

CBC Finance Network Meeting

Interact 10.12.2025

Interact



**Co-funded by
the European Union**
Interreg

Agenda

01

**Introduction
and welcome**

02

**Updates and
discussion on
financial topics**

03

**Audit,
irregularities,
financial
corrections**

04

Post 2027

05

**Next steps,
wrap-up and
closure of the
meeting**

Meeting objectives



To hear news, updates and reminders on financial management topics



To share experiences



To learn from each other, discuss and exchange



To have a good time

Working agreements

Be active!

Ask questions

**Contribute and
share**

Be open

(all ideas are welcome)

**Be patient with
your peers**

**Have a good
time 😊**





Updates and discussion on financial topics





Risk-based Management Verifications



Where are we now?



- ✓ RBMV methodologies in place in most Interreg programmes
- ✓ First results of system audits & audits of operations ahead
- ✓ First revisions of RBMV methodologies
- ✓ Continuous learning and improvement

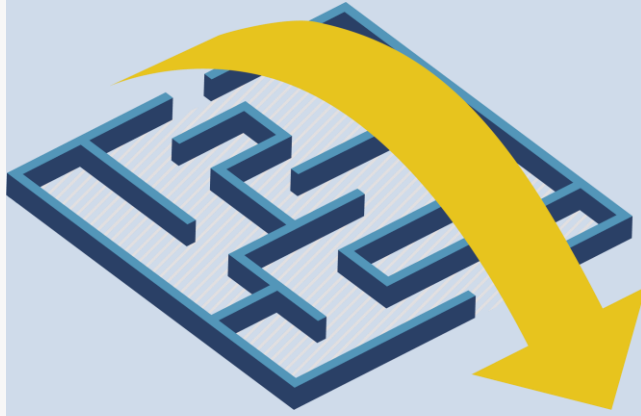
Upcoming event



15 December 2025 - online

Risk-based Management Verifications in Interreg

with participation of the EC DAC



Simplified cost options



Recent event



SCOs in action

[October 2025](#)

SCOs DAC audit findings (CPR expert group 22nd meeting Nov 2025)



SCO findings – horizontal aspects



SCO methodology
from previous
programming period,
without any checks



MA relied on self
declarations for
eligibility of
participants (some of
them signed after
the checks)



SCO methodology
not audited, just the
application



SCO based on draft
budget, no checks
on the draft budget
by MA



Risk of double
financing not
mitigated (possible
overlaps)



AA checklists not
updated for SCO

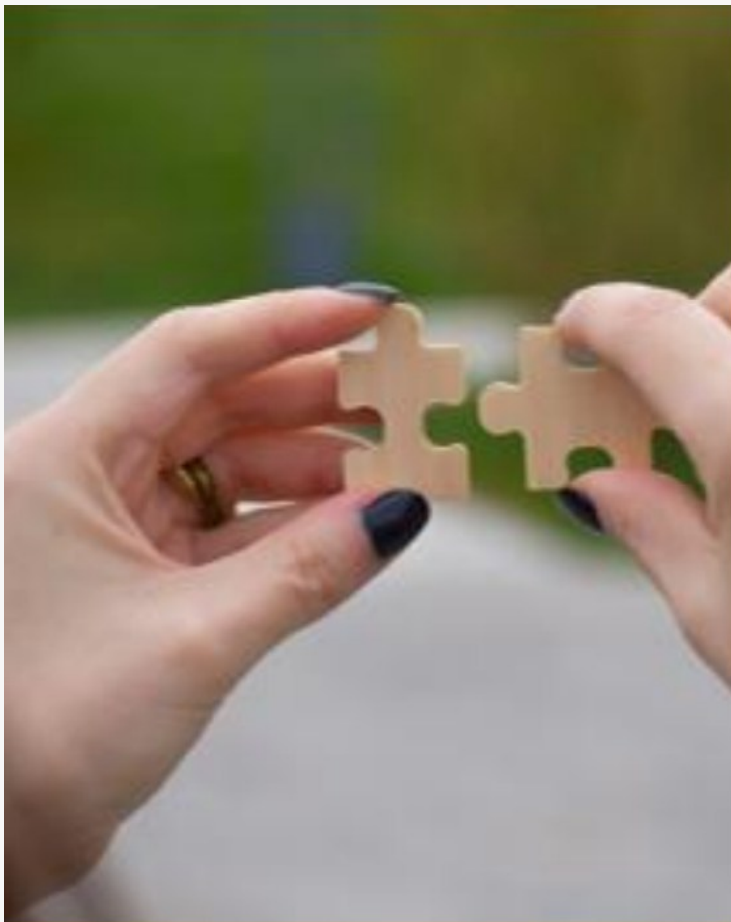


Recommendations
for simplification
(e.g. use of SCOs)



