

A mountain biker wearing a red and white jersey and a helmet is captured mid-air, jumping over a large, weathered log in a dense forest. The background is filled with tall, thin trees and green foliage, creating a sense of depth and movement. The text "Risk-based Management Verifications" is overlaid in a large, bold, light green font.

Risk-based Management Verifications

Regional council of Lapland
Controller Marika Kipinoinen

Background information 1/2

- Finland changed to a centralized system during the 2021-2027 programming period.
- The task is taken on by the two regional councils:
 - The Helsinki-Uusimaa Regional Council
 - The Regional Council of Lapland
- The Regional Council of Lapland is responsible for the following programs:
 - *Interreg Aurora*
 - *Interreg Europe*
 - *Northern Periphery and Arctic (NPA)*



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Background information 2/2

- We created our own guidelines for a risk-based sampling method
 - Interreg Europe was the only program that provided a clear definition of sampling
- Guidelines need to be
 - Easy to use
 - Suitable for Interreg and national programmes
- The idea is that all applicants are treated in the same way, but at the same time to trust the Controller's skills/expertise.



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Programme control specifications

- In Aurora and NPA
 - The first reporting period is always checked 100%.
- In NPA
 - The second reporting period salaries must also be checked 100 % before control can be carried out using the risk-based sampling method.
- In Europe sampling method is used from the first reporting period



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Risk assessment

- The risk-based sampling is based on a risk assessment defined by the Controllers, which will start from the first report.
 - The evaluation is also influenced by the Programme Officer's assessment of the project.
- The risk assessment of a project usually starts with a normal level after 1st reporting period.
- As the project progresses, the risk assessment may decrease to low or increase to high.

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Risk-based sampling method 1/2

- If the project's risk assessment is normal, approximately 40 % of the direct costs are control.
- If the project's risk assessment is high, approximately 60 % of the direct costs are control.
 - The control must focus on the identified risk factors.



Risk-based sampling method 2/2

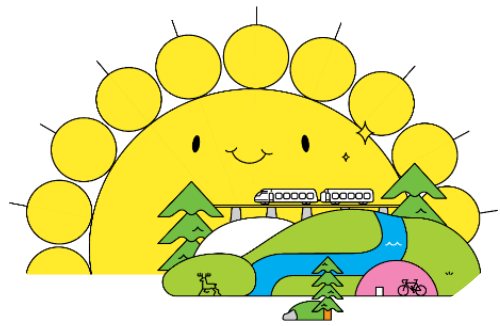
- The risk level of the project may be changed to low if
 - No significant errors have been identified in the previous reports and
 - the beneficiary has demonstrated knowledge of the eligibility rules.
- At the Controller's judgement, the control rate may then be reduced to less than 40 % in situations where the risk is clearly low.
- However, the sample must cover at least 10 % of all types of the direct costs.

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Low Risk 1/3

Period 1 – 100 % audited, well-known project partner.

Asked a clarification for the ledger, salaries and cost entered in the system.

Also asked to complete the Task Assignment form.

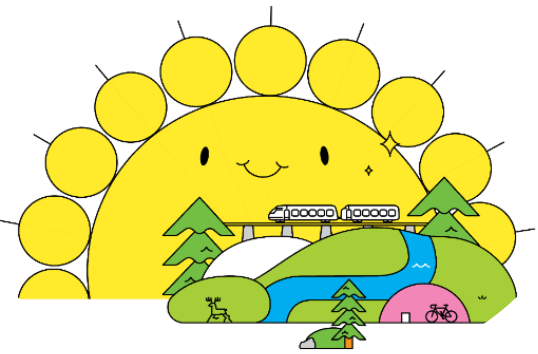
A.H	Expert, projec TA x 15 %							
month	worktime for project%	salary	salary for project	social fees for project	all together	eligible project share	applied	difference
tammi.24	14,50 %	####	709,39	135,93	845,32	845,32		845,32
helmi.24	14,50 %	####	709,39	135,93	845,32	845,32		845,32
maalis.24	14,50 %	####	709,39	135,93	845,32	845,32		845,32
huhti.24	14,50 %	####	709,39	135,93	845,32	845,32	3381,29	-2 535,97
Yhteensä		####		543,73	3 381,29	3 381,29	3 381,29	0,00
		Vuosi 2024		19.162 %				

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Low Risk 2/3

Period 2 – Checked 40 % of staff costs.

No questions for the application.

