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IPA Romania – Serbia

Interreg IPA Romania-Serbia Programme

Methodology for risk-based management verifications



Branislav Miletic, Controller, Serbia

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Interreg IPA Romania-Serbia Programme elaborated and adopted a single methodology for risk-based management verifications, which is applied for the whole programme with minimum requirements using by the controllers in both countries of the Programme.

The basis of this methodology are the historical data from eMS on the projects implemented during 2014-2020 programming period. An analysis has been performed on the typology of errors and corrections applied. Also, the results of audits have been considered.

Extensive use of simplified cost options on Programme

Since the Programme use a flat rate for:

- Staff costs (up to 20% from direct costs),
- Travel and accommodation (up to 15% from Staff costs),
- Office and administrative costs (up to 7% from direct costs)
- and Lump sums for Project preparation and Project closure, the only categories remaining to be verified by the controllers are **Infrastructure and works, Equipment and External services.**

Moreover, the Programme has decided that all projects shall have a minimum of 50% of their budget dedicated to investments (infrastructure/equipment) which raising the level of risks.

- **Strategic and large infrastructure projects** due to their size, impact, number of partners are automatically considered high risk - **100% verifications.**
- **Reports with minimum one Investment items (LINKED with an Investment in JeMS) will be verified 100%.**
- The expenditures **not linked to investments in JeMS** - External services and expertise and also direct award procedures/single tenders - including for works and equipment will not be verified 100%.

- The controllers shall determine the level of risk based on the nature of the expenditure included in the list of expenditure and will then perform verifications depending on the risk levels.
- For the FLC, these risk factors can be only in relation to the FLC request submitted by the project partner for validation, as follows:

	Low	High	Score
Risk factors	1 point	5 points	≤ 10 points = simplified checklist; ≥11 points = 100% verification
Type of FLC request	Next reports = 1	First report = 5	
Size of the FLC request in the total budget of the partner (20%)	< 20% = 1	≥ 20% = 5	
Content of the project activities included in the FLC request (public procurement procedure OR direct award/ single tender)	Single tender (RS) / Direct procurement (RO) = 1 point for 1 single tender	Procurement procedure, when it's verified in the current report = 5 If the procurement procedure was verified in the previous reports = 1	
Previous results of controls (only 2 corrections related to public procurement, in the previous reporting periods and/or a fraud suspicion)	Less than or equal to 2 corrections AND NO fraud suspicion = 1	More than 2 corrections in the previous reports (2021-2027 programme) AND/OR 1 fraud suspicion = 5	
Previous irregularities at the level of the partner and/or confirmed frauds, including in the 2014-2020 period	Less than or equal to 2 = 1	More than 2 = 5 points	

Extension of the verifications by the controller

The controller may extend the verification based on professional judgement. For the purpose of an adequate audit trail, the controller must document and describe, in the checklist, why the verification was extended and also refer to the results and the types of errors detected during verification.

Main principles for the extension of the verification:

- case by case based on controllers' professional judgement or based on previous experience,
- where ineligible cost (except for missing documents etc.) in the verified expenditures is found:
 - up to 2% of the reported amount in specific costs category, the verification will not be extended;
 - more than 2,01 %, the verification will be extended to 100 % of costs included in the partner report.

Updating the Methodology

The risks identified at the beginning of the programming period, shall be periodically assessed by the programme authorities, based on:

- Corrections from FLC/ MA
- The error rate between the expenses validated by controllers and MA
- Audit missions' results (Audit Authority, European Commission, European Courts of Auditors)
- Guidance from the European Commission
- Results of the missions organized by the Department for Fight against Fraud, European Anti-Fraud Office, European Public Prosecutor Office
- Exchanges with other programmes during Interact workshops.