

Management verifications – control of partner expenditures

Jasmina Lukic / Interact / 24.04.2025

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What are management verifications?

...and why are they needed?

Legal framework

Article 74 (1) Common Provisions Regulation (CPR) 2021 – 2027:

The managing authority shall:

- (a) carry out management verifications to verify that the co-financed products and services have been delivered, that the operation complies with applicable law, the programme and the conditions for support of the operation, and:
 - (i) where costs are to be reimbursed pursuant to point (a) of Article 53(1), that the amount of expenditure claimed by the beneficiaries in relation to these costs has been paid and that beneficiaries maintain separate accounting records or use appropriate accounting codes for all transactions relating to the operation;
 - (ii) where costs are to be reimbursed pursuant to points (b), (c) and (d) of Article 53(1), that the conditions for reimbursement of expenditure to the beneficiary have been met;



Legal framework



Article 46 (3) Interreg Regulation 2021 – 2027:

... the Member States, and where applicable, the third country, partner country or OCT, participating in the Interreg programme, may decide that management verifications referred to in point (a) of Article 74(1) of Regulation (EU) 2021/1060 are to be done through the identification by each Member State of a body or person responsible for this verification on its territory (the ‘controller’).

Role of controllers

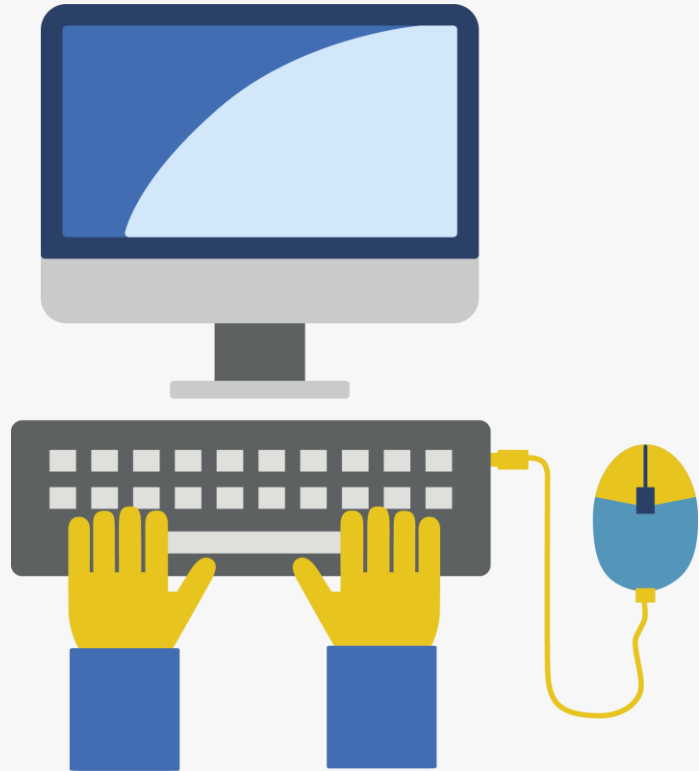


To verify at least that:

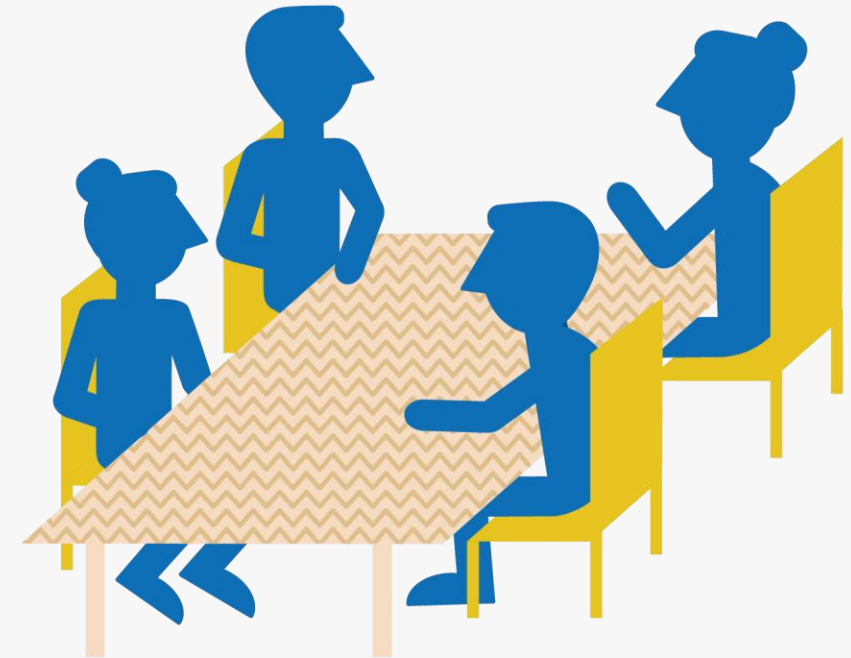
- the expenditure claimed on a real costs basis relates to the eligible period and has been paid;
- the expenditure relates to an approved project;
- compliance with EU, programme and national rules;
- adequacy of supporting documents and existence of an adequate audit trail;
- compliance with State aid rules, sustainable development, equal opportunity and nondiscrimination requirements;
- where applicable: compliance with Union and national public procurement rules;
- the respect of EU and national rules on publicity;
- physical progress of the project;
- for SCOs: that conditions for reimbursement have been fulfilled;
- ...

