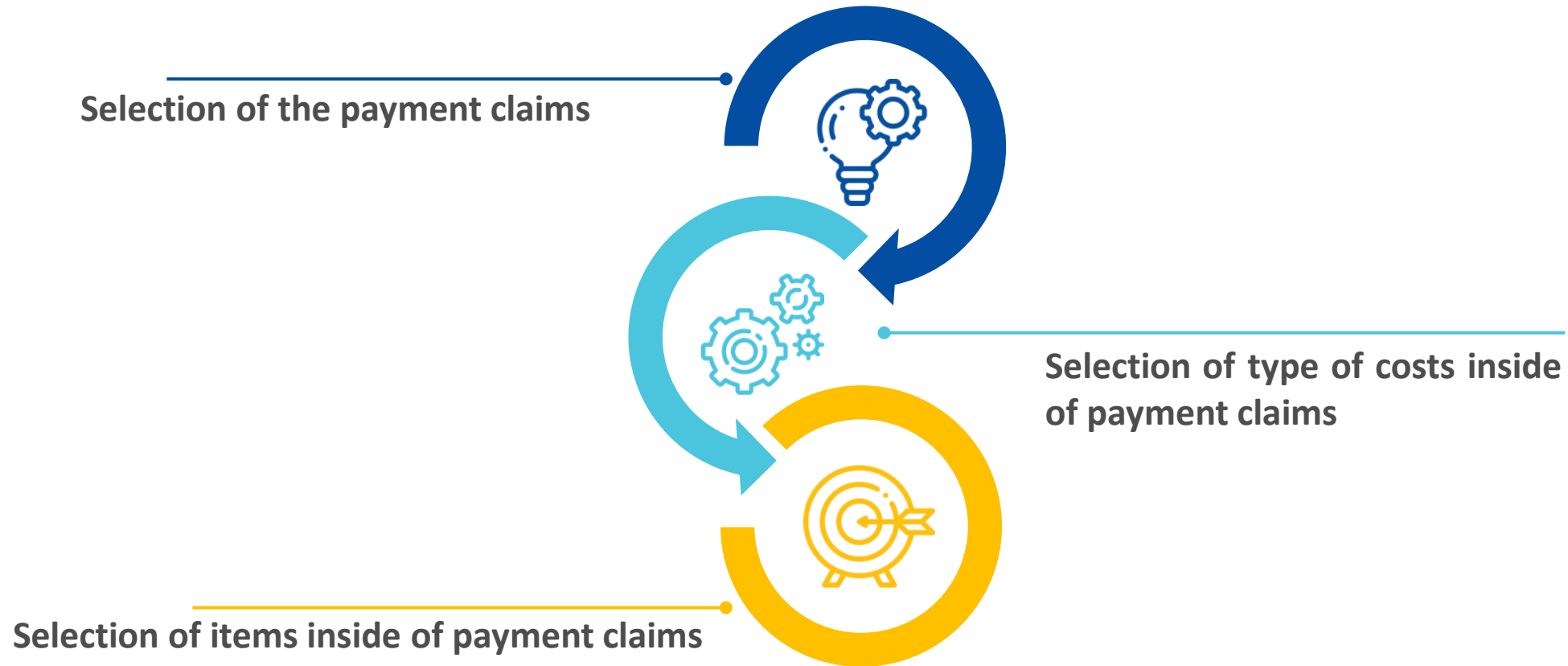


Experience



Change of beneficiary

Administrative verifications



On-the-spot verifications



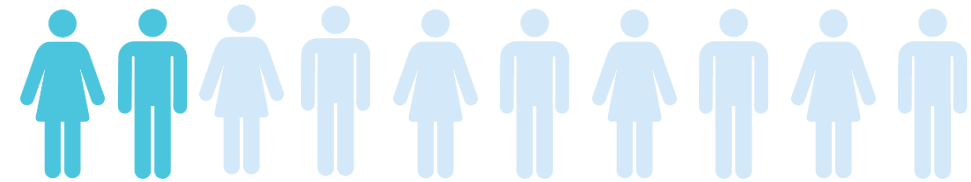
MV plan (administrative and on-the spot)



