Mapping of methodologies for RBMV – mainstream programmes

Summary from the working group/ TN SCOs network

Controllers' workshop/ Sofia, Bulgaria
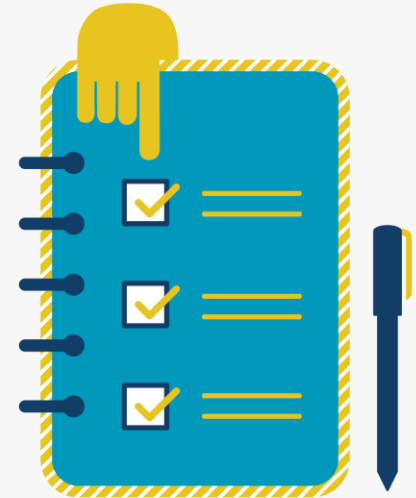
Iuliia Kauk/ Interact / 16-17 May 2023

Interact

Outputs

- **Mapping of RBMV practices**

- **Detailed case reports (administrative and OTS checks)**

- **Ste-by-step roadmap:**

  - **basic principles;**

  - **"selling points" for the RBMV approach.**

Working group on risk-based management verifications

a) Work started in October 2022
b) 2 meetings: October, February
c) Task 1: mapping of practices of risk-based management verifications (Dec 2022 – Jan 2023):
d) 14 MS + 1 (Interact) have developed/ are developing RBMV practices
e) 5 MS have not started yet

f) 27 unique practices in the draft map!

How the risk-based models were developed

- Analysis of data from previous programming periods (AT, DE, EE, HR, LV, LU, PL, SK, INT, FR)

- Working group to determine risk factors based on previous experiences / expert judgment (AT, DE, DK, HU, LT, LV, PL, SK, INT, FR)

- ISA – International Standards of Auditing (SE)

- Data from audits and performance audits (FR)

Risk factors

PROJECT level	BENEFICIARY level	COST / EXPENDITURE level
nature, complexity, partners / cooperation, duration, its assessment, aid intensity, state aid, who decides funding, changes, fulfilment of indicators, on-the-spot checks, risk of double funding (similar measures from national funds), negative medialisation, ...	experiences with / of a beneficiary, previous controls / audits, ARACHNE, quality of submitted documents, staff turnover, ...	nature of costs (infrastructure, staff, etc.), amount of expenditures, numbers of items in payment claim, public procurement, ...

+ Focus on indicators of conflict of interests, risk of fraud, risk of leaking PP data/information, breach of anti-money laundering law, breach of regulations on sanctions, etc.

PL – divided SCO into two different groups of risk level – flat rate/lump sum = low risk; unit costs = medium risk

Risk-based models

- Most of the practices indicate to use the risk-based model on the **level of payment claims**;

- the 2nd most common option is the level of **expenditures/ invoices;**

Other models:

- level of the project;

- progress report;

- programming / measure / call.

SCO – mostly included, in some cases, SCOs have been integrated into the model as a risk criterion

Revision and update of the risk-based models

Based on the results of the management verifications, system audits, and audits of operations

Frequency:

- revision of the RB model will be done annually for the majority of practices;

- some admitted possibility of immediate action if needed;

- AT – every two years and if necessary;

- FR, EE – only if necessary;

- SK – every 3 months.

Risk-based models – Good practices

- Setting up a working group of experienced control staff and structuring the group's ideas and views in a 'decision tree' (helpful tool to visualise the status of discussions);

- Opinions of all the relevant stakeholders were asked (IBs, ministries, AA);

- Risk factors are defined and calculated by using data available in the IT system / Using as a risk indicator only data available in the information system;

- Assess the effectiveness of the risk system and scope of checks / ensure effective program management in compliance with the principle of proportionality and an appropriate ratio of inputs to results;

- Performing pilot testing on a sample - it can validate the functionality of an RB model / Test the system on the 2014-2020 files;

- Extensive seminars/ training and proper communication of the new approach / Raise the awareness of instructors/certifiers upstream of the assessment exercise;

- Automated scoring grid.

Risk-based models – Not-so-good practices

- The size of sampling was questioned by the AA >> the IB carried out a full check;

- In the beginning, the sampling concept was so complicated that the auditors considered a full audit of all supporting documents to be more practicable;

- Increased risk of possible irregular procurement expenditure/payment claims that are not checked and represent a potential risk of increasing the annual error rate above 2%;

- We did not consider the need for training for project managers on RBMV and, therefore, we currently have a little delay in the introduction of the RB model;

- When the MA develops a single methodology for a program that covers several MS, it is important that these MS back up the methodology (for Interreg programmes).

Risk-based models – Tools

- For the majority of practices: the RBMV system is implemented through MS excel sheets with no integration with the IT system;

- HU - A special function for risk assessment was devised in the IT system;

- DK - Data collected from projects via online reporting in a dedicated IT system (PRV), data from the company register, and data from tax authorities;

- DE - The risk assessment uses data from the AA and data of the administrative verifications carried out by the IB or MA available in the IT system (ERDF-DATA);

- LV – the risk system will be integrated into the management information system;

- SE - All handling takes place in the IT system;

- FR- Integration with the national European program management information (in progress);

- Interact – Further developing Jems.

Risk-based models – Automization

- No automization (yet) - approx. 40% of the practices

- Partial automation - approx. 55% of the practices, e.g.:

  - A rating tool has been developed with automatic calculation functions and graphical representation in the form of radar to highlight the risks to be controlled or not;

  - mostly automated, except the "final assessment";

  - some risk factors are automated, others appear more difficult;

  - data entry is manual, but the risk index is calculated automatically

  - risk factors for the calls are chosen by the MA, otherwise the system is fully automated

  The process will be fully automated – approx. 5% of the practices

Cooperation works

All materials will be available on:

www.interact-eu.net