SCOs DAC audit findings

(CPR expert group 22nd meeting Nov 2025)



Incorrect method to establish a flat rate

Flat rate of 8% from direct staff costs to reimburse legal support and supervision tasks related to the project

Established for one specific department
SCO used for all departments

In the 3rd year, workload decreased by 50%

Finding: Flat rate not a correct proxy to costs



SCOs DAC audit findings (CPR expert group 22nd meeting Nov 2025)



Incorrect use of 40%

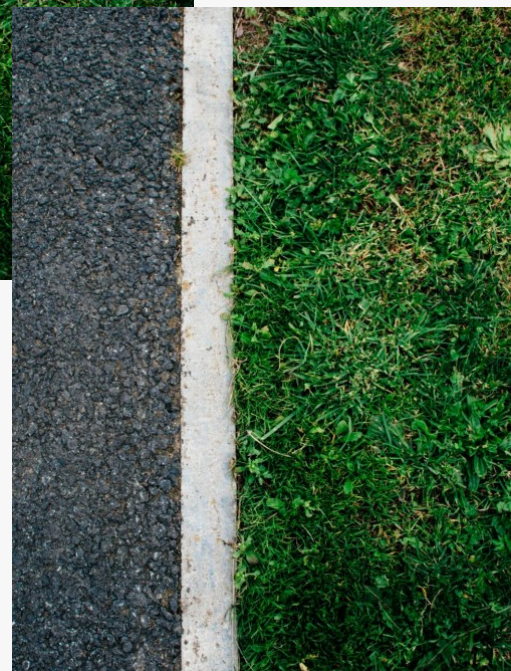
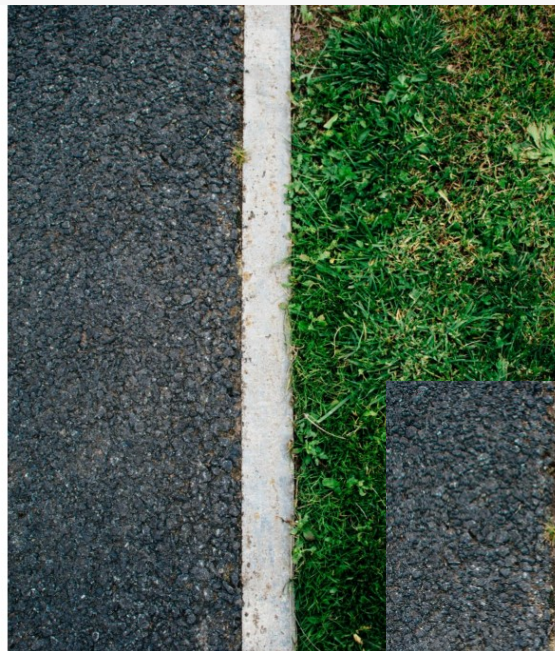
Operation: entrepreneurship support

Application for funding: staff costs and indirect costs

Use of 40% * staff costs to reimburse all remaining costs

No direct costs necessary according to the application for funding

Finding: Use of flat rate of up to 15% to reimburse indirect costs more appropriate, the difference ineligible



Incorrect use of up to 40%

Flat rate of 30% * direct staff costs to reimburse remaining costs of an operation

Beneficiary declared external costs on top

Situation 1: MA accepted the payment, considered external costs as external staff costs

Situation 2: MA accepted the payment as the external costs were linked to a sub-project.