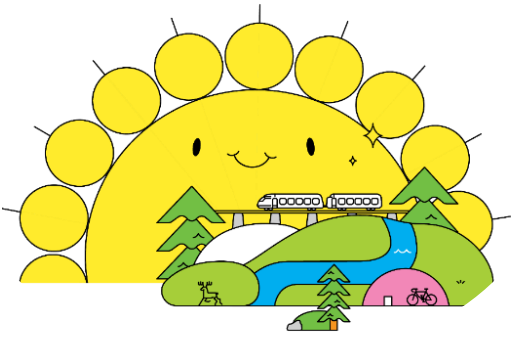
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A.H	Expert, prc TA x 18 %							
month	worktime for	salary	salary for project	social fees for project	all together	eligible project share	applied	difference
touko.24	18,00 %	##	904,40	173,30	1 077,70	1 077,70		1 077,70
kesä.24	18,00 %	##	904,40	173,30	1 077,70	1 077,70		1 077,70
heinä.24	18,00 %	##	0,00	0,00	0,00	0,00		0,00
elo.24	18,00 %	##	904,40	173,30	1 077,70	1 077,70	3 233,1	-2 155,40
Yhteensä		##	2 713,20	519,90	3 233,10	3 233,10	3 233,10	0,00
		Vuosi 2024		19,162 %				

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Low Risk 3/3

Period 3

What is written in the audit report for this partner:

For the beneficiary, the risk is low. Although additional information had to be requested during previous reporting period, the deficiencies/errors are not significant. Therefore, the risk for the beneficiary can be reduced to low. The beneficiary is also an experienced project partner with experience of several different programs and funding models.

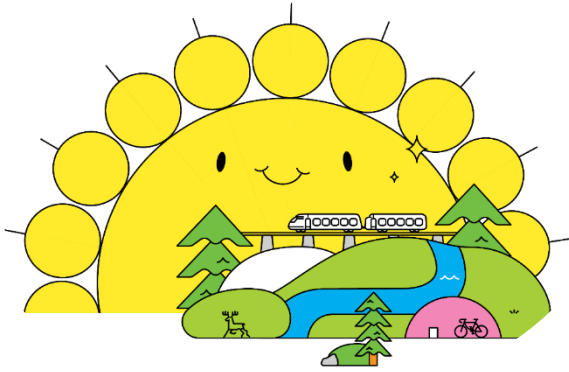
A.H	Expert, prc TA x 14 %							
month	worktime for project%	salary	salary for project	social fees for project	all together	eligible project share		ero
syys.24	14,00 %		0,00	0,00	0,00	0,00		0,00
loka.24	14,00 %		0,00	0,00	0,00	0,00		0,00
marras.24	14,00 %		0,00	0,00	0,00	0,00		0,00
joulu.24	14,00 %		0,00	0,00	0,00	0,00		0,00
tammi.25	14,00 %	###	685,10	134,95	820,05	820,05	820,05	0,00
helmi.25	14,00 %		0,00	0,00	0,00	0,00		0,00
Yhteensä		###	685,10	134,95	820,05	820,05	820,05	0,00

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Is there a risk?

Example 1 – 1st reporting period

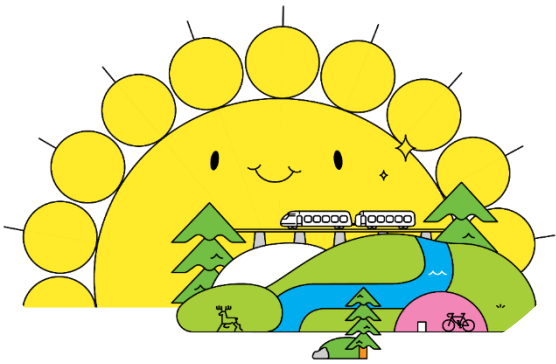
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Project manager		tehtävänkuvau: ok 24,00 % T.M						
month	worktime for project%	salary	salary for project	social fees	all together	eligible for project	applied	difference
tammi.24	24,00 %	###	1 187,46	239,28	1 426,75	1 426,75	1891,63	-464,88
helmi.24	24,00 %	###	1 187,46	239,28	1 426,75	1 426,75	1698,43	-271,68
maalis.24	24,00 %	###	1 211,21	244,07	1 455,28	1 455,28		1 455,28
huhti.24	24,00 %	###	1 211,21	244,07	1 455,28	1 455,28	3730,01	-2 274,73
Yhteensä		###	4 797,35	966,70	5 764,05	5 764,05	7 320,07	-1 556,02
		Vuosi 2024		20,15 %				

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Is there a risk?

