

**RULES AND PROCEDURES ON MANAGEMENT VERIFICATIONS IN INTERREG NEXT POLAND-UKRAINE
PROGRAMME 2021-2027**

(version 4, December2025)

Table of contents

INTRODUCTION	4
1. ABBREVIATIONS AND GLOSSARY	5
2. Control system and the legal basis	6
2.1. General information	6
2.2. Control system in the programme	6
2.3. Legal basis	6
3. Overview of the role of the controller	8
3.1. Overview of the controllers tasks with regard to management verifications	8
3.2. Cooperation with project partners.....	9
3.3. Four „eyes” principle and impartiality. Conflict of interest.....	9
4. Reporting process	12
5. Central ICT system (CST2021) and the electronical exchange of documents and information ..	13
5.1. General information	13
5.2. The SL2021	14
5.3. E-Controls application.....	14
5.4. Reporting application	15
5.5. Responsibilities of controllers with regard to work in CST2021.....	15
6. Management verifications – detailed information and procedures	16
6.1. The purpose of management verifications	16
6.2. Administrative verifications	18
6.2.1. Scope of the administrative verification	18
6.2.3. Sampling expenditures for verification – use of the Risk-based methodology for sampling expenditures in management verifications	22
6.2.4. Procedure of carrying out administrative verification.	22
6.3. On-the-spot verifications - general rules	24
6.3.1. On-the-spot verification of regular projects and LIP	25
6.3.2. On-the-spot verification of SPF project.....	26
6.3.3. Monitoring visits	27
6.3.4. Ad-hoc verifications	27
6.3.5. The procedure of on-the-spot verifications	28
6.4. Verification of public procurement and the competition rule	29
6.5. Verification of communication and visibility obligations	32
6.6. Verification of State aid and de minimis aid in the project	32
6.6.1. Direct State aid	33
6.6.2 Indirect State aid.....	33

6.7.	Verification of the completeness of documents with final partial progress report	33
6.8.	Complaint procedure	34
7.	Handling irregularities and fraud	34
7.1.	Reporting of irregularities to the European Commission (EC).....	37
8.	The role of controller vs audit	37
9.	Verification of durability of projects	38
10.	Verification of durability of small projects in the SPF project.....	41
LIST OF ANNEXES		44

INTRODUCTION

The purpose of this document is to define the minimum quality standards of the national controllers and to give practical guidance on carrying out the management verifications in the Interreg NEXT Poland-Ukraine programme¹. This ensures the harmonised standards with regard to the management verifications in both countries.

Both countries are recommended to follow the principles and procedures of this document, implementing it into their own organisational structure and control arrangements. The document covers:

- organisation of the control system,
- the role of the controllers,
- the reporting process,
- the CST2021,
- how to comply with management verifications,
- verification of durability of the project.

This document sets also a list of annexes that are important during the control process.

- Annexes: 7, 8, 9, 10, 11 as well as Annexes 12-20 and 22 shall be used with no changes, in the version from the up-to-date version of this document.
- Annex 1 is the minimum standard and could be supplemented/amended in line with national regulations.
- Annexes: 2 – 6 and Annex 24 are a proposal to be used at the national level. These attachments may be supplemented according to national needs and requirements.
- Annexes 21, and 23 are an overview attachments.

Due to the different national legislation related to control systems set in the countries it is not possible to cover every situation in this document. More in-depth information about specific issues relevant in the context of controllers' tasks can be found in other programme documents as well as European Commission's (EC) and national regulations.

The information provided in this document will be continuously further developed and updated during the implementation of the programme.

¹ This document is the document defined in Annex III of the Financing Agreement art 3 letter a).

1. ABBREVIATIONS AND GLOSSARY

AA – audit authority

CST2021 – Central ICT System

Controller(s) – controller established based on Article 46 (3) of the Regulation 2021/1059 and Article 74 of the Regulation 2021/1060

CPR – Regulation 2021/1060

GoA – Group of Auditors

Interreg Regulation – Regulation 2021/1059

JS – Joint Secretariat of Interreg NEXT Poland-Ukraine programme 2021-2027

LIP – Large Infrastructure Projects

LP – lead partner

MA – managing authority

NA – national authority

PM - Interreg NEXT Poland-Ukraine programme 2021-2027 programme Manual(s) – (part I and II, for LIP, regular projects, SPF project)

Poland-Ukraine programme – Interreg NEXT Poland-Ukraine programme 2021-2027

Partial progress report – shall mean the progress report along with the payment claim in the meaning of Programme Manuals, submitted by project partners to the controller.

SCO(s) – simplified costs options that include: lump sum, flat rate

SL2021 - application for managing projects

SPF – small project funds

SPF beneficiary – operator of the SPF project

Small project beneficiary – final recipients of financial support within the SPF project

2. Control system and the legal basis

2.1. General information

Each country has designated the controllers² that will approve expenditures declared by project partners in projects implemented in the programme. Designated controllers are responsible for verifying the legality and regularity of the expenditures declared in partner partial progress reports.

2.2. Control system in the programme

The control bodies designated by the governments are:

UKRAINE	State Audit Service of Ukraine
POLAND ³	Voivode of the Podlaskie Voivodeship (Białystok)
	Voivode of the Podkarpackie Voivodeship (Rzeszów)
	Centre of European Projects (Warszawa)

Contact details of the control bodies are available at the programme website: <https://pl-ua.eu/pl>

The controllers both in Poland and Ukraine are public bodies, being financed by each country.

NOTE: As a general rule project partners are allocated to the controller geographically. The special case refers to the SFP project:

- Polish controller is appointed for the SPF beneficiary located in Poland and the controller verifies the small projects beneficiaries regardless of their nationality and place of registration (i.e. both Polish and Ukrainian small projects' beneficiaries);
- Ukrainian controller is appointed for the SPF beneficiary located in Ukraine and the controller verifies the small projects beneficiaries regardless of their nationality and place of registration (i.e. both Polish and Ukrainian small projects' beneficiaries);

2.3. Legal basis

The principles of management verifications have been defined in this document, along with:

² According to Article 46 (3) of the Regulation 2021/1059 and Article 74 of the Regulation 2021/1060.

³ For regular and LIP projects - as a general rule, two Voivodes responsible for verification of expenditure of partners located on the territory of the respective voivodeship; Centre of European Projects being responsible for verification for partners from Lubelskie and Mazowieckie regions.

- Programme Interreg NEXT Poland-Ukraine 2021-2027;
- Financing Agreement for the Interreg programme (Interreg VI-A) NEXT Poland-Ukraine;
- ERDF Regulation - Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and the Cohesion Fund (OJ L 231 of 30.06.2021, p. 60, as amended);
- Financial Regulation - Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014 and (EU) No 283/2014 and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193 of 30.07.2018, p. 1);
- General Regulation - Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Fair Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and the financial rules for these Funds and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Financial Support Facility for Border Management and Visa Policy (OJ L 231 of 30.06.2021, p. 159, as amended);
- Interreg Regulation - Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments (OJ L 231 of 30.06.2021, p. 94);
- Implementing Act, the Act of 28 April 2022 on the principles of implementation of financial tasks financed under the 2021-2027 financial perspective (Journal of Laws of 2022, item 1079, as amended);
- NDICI Regulation - Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009;
- Commission Decision of laying down the guidelines for determining financial corrections to be made to expenditure financed by the Union for non - compliance with the applicable rules on public procurement
- Up-to-date Programme Manuals part I and II for respective projects (regular projects, LIPs, SFP project).