Finding: Not compliant with CPR, no additional costs on top of the flat rate for all remaining costs

SCOs DAC audit findings (CPR expert group 22nd meeting Nov 2025)



Incorrect update of SCO methodology

Unit cost for staff costs (hourly and monthly rate) from 2014-2020

Hourly rate calculated based on 1650 hours per year

Hourly rate indexed with inflation

New monthly rate calculated based on 1720 hours per year

Finding: SCO for monthly rates is not established based on previous programming period



SCOs DAC audit findings (CPR expert group 22nd meeting Nov 2025)



Hours not related to the project

Hourly rate for staff costs

Staff = board members of universities

No use of timesheet

All worked hours declared for the operation

Finding: No assurance that the hours declared are related to the project



SCOs DAC audit findings (CPR expert group 22nd meeting Nov 2025)



Specific findings



Travel costs

Unit cost per day; event of 1 day, MA declared 5 days => 2 days ineligible



Off the shelf flat rates

Not mentioned in the grant agreement. In the call = "up to"; beneficiary decides %



SCO used before approval

Amounts declared to the EC based on SCO submitted as programme amendment



SCO from national law

Variable depending on the post, category and region. Small differences => decision to use an average

State aid update

GBER:

- GBER set to expire at the end of 2026
- Public consultation in summer 2025
- Draft GBER to be published in 2026

De minimis:

- As of 1 January 2026 use of national register or Union level central register obligatory
- 10 EU MS currently WITHOUT the national registries AT, BE, DE, DK, FI, FR, GR, IE, NL, SE
- 16 EU MS currently WITH the national registries: BG, HR, CY, CZ, EE, ES, HU, IT, LV, LT, LU, PL, PT, SI, RO, SK

Administrative proceedings (until 31 December 2025 (2028)):

- self-declaration (until 2028) / check of de minimis register
- de minimis letter replaced by the statement in the register
- De minimis set to expire at the end of 2029

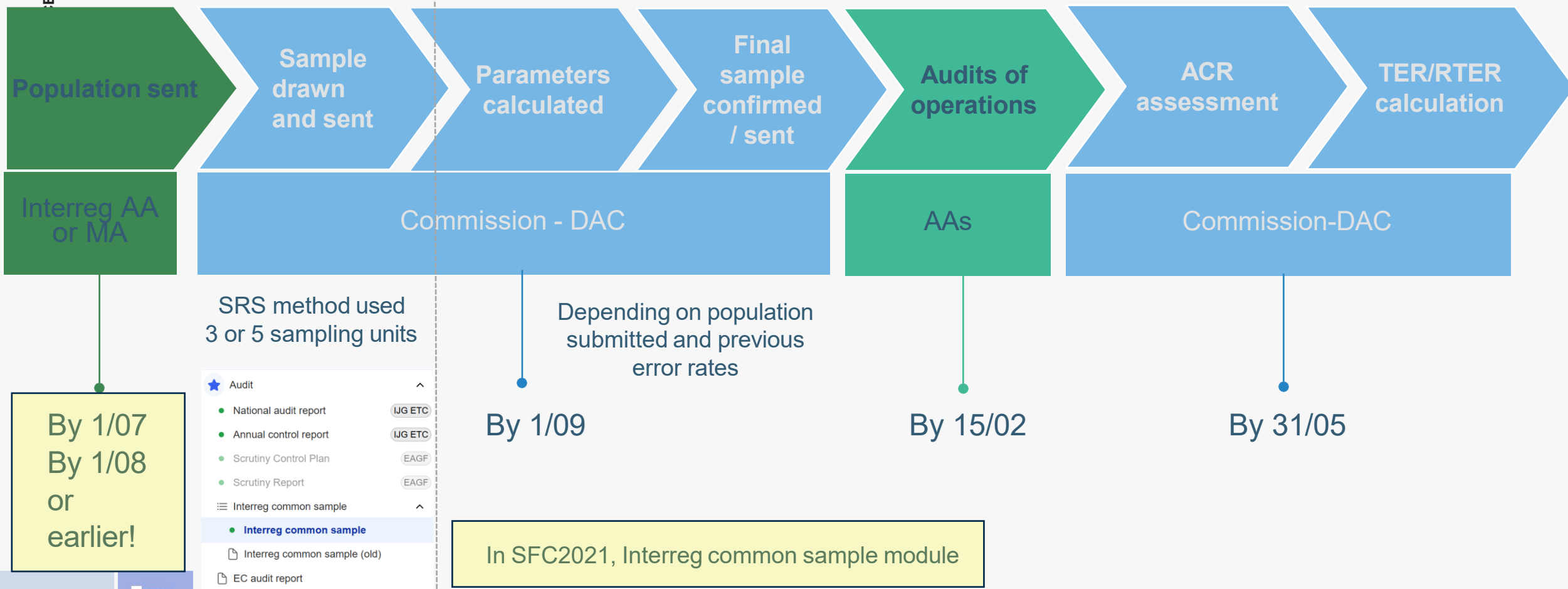


Audit, irregularities and financial corrections



Who has NOT yet participated in the Interreg common sample exercise?