Example 2 – 1st reporting period

Project coordinator / planner data collected		tehtävänkuvauksen					50 % A.B		
month	worktime for project%	salary	salary for project	social fees	all together	eligible project share	applied	difference	
tammi.23	50,00 %	0,00	0,00	0,00	0,00	0,00		0,00	
helmi.23	50,00 %	###	2 607,36	501,26	3 108,62	3 108,62		3 108,62	
maalis.23	50,00 %	###	2 607,36	501,26	3 108,62	3 108,62		3 108,62	
huhti.23	50,00 %	###	2 607,36	501,26	3 108,62	3 108,62	559,55	2 549,07	
Yhteensä		###	7 822,08	1 503,79	9 325,87	9 325,87	559,55	8 766,32	
		Vuosi 2023		19,23 %					

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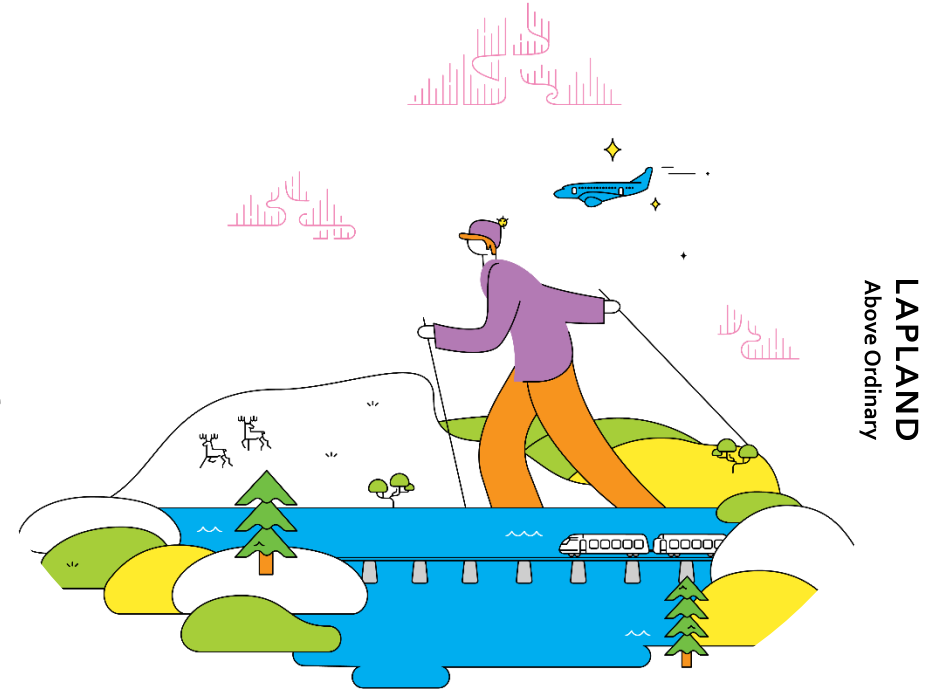
Salaries and other costs

- Salaries are selected for the sample with a professional judgement of the Controller e.g.
 - If there are a new persons/job descriptions
 - If there are holiday pays
 - Changes in monthly salaries
- If the project involves costs that exceed the national threshold, these must always be verified.
- In Aurora and NPA, applicants must complete a cumulative procurement declaration form, so that the Controller can identify which costs may have exceed the national threshold.



If an error is found

- Controller must expand sample to cover similar costs e.g.
 - Salaries from the same person
 - Invoices from the same operator
 - Similar types of expenses
- If the application does not include expenses for the same person/operator, it may not be necessary to expand the sample.
 - In this case, however, a note must be made to the audit plant that the expenses in question will be checked in the next reporting period if such expenses are claimed.



Risk-based sampling method - Updates

- The method is reviewed annually and if any necessary needs for update are identified during the program period.
- The upcoming update will affect on-the-spot checks. We will add a separate section on to this method.



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Plans for the update

- In Aurora, controller's judgement and/or risk assessment is the base for the on-the-spot check.
- In Europe, on-the-spot check should be done for a project with a pilot action with an investment.
- In NPA on-the-spot check should be done by LP if it adds value to the controller review.
- Updating the plan to include:
 - A beneficiary euro limit for Aurora and Europe.
 - If the value of the investment exceeds EUR 50 000 (Aurora).
 - Small beneficiary - e.g., an employee is hired for the project, when otherwise the work is organized with volunteers (Aurora).



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Thank you!
KIITOS



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