FOR POLAND:

- Agreement concluded between the Voivode of Podkarpackie Voivodeship and the Minister competent for regional development of the Republic of Poland entrusting tasks of the management verifications in the Interreg programme 2021-2027.

- Agreement concluded between the Voivode of Podlaskie Voivodeship and the Minister competent for regional development of the Republic of Poland entrusting tasks of the management verifications in the Interreg programme 2021-2027.
- Agreement concluded between the Centre of European Projects and the Minister competent for regional development of the Republic of Poland entrusting tasks of the management verifications in the Interreg programme 2021-2027.
- The Act of 11 September 2019, Public Procurement Law (Journal of Laws of 2021 item 1129 as amended);
- Public Finance Act - the Act of 27 August 2009 on Public Finance (Journal of Laws, 2021 item 305, as amended);
- VAT Act - the Act of 11 March 2004 on Value Added Tax (Journal of Laws, 2021 item 685 as amended);
- The Act of 28 April 2022 on the implementation of activities co-financed from the European union grants in the financial perspective 2021-2027;
- Guidelines on management verifications in the Interreg programmes 2021-2027 (National guidelines on management verifications);
- Guidelines on correcting and recovering irregular expenditures and on notifying irregularities within the programmes of cohesion policy in perspective 2021-2027;
- Guidelines on control of programmes within the cohesion policy 2021-2027;

FOR UKRAINE:

- Financing Agreement for the Interreg programme (Interreg VI-A) NEXT Poland-Ukraine;
- Cabinet of Ministers of Ukraine Resolution of 15 February 2002 №153 On the establishing of a unified system of involvement, using and monitoring of international technical assistance;
- Association Agreement between the European Union and the European Atomic Energy Community and their member states, of the one part, and Ukraine, of the other part of 16 September 2014 № 1678-VII;
- Law of Ukraine on Public Procurement of 25 December 2015 № 922-VIII;
- Law of Ukraine on the Accounting Chamber of 2 July 2015 № 576-VIII;
- Resolution of the Cabinet of Ministers of Ukraine On the establishing of a national mechanism of cooperation between public authorities to protect the financial interests of Ukraine and the European Union of 25 October 2017 No. 1110;
- Regulations of the Cabinet of Ministers of Ukraine, approved by the Resolution of the Cabinet of Ministers of Ukraine of 18 July 2007 No. 950.
- METHODOLOGICAL RECOMMENDATIONS on the application of a risk-based approach to the implementation of control over the realization of programmes of cross-border, transnational and interregional cooperation Interreg and Interreg NEXT by the State Audit Service of Ukraine and its interregional territorial authorities.

3. Overview of the role of the controller

3.1. Overview of controllers tasks with regard to management verifications

Controllers carry out management verification which include:

- ✓ administrative verifications of expenditures declared in partial progress reports by project partners;
- ✓ on the-spot verifications at the premises of project partners.

Detailed information on management verification is laid down in **Chapter 6** of this document

This document provides for detailed rules and procedures for afore-mentioned verifications, which constitute the minimum quality standards. Please see chapters below for each of the controller's task. Due to the fact that the SPF project has its own specific and different rules, the controller's role in the verification of SFC is slightly different to regular projects and LIPs. Therefore, the document includes separate chapters for SPF.

NOTE: The description of the procedures that are provided in the document shall be read along with the Annexes, as the Annexes include additional information and more in-depth insight into the processes and controller's responsibilities and tasks.

3.2. Cooperation with project partners

The controller can have a positive impact on the verification process and shall assist partners providing:

- solutions to problems spotted when providing all the supported documents to partial progress reports in the SL2021 system;
- knowledge on possible mistakes which partners shall avoid while preparing partial progress reports;
- information on national control provisions and rules;
- interpretation of national eligibility provisions, if possible, based on the experience of the controller;
- information on the most common irregularities detected in projects that could be avoided e.g., in public procurement, state aid, VAT;
- individual or group learning sessions with project partners to advice on how to prepare partial progress reports and how to avoid mistakes and irregularities;
- support to partners when expenditure is questioned by any external audits/controls.

Close cooperation between the controller and partners during the verification of the project as well as during any external audits will certainly upgrade the effectiveness of the process in terms of keeping up with the deadlines and clearing up mistakes and irregularities. The latter might certainly decrease the risk of programme error rate occurrence.

While communicating with partners, the controller must exchange the correspondence with partners in the SL2021 as often as possible, in particular if the correspondence concerns the verification process. It will provide for the adequate audit trail for the management verifications.

3.3. Four „eyes” principle and impartiality. Conflict of interest

The Four Eyes Principle (also called the two-man rule) is a widely used control mechanism that requires that any activity by an individual must be controlled (reviewed, double-checked) by a second individual that is independent and competent.

Four Eyes principle ensures more transparency and lower risks in the process that potential irregularities are not detected.

With regard to management verifications the principle is obligatory and can be implemented by engaging the second controller in the process or the person that supervises the performance of the controller.

Impartiality of controller must be ensured as they should be independent from the project, project activities and without private prejudice to the partner controlled. Therefore, before starting the control tasks the controller must sign the **Declaration of impartiality and confidentiality (Annex 1)** and keep it in the archives. Therefore, before starting the control tasks the controllers should confirm its:

- **confidentiality** – controller should not communicate to unauthorized persons or entities any confidential information related to the project disclosed to him/her in the course of activities carried out as the controller;
- **impartiality** - a declaration with regard to the verified project there is no conflict of interest pursuant to Art. 61 Financial Regulation.

Furthermore, the controller shall declare that:

- he/she is not in any factual or legal relation with the partner’s institution, which is the circumstance that could question my impartiality and affect the performance of my duties,
- he/she is not a member of the partner’s organisation nor any associations, organizations, foundations or other entities organizationally or personally associated with the partner’s organisation,
- his/her spouse or relative to the second degree is not employed in the partner’s organisation on a managerial position,
- he/she and any of the aforementioned persons took part in the preparation of the project documentation,
- in the event of circumstances indicating a possible violation of the principle of impartiality, he/she should declare to immediately inform his/her hierarchical superior about this fact and accept that the hierarchical superior may decide to exclude him/her from carrying out activities related to this project.

A conflict of interest exists where the impartiality or objectivity of a person who takes a decision related to the spending of EU funding is compromised for reasons involving family, emotional, political, economic interest or any other direct or indirect personal interest.

Information

The Four Eyes Principle and impartiality of controllers are both control mechanisms that works in the field of prevention of conflict of interest. More recommendations on this you can find in “Combating financial fraud. Manual” on the programme website (<https://pl-ua.eu/en/pages/612>)

as well as in the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union and the Guidance on the avoidance and management of conflicts of interest under the Financial Regulation (2021/C 121/01).

3.4 Documents required for verification

Verification of expenditure of partners is carried out based on the following documents:

- Application Form,
- Grant Contract,
- Partnership Agreement,
- Partner partial progress reports including the list of expenditures.

Documents are all available in the CST2021 (you can learn more about CST2021 in the **chapter 5**).