Workflow and timeline



1st exercise

- 3rd Accounting year 2023/2024
- 15 programmes submitted the population
- Compliance audit by DAC.6 on KR11, KR13, KR15 performed in February 2025
- 8 projects (1 per programme) selected
- No findings with financial impact

Following the assessment of the reported results of the audits of operations (in line with Article 49(6) of the Interreg Regulation 2021-2027), I am pleased to inform you that the Commission services have calculated the global extrapolated error rate with regard to the 15 Interreg programmes that reported expenditure and were thus included in the population from which the common sample was selected: the global extrapolated error rate for the group of 15 Interreg programmes is 0.07%.

ACRs 2021-2027 programming period

Type of errors	All (no.)	Interreg (no.)	All (EUR)	Interreg (EUR)
Ineligible expenditure	175	5	20,071,334.91	525.67
Public procurement	51	-	9,326,915.40	-
Missing supporting information or documentation	123	12	4,223,879.94	214.31
State aid	12	1	1,070,937.71	-
Ineligible project	3	-	741,306.00	-
Simplified Cost Options	26	1	298,614.46	7.54
Sound Financial Management	14	1	134,747.85	-
Equal Opportunities / Non discrimination	13	-	25,199.38	-
Financial Instruments (FIs)	12	-	760.90	-
Information and publicity measures	22	-	359.26	-
Performance indicators	9	1	-	-
Separate accounting records	2	-	-	-
Environmental rules	1	-	-	-
Total	463	21	35,894,055.81	747.52

Feedback from the compliance audit?

The focus of EC checks?

Any findings in your programme?

EC Findings

Project level findings

Lack of publicity on beneficiaries' websites

Public procurement: lack of justification for negotiated procedure

Ineligible expenditure not linked to the project

Travel and accommodation costs declared before travel took place

Double funding: same cost categories covered through 2 forms of reimbursement



EC Findings Checklists

To cover all necessary aspects

To provide sufficient information on audit tests performed

To avoid Yes/No answers (especially in case of State aid analysis, public procurement, conflict of interest, double funding checks)



2nd exercise

- 4th Accounting year 2024/2025 (1 July 2024 – 30 June 2025)
- 48 programmes submitted the population by 1 July / 1 August 2025
- Audits of operations running – first audit reports
- Assurance package for this acc. year to be submitted by 15 February 2026



Feedback from audits of operations

Scope?

Findings/Recommendations/Actions?

Impressions?

When sending the population...



Use the template agreed with the Commission

Fill in all data (including category, partner no. in operation)

~~Remove all partners with 0 expenditure~~

All amounts are positive

Column I is to be used for withdrawals in the given accounting year of expenditure related to previous accounting years

When sending the population...



Sampling unit = cumulated partner expenditure in an operation in an accounting year

No double recordings

For SPF, expenditure to be declared at the level of the beneficiary

AA reconciliation necessary

AA contacts to be added to the list of “Officials in charge” (in SFC) to get notifications

Recommendations ACR

- Assurance package training (Financial management in Jems) on 22 January, online
- ACRs should disclose the results of the audits of operations
- The results of the audits of operations should be also reported in the template in which AA received the sample
- The filled in template should be annexed to the ACR. This will allow the EC to compute an overall error rate for the Interreg programmes
- Additionally, if available, AA should include the follow up of the KR 11 audits as well as Early Preventive System Audits (EPSA) especially if the measures have been taken after the EC audits
- As stated in the regulations no opinion on legality and regularity must be issued and no TER must be calculated per programme

