

# NPA METHODOLOGY FOR MANAGEMENT VERIFICATIONS

Annika Blomster  
NPA Managing Authority

**Interreg**



Co-funded by  
the European Union

Northern Periphery and Arctic



# Agenda

Background & general principles on management verifications in 2021-2027

Mitigation measures and simplification

Administrative verifications, including SCO's  
On-the-spot verifications

Scope of management verifications

Risk assessment and sampling

**Interreg**



Co-funded by  
the European Union

Northern Periphery and Arctic



# **Guide for risk-based management verifications**

## **Interreg Northern Periphery and Arctic Programme**

### **Summary:**

This guide is targeted at controllers in the programme partner countries. It describes the methodology for risk-based management verifications in the Interreg NPA 2021-2027 programme and contains the essential information needed for the implementation of risk based administrative and on-the-spot verifications. The information is based on the Harmonised Implementation Tools (HIT) methodology for risk-based management verifications.

# Background

Same verification process in ALL countries

Verifications include both administrative and on-the-spot verification

Verifications shall be based on risk assessments and be proportionate to risks identified

All documentation shall be in Jems

**Interreg**



Co-funded by  
the European Union

Northern Periphery and Arctic

# General principles

for the establishment of the NPA methodology

- HIT methodology for risk-based management verifications as a basis
- Management verifications at project partner level, for each payment claim
- ~~Historical data on programme level - > do not give sufficient input to risk assessments~~
- Risk assessments are instead carried out by the JS and Controllers on project/partner level



# Mitigation measures and simplification

To reduce risks of error

- Electronic monitoring system Jems for information exchange
- Reducing number of options to reimburse staff costs
- Introduction of a number of simplified cost options, SCOs
  - 15% flat rate for office and administration on staff costs (mandatory)
  - 15% flat rate for travel on staff costs (optional)
  - Option to report costs as staff costs + a 40% flat rate for all other costs than staff on a case-by-case basis,
  - For staff cost related to individuals who work on part-time assignments, the costs should be calculated as a fixed percentage of the gross employment cost
  - Lump sums for small-scale projects

# Administrative verifications

- Verification of each partner report
- More extensive verification of items which are considered risky
- Random sampling for other non-risky items, based on the risk assessment
- 100% verification of the first report to establish control risk (to be documented with the certification of the first report)
- Risky items (to be fully verified) in all progress reports following the first:
  - Public procurement for contracting amounts above EUR 10 000 (excl. VAT – unless the threshold set by national rules is stricter)
  - Suspicious items – picked up by the controller due to his/her professional judgement
  - Staff costs of the first two progress reports where staff costs occur should be fully verified, unless the controller feels that he/she has reasonable assurance from the 100% verification of the first partner report. Staff costs of a staff member included for the first time in the partner report should always be verified, as well as if changes occur in the time allocation of staff members.



# Verification of Simplified Cost Options

- Verify that conditions for reimbursement have been met and that established rates and amounts for SCOs have been properly applied
- Underlying financial or procurement documents shall not be requested with a view to check the amounts (expenditure) incurred and paid by the beneficiary
- In case of flat rate financing, only the basis cost should be checked (i.e staff costs)
- Management verification of lump sums will cover achievement of outputs/deliverables as outlined in the Grant Letter. This is checked by the JS before a payment of the lump sum is made by the MA.



# On-the-spot verifications

For all lead partners, unless the controller considers that it is not necessary seen from a risk perspective

Timing: when the project is well underway

The level of risk identified during the administrative verifications shall influence the extent and detail of on-the-spot verifications

**Interreg**



Co-funded by  
the European Union

Northern Periphery and Arctic



# Scope of management verifications

## Risk assessment by the Joint Secretariat

At partner level:

- Type, legal status and ownership structure
- Partner location (ie outside the programme area)
- Number of projects implemented by the same beneficiary
- Beneficiaries' capacity and remit to implement projects
- Past experience with beneficiary

At project level:

- Significant budget (value-for-money, unusual profile)
- Nature and complexity of the project/activities
- Types of expenditure (eligibility issues)
- Legal requirements applicable (state aid, public procurement etc)

**Interreg**



Co-funded by  
the European Union

Northern Periphery and Arctic



# Scope of management verifications

Risk assessment by the Controllers

Control risks:

- Previously identified issues and follow-up recommendations
- A high number of clarification rounds, repetitive issues
- Quality of the originally reported expenditure versus verified

Verification according to risk level

- More extensive verifications for partners with higher risk levels

**Interreg**



Co-funded by  
the European Union

Northern Periphery and Arctic



# Sampling based on risk assessment

- For items not considered to be risky key elements, random sampling should be conducted in line with the risk level established for the partner.
- Risk level - > guiding for the sample size.
- The controllers are free to use different methods of own choice e.g.:
  - check on x% of total costs
  - a certain percentage of costs under a specific cost category
  - control of the x largest invoices based on amount and cost type or
  - control of all invoices above a certain amount



# THANK YOU!

Annika Blomster  
Programme Director  
[Annika.Blomster@lansstyrelsen.se](mailto:Annika.Blomster@lansstyrelsen.se)

**Interreg**



Co-funded by  
the European Union

Northern Periphery and Arctic