Verification is carried out on the basis of the following documents proving the eligibility of expenditure:

Real costs	SCOs (lump sum, flat rate)
Invoices or other documents with equivalent value of proof for example payslips including the amount eligible for the calculation of an expenditure in the project,	
Contracts signed with contractors (including the annexes),	
Delivery notes (for example a protocol of reception of products and services),	
Documents proving the payment (a bank account statement or other documents with equivalent value of proof,	
Employment contracts and job descriptions,	Existence of at least one person of staff or a natural person working for the Interreg partner under a contract, according to Article 39 of the Interreg regulation (e.g., by providing registration at the social insurance agency or annual payroll account, a work contract or another type of contract which can be assimilated to a work contract).
Payslips, calculation of salary. (where staff	

costs are calculated as real costs with no fixed % calculation method only).	
Job descriptions showing the % of the part – time employment prepared ex-ante/before the reporting period (where staff costs are calculated as real costs by the use of the fixed % method).	
Documents on the public procurement carried out in compliance with national, programme and EU provisions.	
Statements of account reflecting the exchange of the amounts declared in national currency into euro.	
Other documents necessary for verification of expenditure, for example information on eligibility of the VAT (valid for projects with state aid).	
Participant lists with signatures of project-related activities, invitations, agenda, minutes, attendance records (i.e., seminars, working groups, meetings etc.).	
Calculation methods, rationale, and documentation for the value of any equipment to be used by the project.	
Specimens of booklets, outputs, tangible or intangible results of services, studies, publications etc., which are produced by the beneficiary.	
Other documents required by the controller (i.e. if required by the national rules).	

4. Reporting process

Controller will receive the partial progress reports for verification in SL2021. The report will cover activities and expenditures covering the reporting periods defined for each project in the PM and Grant Contract. The reporting periods in the programme are flexible, thus the controller must get acquainted with the PM and Grant Contract before they start verifying the partial progress reports.

NOTE: Please see the Programme Manual II for the explanations how the flexible reporting periods work.

EXCEPTION: The payment claim for the initial pre-financing payment of the LP shall be submitted directly to the JS via SL2021. Subsequent partial progress reports with payment claims will be prepared by the partners in SL2021 and submitted directly to the relevant controller.

The project partner submits the partial progress report to the controller for verification in the deadlines specified in the PM and Grant Contract.

IMPORTANT!

Verification of a partial progress report by the controller shall take up to **30 days in case of verification in limited scope (for the limited scope verification see chapter 6.2.1) and no more than 60 days in case of the verification of full scope (for the full-scope verification see chapter 6.2.1)**. In some cases, where clarifications are needed, it may take a longer period but no longer than 90 days.

Reporting in the project and exchange of project partial progress report and documents between the project partners and the controller is carried out in the SL2021. Project partners are obliged to operate in SL2021 system and submit the partner progress reports and all supporting documents and additional explanations and corrections via the SL2021.

5. Central ICT system (CST2021) and the electronical exchange of documents and information

5.1. General information

In the 2021-2027 perspective, as a rule, the exchange of documents and information related to the project implementation among the partners and programme institutions is conducted electronically via a system designed for this purpose. Project partners, LP and the controller have an obligation to use the ICT system **CST2021**.

The CST2021 system is a central system that provides for the handling of:

- processes related with the calls for proposals and assessment of Application Forms,
- projects from the moment of selection for co-financing, including project settlement,
- projects' monitoring, verification, control and audit,
- processes related with certification of expenditures to the European Commission.

The controller will have access and will work in the following CST2021 applications :

- **SL2021** – which lets the controller(s) have access to projects, documents, progress reports etc.,
- **e-Controls** – which lets the controller(s) conduct and document the verifications,
- **reporting application** – which lets the controller(s) generate reports with data gathered in the CST2021 for their own use (e.g. for statistical purposes, etc.).

The detailed information on how to use the system, its functionalities and technicalities is to be included in a separate user manual developed by the MA which has been published on the programme website <https://pl-ua.eu/en/pages/642> and will be provided to controller directly by the MA.

The MA will provide the controller(s) with the online trainings and the ongoing support.

5.2. The SL2021

The SL2021 is an application for managing projects from the moment of their selection for co-financing, in particular as regards the aspects listed below. The controller(s) will have access to the modules/application (to work in or as a “read only”) and shall take them into account while verifying progress reports:

- introducing changes in projects under implementation – controller(s) will have access to preview the versions of the project and the attached documents,
- conducting correspondence between project partners and the controller(s),
- sending and verifying partial progress reports, including approval, correction, rejection and withdrawal thereof – controller(s) will verify the partial progress reports submitted by the PP,
- sending and verifying data regarding financial schedules, including approval, correction and withdrawal thereof – controller(s) will have access to this information,
- sending data on public procurements and contracts – controller(s) will have access to this information,
- sending data on persons employed to implement projects, the so-called personnel base module – controller(s) will have access to this information,
- registering the results of on-the-spot checks (control reports) – using the e-Controls application.

For the controller it is obligatory to work in the SL2021.

5.3. E-Controls application

E-Controls application is a specific part of CST2021, solely devoted to the registration of external controls⁴ and on-the-spot verifications carried out on the projects and as a monitoring system play a key role in programme management.

Application **e-Controls** in particular facilitates collection of information on irregularities put on project partners upon certification of their expenditures i.e., at the level of on-the-spot verifications/audits. Those corrections may include:

- amounts spotted by controllers themselves during the on-the-spot verifications;
- amounts detected by external auditors (e.g. Audit Authority), and confirmed by controllers with regard to previously verified expenditures;
- amounts detected by the MA, Commission, ECA (and other authorised bodies) and confirmed by controllers with regard to previously verified expenditures.

The aim of the application for controller(s) is to:

- serve the controllers to gather all the information on irregularities in projects, including financial corrections of controlled partners in one place;
- facilitate the work of controller(s) to prepare the notification on irregular expenditures.

⁴ Registering the results of on-the-spot checks as well as any other external control on the project.

All irregularities detected by external institutions and by the controller(s) themselves have to be always confirmed by controllers in terms of the final amount of the findings in the notification on irregular expenditure (see chapter 7). This notification includes information on the detected amount of irregularity within the controls/audit carried out. The amount detected by audit/control can go up due to the fact that the same irregularities might have occurred in previous partial progress reports approved by the controller.

Controller uploads the notification which confirms the final amount of irregularity in the application e-Controls . This will be visible for the MA as soon as it has been added.

IMPORTANT

Polish controllers while working in the e-Controls application shall get acquainted and follow the rules defined in the User Manual.

There is an exception presumed for **Ukrainian controllers**, who will use this particular application (e-Controls) only in the module “external controls” – following the rules of the afore-mentioned User Manual. Ukrainian controllers shall use the module “external controls” registering there results of both: their own on-the-spot verifications and controls of external bodies.

WHY the controller needs e-Control application?

1. The controller will know where financial irregularities occurred in the project and the amount of irregularity. The MA will submit the results of audits to the NA and controller(s). The notification of irregularities should be issued then.
2. The e-Controls will allow to monitor the project in terms of reporting correct financial information to the MA.
3. It will help to avoid mistakes in calculation of final amounts of irregularities if registered in one place.

The application is user friendly and should not take more than 15 minutes per one registration.

Please look at **the Annex 24** to get acquainted with the application e-Controls surface.

5.4. Reporting application

Reporting application allows creating specific statistics and management reports – based on the data entered in the CST2021, including inter alia information on the EU funds’ spending level, expenditure forecasts, state of implementation of the funds, controls conducted etc. controller(s) will be able to create their own reports or generate data from the reports already defined in the system by the MA.