Observations – Annex 2 ACR

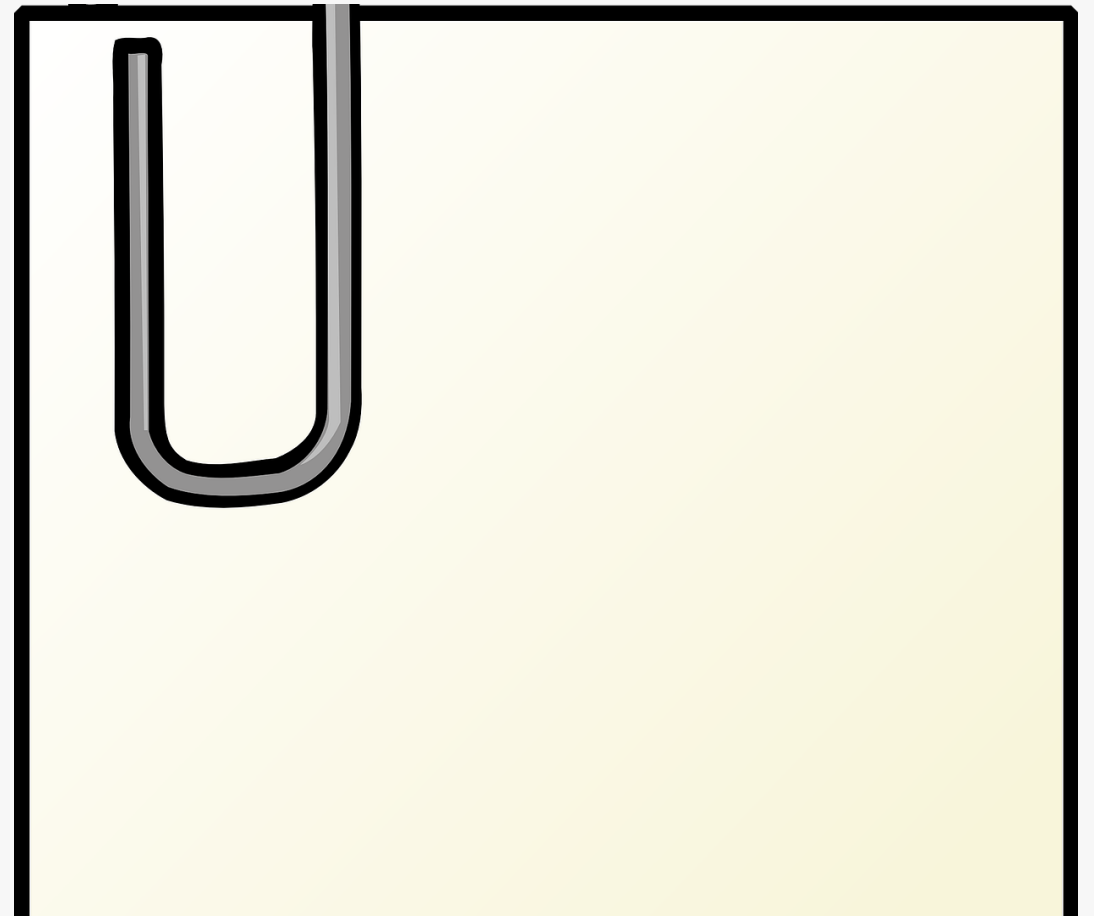
- Interreg programmes in the common sample – TER/RTER to indicate -> 0%

ANNEX 2 - RESULTS OF AUDITS OF OPERATIONS

CCI(s)	Funds	Amount in euros corresponding to the population from which the sample was drawn	Expenditure in reference to the accounting year audited for the random sample		Amount of irregular expenditure in random sample	Total error rate	Corrections implemented as a result of the total error rate	Residual total error rate	Other expenditure
		(A)	Amount (B.1)	% (B.2)	(C)	(D)	(E)	(F)	(G)
2021TC16RFTN004	ERDF	8,532,885.00	58,962.00	0.69%	34.00	0%	0.00	0%	

ACR submission - Observations

File with audit results to be attached to the ACR



Observations – Audit opinion

SFC2021:

Printed version:

AUDIT OPINION

5. Opinion ⓘ

Unqualified

In my opinion, and based on the audit work performed:

(1) Accounts

– the accounts give a true and fair view;

(2) Legality and regularity of the expenditure included in the accounts

– the expenditure included in the accounts is legal and regular,

(3) The management and control system in place as at the date of this audit opinion

– the management and control system functions properly

The audit work carried out does not put in doubt the assertions made in the management declaration.