Types of management verifications

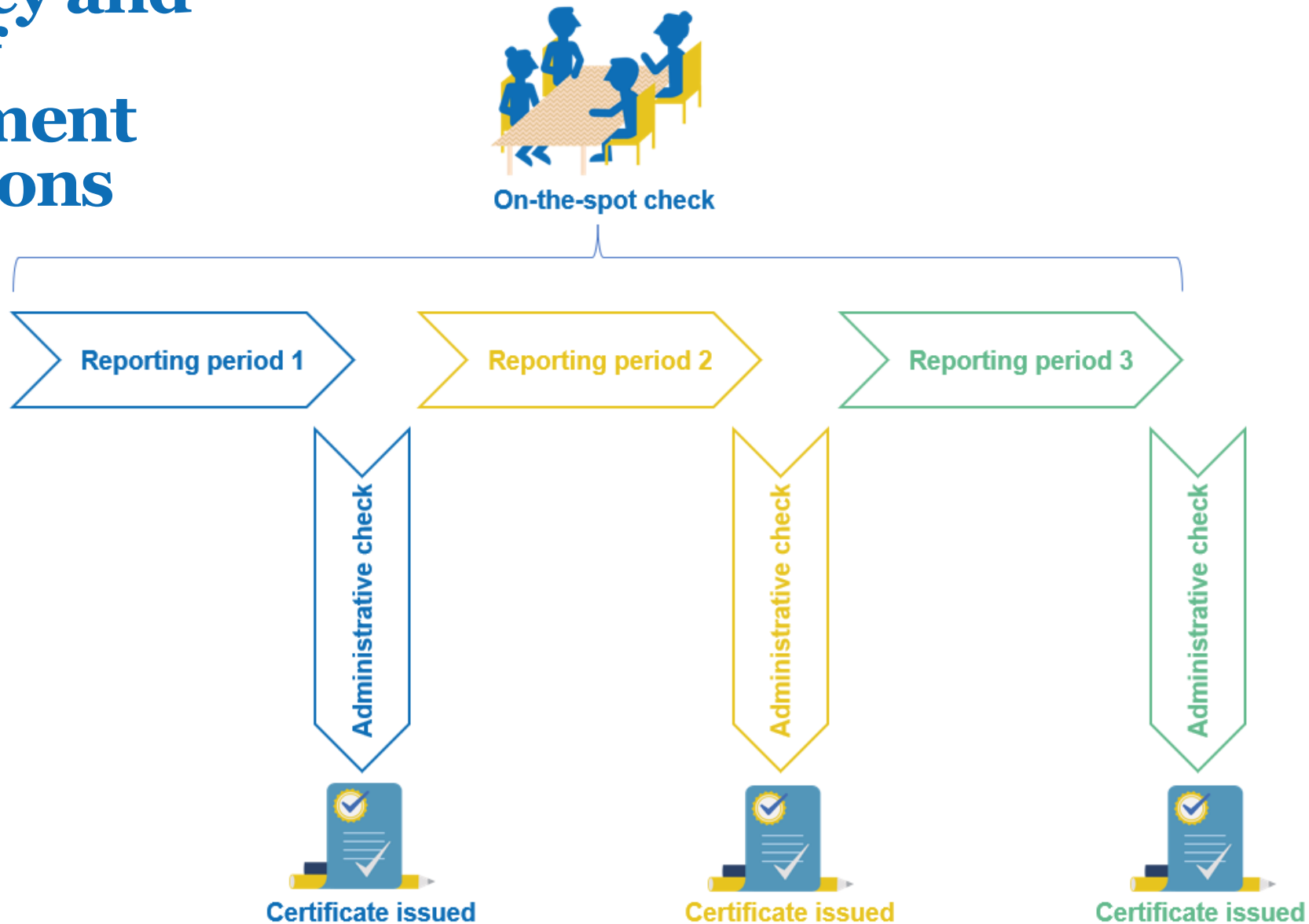
Administrative verifications



On-the-spot verifications



Frequency and timing of management verifications



Please bear in mind that programmes have different reporting periods and verification deadlines.

Management verifications of real costs vs. management verifications of SCO



- verification of SCO very different and much simpler from verification of real costs
- no need to trace every single euro of expenditure
- checks are limited to the verification of outputs, deliverables, and basis costs
- controllers should check the correct application of the calculation method and that the other reported expenditure is not already covered by SCO (double-financing)
- actual amounts in the bookkeeping system of the beneficiary linked to an SCO are not relevant for the verification of an SCO by the controller and should not be checked
- SCO can overcompensate or undercompensate the costs actually incurred and paid by the beneficiaries – this is a direct and accepted consequence of using SCO

Audit trail



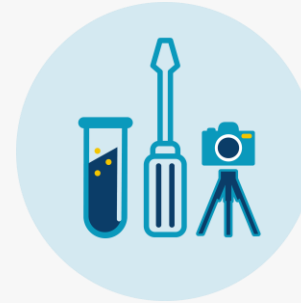
Staff costs



External expertise and services costs



Office and administrative costs



Equipment costs



Travel and accommodation costs



Infrastructure and works costs

Audit trail - examples



Staff costs – real costs

- controller checks the actual expenditure incurred and paid by the beneficiary (based on the supporting documents which have to be provided for each reported expenditure. The accounting records are also part of the verification work.
- supporting documents = employment/work contract; job description; payslips or other documents of equivalent probative value; data from the working time registration system (timesheets); proof of payment of salaries and the employer's contribution.

Staff costs – fixed percentage method

- supporting documents = employment/work contract; task description (with the % of working time on the project per month and job description with tasks of an employee related to the project); payslips or other documents of equivalent probative value; proof of payment of salaries and the employer's contribution.
- No timesheets are required!

Staff costs – up to 20% flat rate

Controller should check:

- basis costs
- that the correct percentage is applied
- that staff costs are not reported under other cost categories

**Don't forget:
Communication is the key!**



Cooperation **works**

All materials will be available on:

Interact / Library