5.5. Responsibilities of controllers with regard to work in CST2021

The controller shall appoint persons entitled to work in the CST2021. This information shall be sent to the MA. The persons may change, new persons may be appointed during the programme lifetime.

In principle, the CST2021 is used to support project partners, the controller(s) (as well as the JS and the MA) in carrying out their tasks. It is obligatory to work in the system. All processes related to projects management, monitoring and reporting of implementation are done entirely in the CST2021.

Detailed description of the method of performing the controller's tasks is presented in the **CST2021 User manual**.

NOTE

In justified cases, in particular in the case of system failure confirmed by the MA, it can be possible to verify the partner progress report submitted to the controller in paper version. In this case the project partial progress report may be submitted to the JS in paper version as well (provided it was not possible to complete the data in SL2021).

After removing the cause of failure, the missing information is immediately included or updated in the SL2021 by all the system users.

6. Management verifications – detailed information and procedures

6.1. The purpose of management verifications

Management verification is the process of confirming the eligibility of expenses and the correctness of the project implemented by the project partner. Management verifications include:

- ✓ administrative verifications in respect of partial progress report made by partners as well as
- ✓ on-the spot verifications.

According to Article 74 of CPR management verifications shall be carried out based on the proportionate **risk analysis** prepared by the MA ex ante and in writing.

This implies some crucial objectives for the programme:

- ✓ in order to confirm the eligibility of declared expenditures in the project, the controller selects and works on a sample;
- ✓ sampling – both for administrative and on-the-spot verifications - is based on methodologies with predetermined risk-factors and risk-analysis. See the information-table below for the short overview of the methodologies which will be used in the programme.

Information table - OVERVIEW

- 1) Methodology for selecting partial progress reports (Annex 7),**
used by the controller for each partial progress report for the purpose of classifying the report as the ones subject for full-scope or limited-scope verification
See subchapter 6.2.1
- 2) Methodology for selecting projects for on-the-spot verifications (Annex 9),**
used by the controller to select projects to be checked on site in the up-coming accounting year
See subchapter 6.3.
- 3) Methodology for selecting expenditures (Annex 11) ,**
used for selecting expenditures in order to verify their regularity, applicable:

- ✓ for **verification of partial progress reports (risky ones)** and
 - ✓ for projects selected for **on-the-spot checks**.
- See subchapters 6.2.3 and 6.3.1**

4) Methodology for selecting small projects within the SPF (Annex 11).

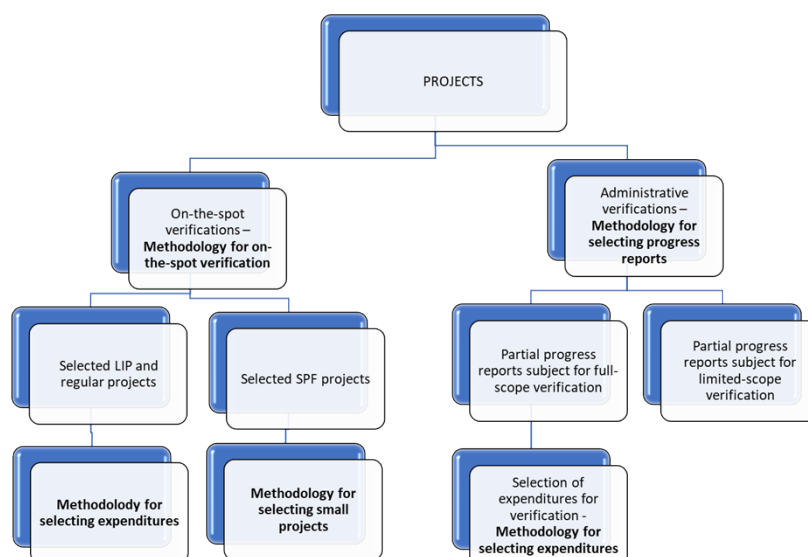
used for selecting small projects within the small project fund during the on-the-spot verification.

See subchapter 6.3.2

Specific provisions for administrative verification and on-the-spot verification, as well as information how to use the afore-mentioned methodologies in these processes, were laid down in the following **subchapters 6.2 and 6.3**.

The MA prepares the methodologies for a given accounting year and the MA is obliged to review it at least once a year. The MA checks if the risks have been properly defined, if the circumstances haven't changed, if appropriate number of partial progress reports is being verified (i.e. giving assurance that the verification is efficient and effective), etc. If necessary, the MA changes the risks and up-dates the methodology. In such a case, the MA informs the controllers in advance and provides them with a new methodology(ies). The MA will provide them to the controllers **by 15 of April of each year**. In case of methodologies prepared on national level each country shall review its own methodology also at least once a year and amend it if necessary⁵. If the methodology is to be changed the revised version must be ready **before 30 June of each year**.

Graph 1. Overview of the management verifications



⁵ In case of Poland, the review of this methodology is done by the coordinator of Interreg programmes.

The timing and initiation of the review are determined by the MA.

Apart from the annual review of methodologies, the MA may initiate a review of a methodology/methodologies whenever deemed necessary. In particular, the MA will initiate a review if the total error rate calculated by the European Commission for the common sample in the audit of operations exceeds the materiality threshold due to financial errors identified in the programme.

When reviewing methodologies, the MA takes into account, in particular, the following circumstances:

- results of previous controls carried out by the controller as well as the results of audits and controls conducted by other institutions (the Audit Authority, the European Court of Auditors, and other authorised control bodies),
- horizontal implications of suspected cases of financial fraud affecting the management and control systems,
- external factors (e.g. changes in the legal framework, political or economic situations impacting the implementation of the programme/projects, potential conflicts of interest, or media reports indicating risks),
- the type/nature of implemented projects and issues encountered during project implementation,
- the professional judgement of the controller.

MS may decide to prepare risk-based methodologies on national level. For methodologies prepared on national level each country shall review its own methodology also at least once a year and amend it if necessary .

6.2. Administrative verifications

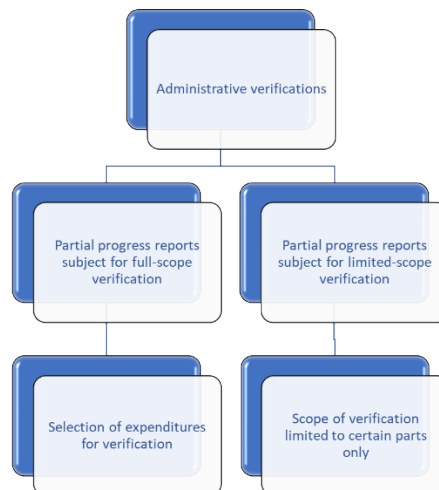
Administrative verifications are the verifications that the controller carries out on a progress report and while checking supporting documents submitted by the partner in the SL2021.

Controller shall focus their verifications on those reports where the potential risk is high. Controller shall follow the **risk-based methodology for selecting partner progress reports (Annex 7)**. The risk analysis for the partial progress reports should be done **as the first step** in administrative verification procedure. It allows to identify the reports that must be checked in detail.

The controller analyses **each partial progress report** submitted to controller according to the defined risks and selects them to the ones subject to limited-scope verification and the ones subject to full-scope verification – see **subchapter 6.2.1** for the details of each kind of verification. **NOTE:** There is however an exception, when the controller may not carry out the risk analysis – this refers to the so called “descriptive” partial progress report, i.e. report that present only the description of the activities carried out without presenting any expenditures (real cost or SCOs). Such partial progress reports will be automatically subject for limited-scope verification.