In my opinion, and based on the audit work performed:

(1) Accounts

– the accounts give a true and fair view

(2) Legality and regularity of the expenditure included in the accounts

– the expenditure included in the accounts is legal and regular ¹

(3) The management and control system in place as at the date of this audit opinion

– the management and control system functions properly

The audit work carried out does not put in doubt the assertions made in the management declaration.

¹ Except for the Interreg programmes that fall under the annual sample for audits of operation to be drawn by the Commission as envisaged in Article 48 of the Interreg Regulation.

Feedback from system audits

Scope? KRs

Findings/Recommendations/Actions?

Impressions?

DAC (2023/2024) / ECA (DAS 2024)

Project Typology of Findings

Ineligible expenditure, participants and projects	30%
Public Procurement	24%
Missing supporting information or documentation	12%
State Aid	8%
Sound Financial Management	5%
Simplified Cost Options	4%
Financial Instruments	4%
Performance indicators	3%
Revenue Generating projects	2%
Accounting and calculation errors at project level	2%
Information and publicity measures	2%
Equal opportunities	1%
Other	3%

Main sub-categories of findings

Eligibility

- Ineligible Participants
- Ineligible expenditure / expenditure not related to project

Public procurement

- Lack of publication of contract notice
- Unlawful and/or discriminatory selection and/or award criteria laid down in the contract notice or tender documents
- Discriminatory technical specifications

State Aid

- Lack of detailed verifications for compliance with State aid rules
- Aid intensity not respected

Audit Trail

- Lack or incomplete audit trail
- Missing supporting information or documentation

Financial corrections

Article 103 corrections

Financial corrections by Member States

Member States shall protect the Union budget and apply financial corrections by cancelling all or part of the support from the Funds to an operation or programme where expenditure declared to the Commission is found to be irregular. (...)

The support from the Funds cancelled may be reused by the Member State within the programme concerned **except for an operation that was subject of that correction** or, where a financial correction is made for a systemic irregularity, for any operation affected by the systemic irregularity.

Article 104 corrections

Financial corrections by the Commission

In 2021-2027 all irregularities (irrespective of the amount) contained in accepted accounts, and which were not detected and reported first by the MS but are identified by EC or ECA audits or OLAF investigations will lead to net financial corrections except for:

- 1.the MS removes the amounts from the accounts before their submission or acceptance;
- 2.the MS detected (and reported) the irregularity first even if the irregularity was not correctly treated in the accounts.

How do you implement financial corrections in your programme?

Financial corrections

Focused on 2014-2020 (EC) net financial corrections, too slow, too few, not properly reported (years!)