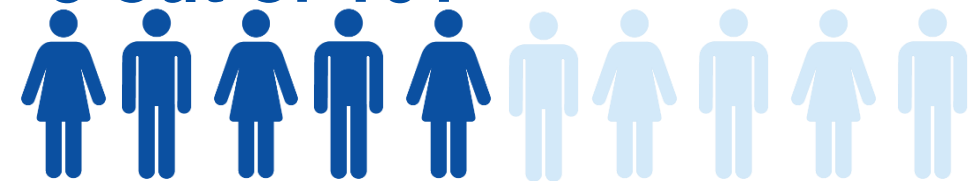
How much is enough?

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?

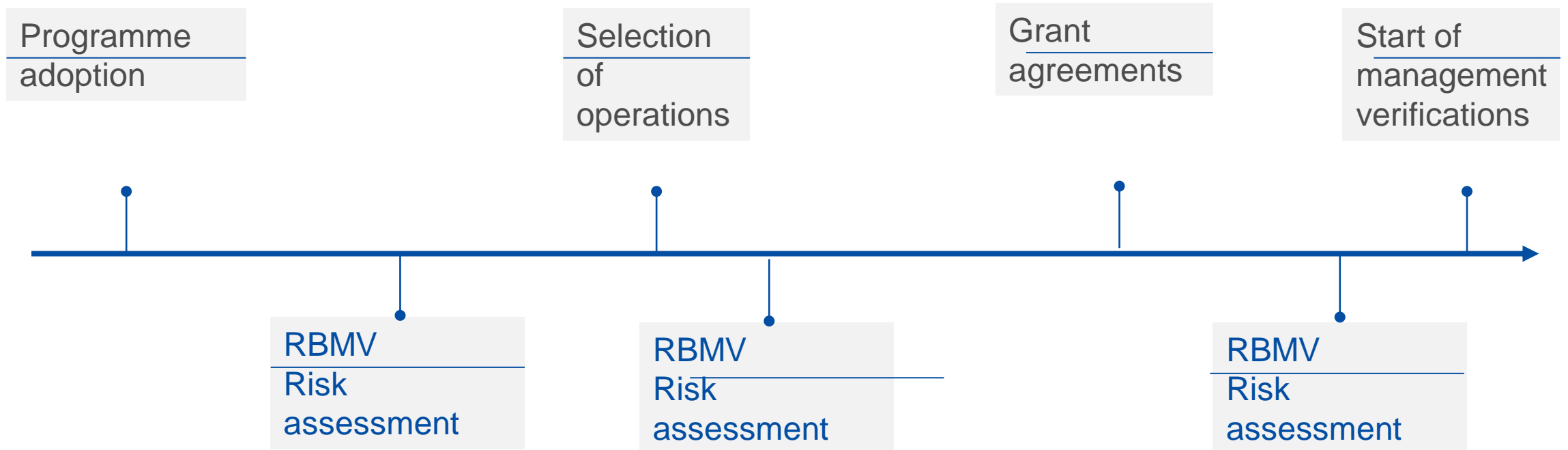
Art. 74: Programme management by the managing authority. Art. 46 (Interreg) - derogation to point (a) of Article 74(1)(a)



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

In order to ensure equal treatment and considering the cooperation goal of Interreg programmes, it is recommended that risk assessments made by controllers (MS) are reviewed by the MA. Any difference in approach between MS should be duly justified.

Timing of the risk assessment



When to perform MV?