See Graph 2 below as well as Annex 21 for a general scheme on sequence of applying the risk analysis. More detailed information is described in the subsequent chapters of this document.

Graph 2. Selection of partial progress reports – short overview



6.2.1. Scope of the administrative verification

IMPORTANT

This subchapter presents the general scope of the administrative verification, applicable to all kinds of projects (**regular projects, LIP, SPF project**). However, there are some additional elements specific only for the **SPF project** – please consult next subchapter 6.2.2.

The scope of verification depends on whether the controller classified the partial progress report as subjected to full- or limited-scope verification.

If the partial project progress report is **subject for limited-scope verification** (obtained points below the set threshold) controller carries out the so called: **limited-scope verification**.

During the limited-scope verification, the controller verifies whether:

- the partial progress report has been correctly filled in according to formal obligations;
- the partial progress report is correct in terms of calculations;
- /if it results from the program documents / the partial progress report fairly presents the progress of the project and indicators.

NOTE: During the limited-scope verification, the controller fills in only part A, B, C and F, G,

The special case is the so called “descriptive” partial progress report, i.e. report that present only the description of the activities carried out without presenting any expenditures (real cost or SCOs). Such partial progress reports will also be subject for limited-scope verification. But the controller does not have to conduct the risk analysis according to Annex 7.

If the partial project progress report is **subject for full-scope verification** (obtained points above the set threshold) controller verifies the report based on the supporting documents proving the eligibility (accounting documents) of expenditures during the so called **full-scope verification**.

During the full-scope verification, the controller verifies:

a) scope of the limited-scope verification and

b) following scope:

- if expenditures declared are correct and eligible;
- if the project partner and other entities engaged in the project implementation maintain a separate accounting system or adequate accounting code for all transactions relating to the project without prejudice to national accounting rules (does not apply to SCOs),
- /if it results from the program documents/ the Grant Contract is correctly implemented in the part relating to the project partner, taking into account the achievement of indicators, if the partner is responsible for the implementation of part or all of a specific indicator;
- if participants of activities carried out in the project meet the participation requirements specified in the project;
- if the communication activities planned by the partner in the communication plan are implemented by them correctly and project is implemented in line with the EU requirements on communication. The above-mentioned requirements are listed in Art. 47 of CPR and in points b) to e) of the article 36 (4) of the Interreg Regulation⁶;
- if eligibility rules have been respected (in particular with public procurement and fair competition, environment protection, State aid, VAT, equal opportunity as well as publicity and information requirements described in the respective PM);
- if the amounts of the expenditure seem to follow sound financial management and are in line with principles of economy, efficiency and effectiveness.
- if conditions for payments have been fulfilled for **SCOs**:

When the **SCOs** were reported in partial progress report, the controller should also:

- for a flat rate, check if a partner:
 - correctly assigned the actual costs to a given cost category of expenditure, from which the costs settled at a flat rate are calculated,
 - has not presented the same costs twice (as a SCO and as a real cost),
 - applied correct % of a flat rate and received mathematically correct result (% from

$X = Y$),

- reduced the value of the flat rate properly due to irregularities in the costs that are the basis of the flat rate calculation (if ineligible expenditures were claimed);
- for a lump sum for SPF, check if a partner:
 - completed the tasks in accordance with the standards and scope specified in the grant contract,
 - has achieved the indicator specified in the grant contract assigned to the lump sum.

Controller checks whether the SCOs have been correctly calculated by the partner (SCOs are **NOT** filled in automatically by the SL2021 system).

NOTE:

The full-scope verification is carried out based on a **sample**. The controller chooses the expenditures which will be verified using the **Methodology for sampling expenditures for verification (Annex 8)**. See subchapter 6.2.3.

During full-scope verification, the controller fills in all fields in the checklist (Annex 2 or Annex 4).

Please note that apart of the scope presented in this subchapter the controller – **both within the limited-scope and full-scope verification** – is obliged to check the progress report from the formal point of view. The main elements are presented in the frame below.

NOTE: during verification of partial progress report in SL2021, the controller should pay special attention to the following points and verify:

- whether the partial progress report is submitted under the proper version of the project (if annex is presented),
- whether the expenditure is declared within the proper budget position (work package, cost category, cost description),
- whether the ERDF co-financing amount for every single expenditure or SCO is calculated properly and whether the SCOs have been correctly calculated by the partner (SCOs are not filled in automatically by the system),
- whether the summary for the budget item/work package/project does not exceed the amounts in the current version of the project budget (and if exceed – check whether it is allowed according to the programme rules).

6.2.2. Special rules for the scope of administrative verification of the SPF project

The scope presented in **subchapter 6.2.1** shall be applicable also to the SPF project. However, there are some specific rules when it comes to the administrative verification of the SPF and which are presented below.

Administrative verification of SPF project - refers to the verification of the SPF project beneficiary's partial progress report, in which the costs of small projects are settled (settled with lump sums based on the approved ex-ante draft budget) and the management costs of the SPF beneficiary (flat rate from the approved real costs of small projects).

Information table

Small projects are included in CST2021. For SPF project, a register of grants will be kept by the SPF beneficiary. It contains a list of all concluded agreements with small projects' beneficiaries as well as payments made to them. Items from this register will be included in the SPF beneficiary's partial progress report as regular cost items.

Scope of administrative verification of the SPF beneficiary's partial progress report is similar to that described in **subchapter 6.2.1**, however the controller shall **additionally verify**:

- correctness of settlement of management costs - correctness of the applied flat rate,
- correctness of lump sum settlement of small projects, in particular: achievement of indicators, delivery of products or performance of other obligations under the contract and necessary to pay the lump sum,
- payments for small projects,
- fulfillment of obligation of visibility, communication and transparency by small projects' beneficiaries.

NOTE

For the verification of the partial progress report the controller uses Checklist for the administrative verification of a progress report (SPF) (**Annex 4**).

For selecting expenditures, the controller uses the **methodology for selecting expenditures (Annex 8)**. See **subchapter 6.2.3**.

6.2.3. Sampling expenditures for verification – use of the Risk-based methodology for sampling expenditures in management verifications

For selecting expenditures to verification controller uses the Methodology for sampling expenditures for verification (Annex 8).

NOTE: Please note that this methodology defines the rules and procedures for verification of real costs and SCOs.

IMPORTANT: Verification of all items of the list of expenditure must be avoided and performed only in exceptional case. If the controller decides to verify all expenditures it must be well justified and described in the checklist.

One of the situations when the controller should consider extending the sample is when the controller detects any errors/irregularities in the chosen basic sample that may have an impact on other expenditures in the given partial progress report (also on expenditures that were not selected

to the sample). In such a case the controller is obliged to extend a sample and choose additional items (so called extended sample). For more details, please consult the methodology.

In case the controller detects any errors/irregularities in the chosen **basic sample** that may have an impact on other expenditure out of the sample, he/she determines the size of the **extended sample** based on the professional judgment. He/she must analyse it also whether it has character of an individual finding or a systemic one (results having impact on the management and control system). Such information must be described in the relevant checklist. In this case the controller describes it in the comments to the checklist and notifies it immediately to the MA by sending the checklist as scan via e-mail (kontrolaEWT@mfigr.gov.pl).

6.2.4. Procedure of carrying out administrative verification.

IMPORTANT

The procedure refers to the verification of regular projects, LIPs and SPF project.