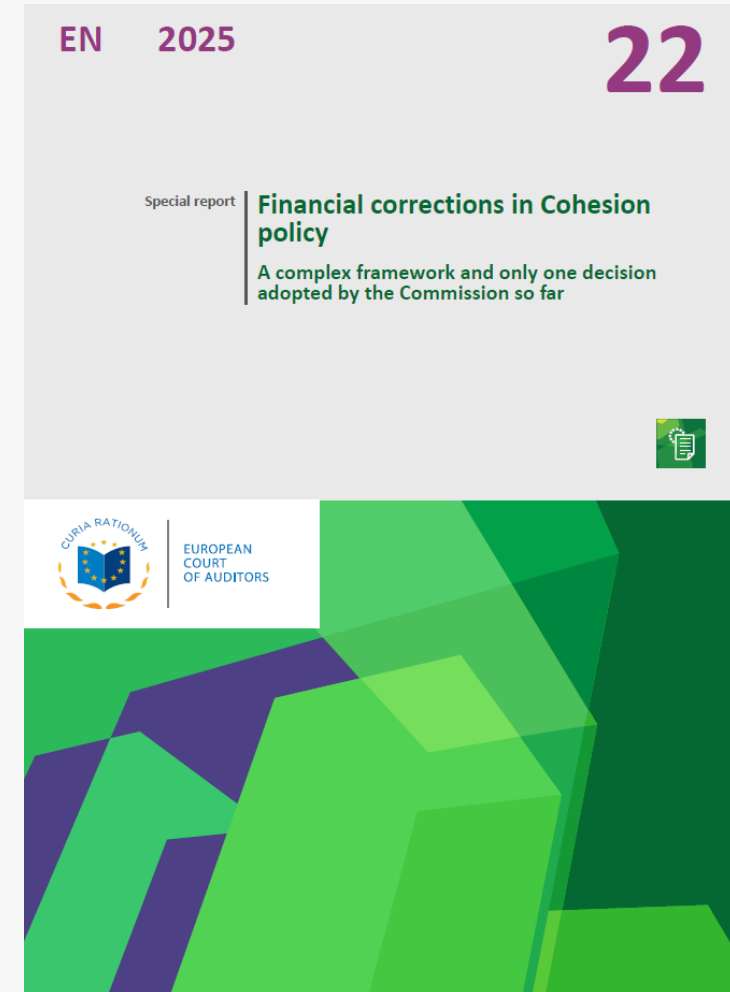
EC relied on MS, only one decision

the intention of financial corrections is not to sanction MS, but to protect the EU budget + proportionality

MS had withdrawn a total of €19.9 billion from the accounts by April 2025, of which at least €3.4 billion were corrections resulting from audits

unprecedented level of corrections by the MS compared to the past, + first Art.104 EC decisions

the EC is working on specifying the criteria and clarifying when Article 104.1b will apply, not automatic net financial corrections in all cases



Financial corrections

how the whole mechanism will be implemented in the new results-oriented model post-2027?

Irregularities are linked to expenditure and not to a result-oriented model

all irregularities in the submitted accounts subject to mandatory net financial corrections by the Commission

serious deficiencies in management and control systems subject to mandatory net financial corrections by the Commission

uncertainties could lead to the risk of unpredictable responses to systemic weaknesses

the new funding model will be different, **the definition of an irregularity will also change**

Reporting in IMS

Template for electronic reporting via the Irregularity Management System (IMS) – Annex XII to CPR

IMS access usually coordinated by national Anti-Fraud Coordination Service (AFCOS)

IMS used in 35 countries (EU+IPA)

Non fraudulent / fraudulent irregularities

The screenshot displays the AFIS PORTAL interface. At the top, there's a header with the OLAF logo, 'AFIS PORTAL ANTI-FRAUD INFORMATION SYSTEM', and navigation links for 'AFIS Operations', 'AFIS Mail', 'Help', and 'English'. Below this is a blue navigation bar with 'AMS', 'IMS', and 'QUEST' tabs. The main content area has a green background and shows the 'REQUEST TO CREATE A CASE: 141' form. The form includes fields for 'Reference number - OLAF : AMIF / FS / HL / 2017 / 141', 'Programming period : 2014-2020', 'Currency : EUR', 'Request ID : 610', and 'Request origin : User Input'. A 'View history' button is also present. Below the form, there's a grid of tabs for different stages: 1 Identification, 2 Personal data, 3 Operation - general, 4 Operation - Specific - Project, 5 Operation - Specific - Agriculture, 6 Irregularity, 7 Detection, 8 Amounts, 9 Recovery, 10 Sanctions, and 11 Comments. The 'Identification' tab is currently active, showing fields for '1.1 Fund', '1.2 Year', '1.3 Programming period' (set to 2014-2020), and '1.4 Reference number - national'. At the bottom, there are buttons for 'Save as draft', 'Finalise', 'Delete request', 'Export', and 'Cancel'.

Reporting in IMS

Irregularities to be reported

1. have been the subject of a first written assessment by a competent authority, either administrative or judicial (PACA)
2. give rise to the initiation of administrative or judicial proceedings at national level in order to establish the presence of fraud or other criminal offences (suspected fraud)
3. preceding a bankruptcy;
4. for which the Commission submits a written request for information to the Member State following the initial reporting from a Member State

Reporting in IMS

Irregularities not to be reported

1. for an amount lower than EUR 10 000 in contribution from the Funds, BUT if interlinked and total amount > EUR 10 000 have to be reported
2. Consist solely of failure to execute an operation included in the co-financed programme owing to the non-fraudulent bankruptcy
3. cases reported to MA / BAF by the beneficiary voluntarily and before detection by either authority, whether before or after the payment of the public contribution, **BUT suspected fraud YES**
4. cases which are detected and corrected by the managing authority before inclusion in a payment application submitted to the Commission, **BUT suspected fraud YES**

Irregularities in 2021-2027

When to report?

