Interreg Programme Management Handbook

Guide to the 2021-2027 period

The Interreg Programme Management Handbook comprises a series of factsheets. They can be read individually, or collectively, to understand the relevance of certain aspects of Interreg management. They cover the relevance, legal basis, key challenges and approaches to the given subject.

Factsheet | Management verifications (control)

1. What is it? What is the definition of this work?

There are many levels of control in Interreg, the most important being: 1) Internal control of the beneficiary (e.g., the person preparing the financial report for the project partner) and potentially Lead Partner control; 2) Management verifications (by Controllers and/or MA/JS); 3) Audit by the Audit Authority; 4) Audit by the European Commission. This factsheet deals with level 2 (Management verifications by Controllers and/or MA/JS).

According to Article 74(1)(a) of the CPR, management verifications ensure "*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"*

[where points (b), (c) and (d) of Article 53(1) are unit costs, lump sums and flat-rate financing respectively]

2. Why are we discussing it?

Control is often seen as a bottleneck in Interreg programmes. On the one hand, quality and reliability of control are often decisive factors in programme financial management, and any serious shortcomings can lead to financial errors at the programme level. On the other hand, high quality controls take time and resources. There are also many areas of control, such as public procurements, that require the kind of specific expertise that might not always be available.

3. What are the Legal references and basis for this topic?

- Article 74(1)(a) of the CPR defines management verifications
- Article 74(2) defines that management verifications shall be risk-based and proportionate to the risks identified ex ante and in writing. Management verifications shall include administrative

verifications (i.e., desk-based) in respect of payment claims made by beneficiaries and on-the-spot verifications (i.e., in the office of the beneficiary, at the site of a co-financed infrastructure) of operations
- Article 46(3) of Interreg clarifies that the Member States, and where applicable, the third country, partner country or OCT, participating in the Interreg programme, may decide that management verifications 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").

Legislative framework:

- EU Regulation 2021/1060 (CPR)
- EU Regulation 2021/1059 (ETC - Interreg)

4. What are the challenges, key considerations and frequently asked questions?

- What is a good Control system?
- Why is Control so slow?
- What Control documents/templates are available?

5. How are they addressed?

There are many different solutions for ensuring high quality in Control. Some Member States and programmes are happy with their current arrangements, while others are facing issues such as high error rates or slow processing of reports. There is not a single Control system that would fit all the different settings in different countries. The following criteria can be distinguished:

- Who controls? Here we can distinguish public and private organisations. There are also some Control systems where both public and private controllers are involved; for example, in cases where part of the Control is sub-contracted to a private company.

- For a given Interreg programme, Control systems can be centralised at different levels:

    - at the programme level (one Control body/MA/EGTC verifying expenditure of all beneficiaries of one Interreg programme in all participating countries)

    - at the Member State level (one Control body controlling all beneficiaries from one Member State)

    - at the regional level (one Control body controlling all beneficiaries from one region)

    - at the project level (one Control body controlling the whole project partnership, regardless of country)

    - at the project partner level (each project partner might have a different controller).

Except for systems centralised at programme or project levels, project partners from different countries or regions can face different Control systems and procedures.

- How is the Controller/Control body assigned to the beneficiary? Here we can distinguish two main ways of assigning the Controller/Control body to the beneficiary:

    - Controller/Control body is assigned by authorities, and beneficiaries have no choice;

    - Beneficiaries can choose the Controller/Control body freely (the selection is usually made according to national public procurement law). Often in this case, the selected Controller/Control body needs to be approved by either the programme or national authorities.

In some Member States a pre-defined list of available Controllers/Control bodies is created by the authorities, and beneficiaries can choose from a limited number of institutions on this list.

- Control can be financed through the following sources:
    - national/regional budget of the Member State or region participating in the Interreg programme;
    - programme's TA budget;
    - project's budget (as eligible project cost).

There are also systems where national/regional and programme's TA funds are combined.

Each Control system has its advantages and disadvantages. Some systems may work better in some Member States and worse in others. Centralised public systems are often slow compared to private/de-centralised systems. Centralised public systems also tend to have higher financial deduction rates compared to private/decentralized systems. The issue of whether or not high financial deduction rates are an indicator for the quality of Control (the more financial cuts the better the Control) needs to be decided on a case-by-case basis. There are also overly risk-averse controllers who cut more than would be necessary. Perhaps the biggest advantage of centralized public systems is that there are a limited number of controllers, and that they can be informed and trained by the programme. It can also be easier for a programme to assess the quality of Control in certain countries or regions.

Private/decentralised systems often work with a high number of controllers with various professional backgrounds and experience. For this reason, the quality of Control can vary substantially from one controller to the next. Systems in which beneficiaries choose and finance their own Controllers from the project budget can also face potential conflict of interest issues: Controllers are paid by the same institution they are being asked to control. On the other hand, the risk of systemic errors due to under-performance of entire Control bodies can be smaller in de-centralised systems where many controllers take over Control.

6. How does it work in practice?

In the 2021-2027 period control shall be risk-based, which means that every single item does not have to be checked. Only the items which are identified as "risky" should be verified in relation to a set of control questions. In order not to forget verifications and to document the work actually done, controllers use control check lists. These vary in detail and approach among the different Control systems and Interreg programmes. Controllers also often use control reports in which they describe the control approach, the findings and follow-up measures. In addition, control certificates can be signed (or electrically signed) by controllers for each project partner and progress report. Control checklists are sometimes merged with reports, and reports in turn are sometimes merged with certificates.

7. Good practice examples, innovative approaches

In the past, auditors have often encountered insufficient documentation on the side of Control. Controllers need to document their work. For audits it must be obvious what was verified by controllers and for what control purpose. Control checklists are part of this documentation.

Risk-based sampling of expenditure items can significantly improve the quality of Controls. Risk-based sampling has the advantage that it frees resources and allows controllers to focus on those areas that pose a high risk of financial misstatement. The Guidance on the risk-based management verifications and HIT methodology, developed by Interact together with Interreg programmes, provides more detailed information.

8. *Reference to other, more detailed papers*

- *EC Reflection paper on risk-based management verifications*
- *Guidance on the risk-based management verifications and HIT methodology (Interact, 2023)*
- *Management verifications factsheet (Interact 2021)*
- *HIT tools: Control checklist, report and certificate*
- *Factsheet: Verification of SCOs and implications for control and audit (Interact, updated 2025)*

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