The procedure for administrative verification, both **limited-scope and full-scope verification** for all types of projects is presented below:

- 1) The controller receives the partial progress report in the SL2021. Once it is sent, the controller analyses it according to the requirements set in the Methodology for selecting reports for full-scope administrative verification of partial progress reports.
- 2) The deadline for verification of the partial progress report is counted from the day the partial progress report was sent by the beneficiary in the system. Therefore, it is most advisable that the controller carries out the analysis as quickly as possible.
- 3) If the partial progress report has been assessed as report subject for limited-scope verification the controller starts the limited-scope verification. The controller uses the checklist Annex 2 or Annex 4 in limited scope (defined in the checklists). **NOTE:** the controller shall analyse the information in the partial progress report and if anything raises controller's suspicions the controller may decide to change the status of the partial progress report to the one subject to full-scope verification.

IMPORTANT: Also in this case the controller shall verify if there are any expenditures related to **public procurement/competition** rule in reports subject to limited-scope verification. If such expenditures were identified, the controller verifies the public procurement, without changing the status of the report.

- 4) If the partial progress report has been assessed as subject to full-scope verification, the controller analyses the information included in the report and conducts the next risk analysis in order to select the expenditures which must be verified (using the methodology for selecting expenditures).

IMPORTANT: at this stage the controller shall verify if the partial progress report contains any expenditures related to the **public procurement/competition** rule.

Once the expenditures were chosen, the controller sends the list of selected expenditures to the beneficiary and asks them for sending the supporting documents (accounting documents proving the eligibility of expenditures). The request is sent via SL2021. The controller sets the deadline for the beneficiary for providing documents. Documents are sent also via the SL2021.

- 5) Having received the documents, controller starts the verification of eligibility of expenditures. The controller uses the **checklist Annex 2 or Annex 4** and the **checklist for public procurement** (if applicable).
- 6) Having finalised the verification (either full-scope or limited-cope) the controller registers the checklist in the SL2021 and informs the partner of the outcome of the verification.
- 7) If controller identifies ineligible expenditures the controller informs about it the partner and undertakes necessary steps (see chapter 7 for the procedure).
- 8) **The controller must allow the beneficiary to object the findings** and present their own opinion/statement. The controller must inform the partner about it when sending the information on drawbacks/ineligible expenditures.

IMPORTANT! Please see chapter 6.8 for the procedures related to the complaint procedure.

- 9) If the partner does not raise objections, the result of the verification is deemed final.
- 10) If the partner raises objections and send them to controller, the controller has **10 calendar days** to analyse and reply to the raised objections and to prepare final result of the verification (if the objections are positively assessed). The controller informs about their decision and informs the partner that the decision is final and may not be further appealed against.
- 11) The controller uses the SL2021 communication channel with project partner in the process of explanations and gathering additional documents while carrying out administrative verifications. The controller asks project partner to delete all the ineligible expenditure from the report or makes corrections on its own and approves the report in the SL2021 system.
- 12) It might happen, in some cases, that the partner is not able to deliver to the controller necessary explanations and additional documents proving the eligibility of expenditure as part of the clarifications within the set deadline. The controller deems that expenditure ineligible in a given reporting period and finalizes the work (accepts only the expenditure that was not questioned). The questioned expenditure(s) can be claimed in the next reporting period, after final examination and approval by the controller. However, this rule does not refer to the final report submitted by the partner.

6.3. On-the-spot verifications - general rules

The on-the-spot verifications constitute part of the obligatory management verifications. Subsequent subchapters will provide detailed information and procedures as to each kind of on-the-spot verifications:

- On-the-spot verification of regular and LIP projects – subchapter 6.3.1,
- On-the-spot verification of SPF project– subchapter 6.3.2,

- Monitoring visits⁷– subchapter 6.3.3,
- Ad-hoc on-the-spot verification⁸– subchapter 6.3.4.

On-the-spot verifications are performed by the controller either at the premises of the partner or/and in any other place where the project is being implemented. In well justified cases and if in line with national regulations, on the spot verification might be performed with the use of advanced IT tools (virtual control). In this case they must be properly documented, with the help of e.g., photography of premises and project results (with the date indicator), video recording etc. This method should be however used only in well justified cases (e.g. not possible to go on site due to war activities, suspicion of crime must be confirmed as quickly as possible), and not treated as a regular procedure. Each time controller must prepare justification and hold it in the project file.

Preparing annual verification plans

Each year, the controller prepares the annual plan of on-the-spot verifications, listing all the verifications that will take place in a subsequent accounting year. The controller prepares the annual plan by **30th June** each year.

The controller sends the annual plan for the information of the MA **by 30th June each year**. The plan may be reviewed and commented by the MA.

NOTE

When preparing the plan, the controller uses the **methodology for selecting projects for on-the-spot verifications (Annex 7)** prepared by the MA.

If the MA amends the methodology after the annual review, it will inform the controllers in advance, so that new methodology is used. The MA provides the methodology no later than **15th April** of each year.

Timing of on-the-spot verification

The controller decides on the timing (moment) of the on-the-spot verification individually for each project, so that it is ensured that the control is most effective. Three conditions must be met for each of the on-the-spot verification:

- 1) The on-the-spot verification is conducted in the accounting year, for which it was chosen,
- 2) The moment is most effective as regards the project implementation, i.e. recommendations of the verification may be implemented (effectively used by the partner),
- 3) The verification will be finished giving the partner enough time to prepare the final partial progress report (the verification may not cause any delays for the project partner).

The controller takes into consideration the afore-mentioned conditions when preparing the annual plan.

⁷ Applicable to all projects.

⁸ Applicable to all projects.

6.3.1. On-the-spot verification of regular projects and LIP

The scope of on-the-spot verifications focuses in particular on:

- if the products and services co-financed have been delivered;
 - if expenses declared by the partner are in line with the approved Application Form, the Grant Contract and the Partnership Agreement;
 - if expenses declared by the partner in connection with the implemented project were actually incurred (if applicable) and are consistent with the law, the requirements of program documents and with EU and national rules;
 - /if applicable/ if the partner partial progress report illustrates the progress of the project, including the implementation of indicators (if the partner is responsible for the implementation of a specific indicator);
 - if the partner maintains a separate accounting system or adequate accounting code for all transactions relating to the project without prejudice to national accounting rules (does not apply to SCOs);
 - if activities regarding visibility, transparency and communication are performed correctly;
 - If the accessibility of the project's products for people with disabilities and the concept of universal design are reflected in the implemented project,
 - if LP fulfils the obligation regarding the transfer of funds to the partners as specified in Art. 26 (2) of the Interreg Regulation (applicable for the controller of LP only).
- if conditions for storing documentation have been met.

NOTE

On-the-spot verification may be carried out on a sample of documents, the same sampling methodology applies as for selecting expenditures for verification - **methodology for selecting expenditures for verification (Annex 8)**. See subchapter 6.2.3 for details related to the sampling expenditures.

The controller uses the **checklist for on-the-spot verification (Annex 3)**.

Procedure of carrying out the on-the spot verification is described in **subchapter 6.3.5**.

6.3.2. On-the-spot verification of SPF project

Due to different rules and responsibilities for the SPF projects deriving from the regulation, the scope and timing of on-the-spot verification of SPF project is different than in case of regular projects and LIPs.

