

Risk-based management verifications

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*CONTROL 100%
EXPENDITURE
ITEMS!*

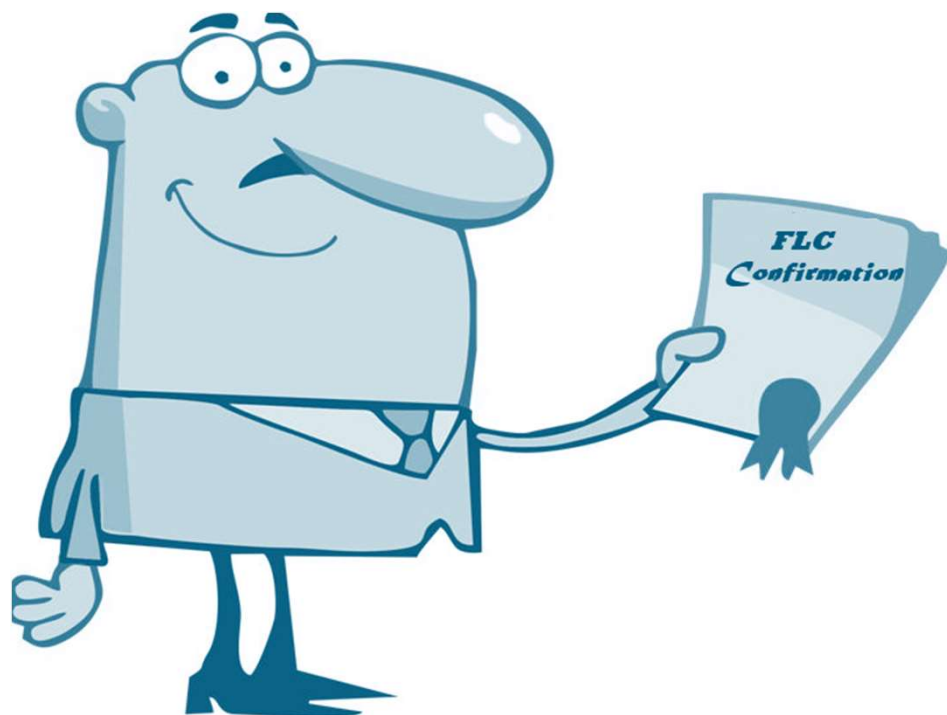


2021 – 2027 Risk based management verifications

- First level control no longer to check ALL expenditure
- The focus is on “risky” elements



Risk-based approach is not new to controllers



Controllers ...

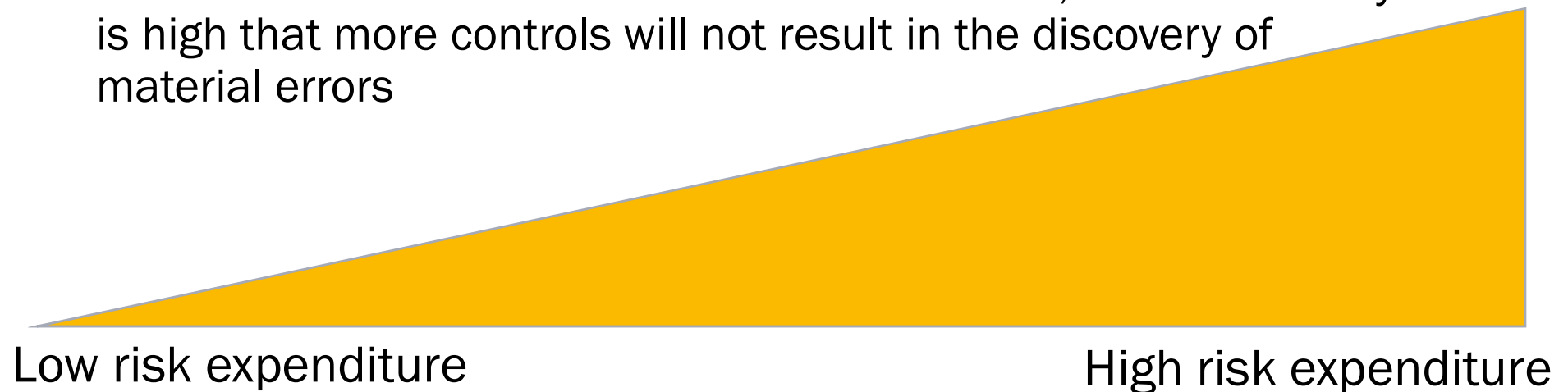
- Are very aware of potential risks (especially experienced controllers)
- Have good feelings about the quality of the reports they control
- Many adapt their work programmes over time to the quality of reports (although not always explicitly so)

Risk-based approach to control

Pick the riskiest!



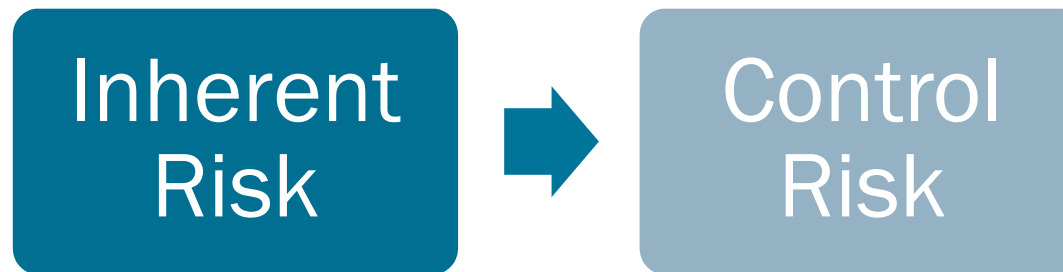
- Decrease control work for low-risk control areas, where certainty is high that more controls will not result in the discovery of material errors



What does that mean?

- What are risk areas in the implementation of small projects or an SPF?
- How can we manage management verifications in the future with limited resources? (20% limit on SPF management)
 - National control system (external)? Paid by final recipients (if not free of charge)? (timing? expensive?)
 - Internal controls?
- What is the impact of reg. obligation to apply SCOs?

Risk (inherent + control risk)



- Inherent Risk - Typical for this type of beneficiary, project or report
- Control Risk - Related to the quality of internal accounting and controls of the beneficiary

Inherent risk

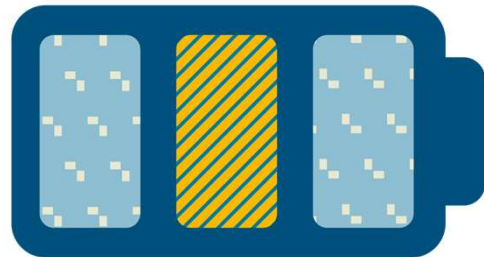
- Inexperienced beneficiary
- Beneficiary with poor track record, known issues
- Beneficiary with other EU or non-EU grants
- Large partnership
- Large partner budget
- Private partner
- Person responsible for preparation of the financial report has changed recently
- Large public procurements
- Few tangible outputs (based on networking, meetings, etc.)
- Others (e.g. programme- or country-specific risks)

Control Risk

Assess the quality of the partner report:

1. Quality of expenditure when originally reported (e.g. good, medium, bad)
2. Number of clarification rounds with beneficiary
3. Quality of expenditure after clarifications

Group Work



Think about...

	No SCOs	Using SCOs
Inherent risk		
Control risk		

Think further...

What kind of management verification system would you like to follow (internal, external/national system), looking at the risks?

Cooperation works

All materials will be available on:

www.interact-eu.net