Claim
submitted

EC
Declared in
applications for
payment

80
days for payment

Deadline
Accounts

Audit trail

Electronic – recommended

For all, not only the ones selected for verifications

5-years from 31 December of the year in which the last payment by the MA to the beneficiary was made

Reduce administrative burden


Data transferred only once

Save time and resources

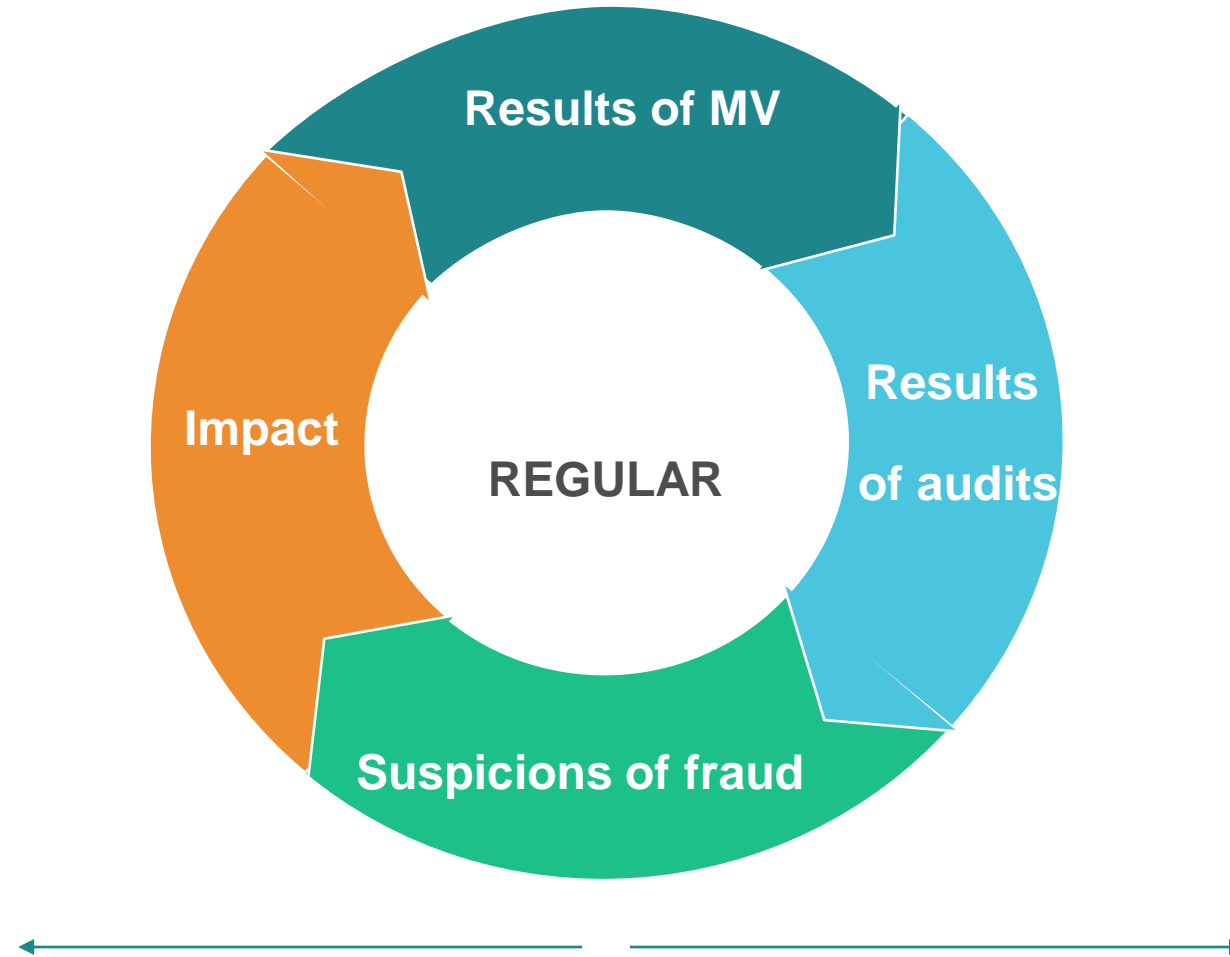
Avoids errors

Embedded controls

Management verifications vs. audits

- Communication is always 
- Risk assessment – subject to system audits & influenced of results of audits of operations
- The errors/irregularities identified during management verifications are not extrapolated
- Irregularities identified during audits are extrapolated
- Single audit arrangements
- It is possible that an operation/payment claim/expenditure is not verified by MA but it is audited by AA

Review



Thank you for your attention



© European Union 2020

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