The controller verifies the obligations of SPF beneficiary related to the organisation of calls for proposals for small projects and correct determination of lump sums within a draft budget during on-the-spot checks, including:

- a) applying objective criteria for the selection of small projects that avoid conflicts of interest,
- b) evaluation of applications for small projects,
- c) selecting small projects,
- d) determining the amount of support for each small project (so called draft budget),

- e) making available to the public the list of final recipients who benefit from the SPF project,
- f) fulfilling obligations with regard to transparency and communication,
- g) fulfilment of document retention obligations.
- h) (optional) in connection with the implementation of small projects: visual inspection at the place of implementation of the small project or at the headquarters of the small project beneficiary. The controller conducts an inspection in order to confirm whether the goods or services have actually been delivered or performed within the specified scope and standard.

Verification of point e) - draft budget verification – a special issue of attention

The controller verifies the correctness of determining the amounts of support for a small project (draft budget), **see letter e)** above - i.e. whether the SPF beneficiary, during the evaluation of a small project, complied with the procedures set out in the PM related to the requirements for drafting the budget, in particular:

- whether in the cost category: external experts and services costs and costs for infrastructure and works the beneficiary used the list of the most frequently appearing expenses in an authorized manner,
- whether the beneficiary correctly documented the market value of the expenditure,
- whether the beneficiary correctly defined the % value of expenses for staff, administrative and travel&accommodation costs,
- whether the beneficiary used the correct EUR exchange rate.

The controller checks whether the SPF project beneficiary:

- considered the appropriate number of bids and
- did not omit other documents or steps in the procedure of determining the lump sum for a small project, which could result in the adoption of an incorrect value of the lump sum.

The controller cannot confirm the correctness of determining the amount of support for small projects in case of doubts about the applied procedure.

Verification of the tasks referred to in **letters b)-e)** is carried out by the controller on a sample of small projects selected in accordance with the **methodology for selecting Small Projects from the Small Project Fund (SPF) (Annex 11)**.

Verification of scope referred in letters **a) and f)-j)** is not subject to sampling, it is verified within each on-the-spot check of SFP project.

The controller uses the **checklist for on-the-spot verification of SPF project (Annex 5)**.

IMPORTANT: The moment of the on-the-spot verification will be defined in the methodology for selecting Small Projects from the Small Project Fund (SPF) (Annex 11).

Procedure of carrying out the on-the spot verification of SPF project is described in **subchapter 6.3.5**.

6.3.3. Monitoring visits

The controller may conduct also the monitoring visits, which are regarded as a type of on-the-spot verification. The purpose of such monitoring visit is e.g. early identifying risks and possible irregularities in the project, monitoring of project implementation, verifying the actual implementation of project activities, etc. The monitoring visits in particular shall focus on:

- a) verifying the progress in project activities (stage of works) and if products have been delivered, services provided, works accomplished;
- b) verifying the obligations related to communication and visibility;
- c) verifying if the event takes place and or checking the actual number of participants in the project's events.

When performing monitoring visits, the controller follows the procedure defined in **subchapter 6.3.5** with exception of point 1) i.e. the notification does not have to be sent to the project partner in advance.

The controller may decide on the monitoring visits during the accounting year. Monitoring visits are not listed in the annual verification plan sent for information of the MA each year.

Monitoring visits may be performed for regular projects, LIPs and SPF project, as well as small project within the SPF project.

6.3.4. Ad-hoc verifications

There are cases when the controller may/must perform an ad-hoc verification to check the actual implementation of the project with the documents and or facts being revealed/know to him/her.

The controller should carry out an ad-hoc verification in particular if:

- a) he/she has information on irregularities/failures/deficiencies or fraud in the project⁹/small project¹⁰ or suspicions thereof,
- b) the partner does not submit partial progress reports and/or supporting documents,
- c) the controller – based on their own professional judgement – decided that the control will smooth the settlement of the project and/or will minimize risk of irregularities,
- d) the MA asks for the ad-hoc verification to be performed.

When performing the ad-hoc verification the controller follows rules and procedures of **subchapter 6.3.5.**, with the following reservations:

- in case of situations mentioned in letters a) and b) above, the controller does not send the notification in advance;
- in case of situation mentioned in letter d) above, the MA defines the scope of the verification and the controller follows it.

Ad-hoc verifications are not listed on the list of on-the-spot verifications sent in the annual plan to the MA each year.

⁹ Refers to all projects.

¹⁰ If the small project is concerned, the controller initiates a control over the SFP project beneficiary and within this control he/she is entitled to check the small project on-the-spot/at site. This control should be performed with participation of the SPF project beneficiary.

6.3.5. The procedure of on-the-spot verifications

This chapter provides the description of the procedure on how the process shall be organised.

The procedure refers to selecting projects for on-the-spot verifications of regular projects, LIPs and SPF project.

The procedure:

- 13) The controller sends the notification on on-the-spot verification with sufficient time in advance to allow the project partner to prepare all the available resources, i.e. minimum 7 calendar days before the envisaged date of the control.
- 14) The controller fills in the checklist for on-the-spot verification (**Annex 3 or Annex 5**). Controllers are free to use their own or national checklists alternatively. Controllers' checklist are to be attached in the application e-Control as PDF for audit purposes.
- 15) The controller draws up and send to a partner a **Control Report (Annex 6)** with findings and recommendations for improvement. The controller shall set a deadline for implementing recommendations if such were issued during the control. The deadline is set by the controller taking into consideration the character of findings, i.e. giving partner enough time to implement recommendations and or undertake corrective actions. The Report must be sent to the partner not **later than 21 calendar days** from the date the control was finished.
- 16) **The controller must allow the controlled partner to object the findings** and present their own opinion/statement. The controller must inform the partner about it in the Control report or in the letter. The so-called contradictory procedure shall last **14 calendar days** from the date of receiving the Control Report by the partner¹¹;

IMPORTANT! Please see chapter 6.8 for the procedures related to the complaint procedure.

- 17) If the partner does not raise objections, the Control Report is deemed final;
- 18) The controller has **10 calendar days** to analyse and reply to the raised objections and to prepare final Control report (if the objections are positively assessed). The controller informs about his/her decision and informs the partner that the decision is final and may not be further appealed against. The controller sets the deadline for the partner to implement recommendations.
- 19) The controller may undertake additional activities and/or ask for additional documents should he/she find it necessary to present its opinion once the partner raised objections to the findings. The deadlines are being prolonged in such a case.
- 20) The controller checks if the recommendations were implemented during the follow-up verification. This can be performed either on-the-spot or based on documents (depending on the character of finding).

¹¹ Polish partners and controller shall follow up the requirement on contradictory procedure set in the Act of 28 April 2022 on the rules for the implementation of tasks financed from European funds in the 2021-2027 financial perspective.

- 21) If the follow-up verification is carried out as an on-the-spot verification the controller informs the partner about it beforehand, as defined in point 1).
- 22) Having finalized the follow-up verification, the controller prepares a note and archives it in the files and send it for information of the partner. The note cannot be appealed against.
- 23) If the controller finds an irregularity. he/she follows the **procedure of Chapter 7**.
- 24) The controller registers the financial findings from results of the on-the-spot verifications in the application e-Control (see chapter 5.4). Control Report is recommended to be attached as PDF file in application e-Control for audit purposes.

6.4. Verification of public procurement and the competition rule

The verification of public procurement and competition rules may be performed independently from the administrative verification or on-the-spot verification, or during the above-mentioned verifications (it is up to the controller to decide).

NOTE: However, the ex-post verification of public procurement shall be carried out **not later than** with the first procured expenditure that has been incurred and declared by the partner in the partial progress report.