Report irregularities within two months following the end of each quarter from their detection or as soon as additional information on the reported irregularities becomes available.

immediately report irregularities if other Member State is concerned or repercussions outside MS territory.

Reporting in IMS does not institute any legal proceedings!

Suspected fraud reported without delay to prosecutor / police / OLAF / EPPO depending on the national provisions!



Irregularities in 2021-2027

Who reports?

The Member State in which the irregular expenditure is incurred by the beneficiary and paid in implementing the operation shall be responsible for reporting

For programmes under the European territorial cooperation goal (Interreg), the reporting Member State shall inform the managing authority and the audit authority of the programme.



Double funding

Grants shall be subject to the principles of:
(d) non-cumulative award and no double financing;

FR, Article 188

- “In no circumstances shall **the same costs** be financed twice **by the budget.**”

FR, Article 191(3)

Double funding

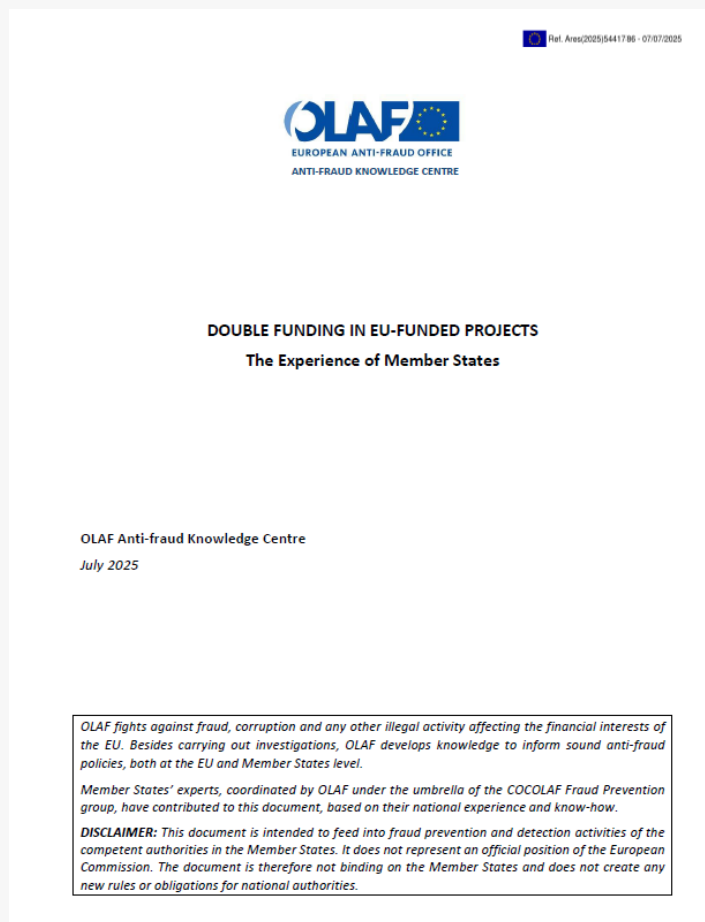
Demarcation

- a timing criterion (RRF, 2014-2020, 2021-2027)
- a theme criterion (eligible themes covered)
- a beneficiary criterion (specific types of beneficiary)
- a territory criterion

Delination

- different implementation phases
- breaking down different cost items and attributing

Double funding



Risk scoring systems (Arachne+)

Provision of (basic) data will be obligatory in 2028-2034

Use of Arachne – reconsideration in 2027

DG Employment → DG Budget

New version tested internally in December

Next year planned online presentation of Arachne+

Auditors use Arachne e.g. for COI checks

EDES

- Information on cases of early detection, exclusion and/or financial penalties
- Info about entities, in certain cases of fraud or conflict of interest confirmed by a final judgement or administrative decisions and reported by MS
- EC to grant access to EDES to “all persons and entities involved in budget implementation”
- all persons and entities involved in budget implementation shall enforce such decisions with regard to the person or entity applying for or selected to implement Union funds;

Article 144, recast Financial Regulation 2024

Cooperation works

All materials will be available on:
Interact.eu/Library

Want to discuss it? Join our MS Teams environment!
Portal.Interact.eu | Programme and Project Management

**Thank you for
being here!**



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