Essential principles to be observed in conducting the procurement procedure include:

- non – discrimination,
- equal treatment,
- transparency and lack of conflict of interest,
- mutual recognition,
- proportionality,
- freedom to provide service and freedom of establishment.

The rules on public procurement and/or competition rules that must be obeyed by project partners have been described and specified in the PMs and/or are defined in national law. The controller shall get acquainted with them.

With respect to the verification of public procurement, the controller is obliged to:

- answer the questions on public procurement or competitiveness rules in the checklist (in case of Poland national checklists specific for public procurement/competition rule shall be used; in case of Ukraine checklists under the Annex 25 shall be used),
- communicate the results of the verification to the partner,
- register the public procurement verification in the application e-Control,
- the controller must allow the partner to object the findings and present their own opinion/statement. The controller must inform the partner about it when sending the information on drawbacks/ineligible expenditures,

IMPORTANT! Please see chapter 6.8 for the procedures related to the complaint procedure.

- if the partner does not raise objections, the result of the verification is deemed final;

- if the partner raises objections and send them to controller, the controller has 10 calendar days to analyse and reply to the raised objections and to prepare final result of the verification (if the objections are positively assessed). The controller informs about their decision and informs the partner that the decision is final and may not be further appealed against.
- if provisions on public procurement were breached, apply financial corrections according to Commission Decision of laying down the guidelines for determining financial corrections to be made to expenditure financed by the Union for non - compliance with the applicable rules on public procurement (applicable from 14.5.2019).

Please take into account that:

1. If the expenditures are incurred as SCOs the procedures of public procurement are not verified, no documentation is provided by the partner;
2. The controller verifies expenditures below public procurement threshold taking into account national requirements;
3. The controller should take into account the most frequent irregularities in the application of public procurement procedures detected in projects with EU co-financing. These are annexed to the Programme Manual;
4. The controller should take into account results of previous verifications of the public procurement carried out by other external control bodies;
5. Lack of conflict of interest should be verified based on the declarations on impartiality submitted both by persons involved in the procurement procedure on the partner side as well as by the bidder. The controller shall also use available public national register systems e.g., on economic activity or other tools to make sure that the information declared by persons engaged in procurement procedures in the contracting institution and the bidder are true.¹²

IMPORTANT!

The controllers in Poland use national checklists for verification of public procurement. The controllers in Ukraine use the up-t-date checklists defined under the Annex 25 (i.e. checklists elaborated by TESIM) for verification of public procurement.

Method of performing the ex-post verification of public procurement

The MA allows for verification of public procurement and competition rule **on a sample**. Each country shall prepare its own methodology based on national specifics.

The controller shall analyse each public procurement according to the methodology and assess it if it is risky or not.

NOTE:

The controllers in Poland will use the risk based methodology for selecting public procurement for verification.

¹² Commission Notice Guidance on the avoidance and management of conflicts of interest under the Financial Regulation 2021/C 121/01.

The controllers in Ukraine will verify public procurements according to below-mentioned rules:

- procurements of goods, works, and services equal and above EUR 10,000 (excluding VAT) – verified regardless of procurement verification by relevant independent department of State Audit Service;
- procurements from EUR 2,500 to EUR 10,000 (excluding VAT) – if procurement verification by relevant independent department of State Audit Service was not carried out. The controller additionally bases their decision on their professional judgement ;
- procurements from EUR 2,500 (excluding VAT) – for the purpose of identifying artificial splitting of contracts to avoid procedures.

IMPORTANT: Since the verification of partial progress reports is performed by the controller on a sample (not all partial progress reports are to be checked in detail), the controller may omit expenditures connected with public procurement, if the partial progress report is subject for the limited-scope verification. **Therefore, the controller shall ask the partner and/or screen the list of expenditures to check if there are any expenditures connected with public procurement in a given report.** If there are, and the report is classified as subject to limited-scope verification, the controller should:

- 1) analyse the procurement and in case the procurement is risky, controller should verify it – in case of Polish beneficiaries;
- 2) verify the public procurement – in case of Ukrainian beneficiaries.

NOTE: it is possible that the controller will verify a public procurement in a partial progress report subjected for limited-scope verification. In such a situation the controller does **NOT** change the status of partial progress report, it still will be a report subjected for limited-scope verification.

NOTE: Special attentions must be drawn on the cases where the financial correction was applied on public procurement by the controller. In such a case the controller is obliged to check each future partial progress report if public procurement's related expenditures were accordingly diminished (if presented for reimbursement/settlement on later stages). It applies also for partial progress reports subjected for limited-scope verification. The controller either checks the list of expenditures or elaborate a communication system with the partner, and the partner informs the controller if expenditures are reported in given partial progress report.

An ex-ante verification of the public procurement

Upon the partner's request, the controller may ensure an ex-ante verification of the public procurement procedure before the expenditure is incurred.

Ex-ante verification of public procurement is more of a preventive measure which aims at avoiding the potential findings and negative effects of possible infringements of the provisions of public procurement. This should ensure that problems with the initial tendering as well as additional works / supplementary contracts during the project implementation are eliminated. The controller, however, does not take the responsibility for further proceeding with the public procurement by the partner's institution.

Positive results of the ex-ante verification do not exclude the possibility of issuing reservations on the level of the ex-post verification of the public procurement. Even if the controller performed the ex-

ante verification, he/she must analyse the procurement if it's risky once it was announced and related expenditures reported.

6.5. Verification of communication and visibility obligations

The obligations regarding communication and visibility are set out in Article 36(4) and (5) of the Interreg Regulation, Article 47 of the General Regulation and in the programming documents (Programme Manual).

The FLC verifies if the obligations imposed on project partners with regard to communication and visibility were met.

The obligations are verified during the verification of the payment application or during an on-the-spot verification. The verification of compliance with communication and visibility obligations is performed separately from the verification of eligibility of expenditure. Consequently:

- a) the result of the verification of compliance with communication and visibility obligations does not affect the eligibility of expenditure, as the eligibility of a given expenditure is determined based on the expenditure eligibility criteria specified in the program documents and the subsidy contract;
- b) there is no need to verify the communication and visibility obligations with respect to project activities that have been deemed ineligible.

In case of infringement of obligations the FLC requests the project partner to undertake corrective measures and to eliminate the failures until the next reporting period at the latest (with exception of final partner progress report). If the partner corrects the failure the controller withdraws from the correction/from declaring the irregularity.

Failure to implement corrective actions regarding the communication and visibility will result in a correction of up to 2% of the support (Article 36(6) of the Interreg Regulation). The correction amount is determined using the relevant % specified in the Programme Manual:

- a) the correction is calculated based on the eligible funds (eligible expenditures and eligible SCOs) allocated to a given beneficiary/small project beneficiary,
- b) the correction is applied in the final progress report of the given beneficiary/small project beneficiary.

The FLC follows the rules of **chapter 7** accordingly.

6.6. Verification of State aid and de minimis aid in the project

State aid in the project might appear on two levels:

- direct State aid awarded by the MA or,
- indirect State aid awarded by partner(s) in the project to the final recipient(s) – refers to Polish partners only.

The MA assesses whether there is direct or indirect aid in the project. The controller carries out the verification of the State aid based on the questions in the checklist Annex 2 and Annex 4. Controller should be aware of any changes made to the projects by project partners that might have an impact on the project in terms of state aid occurrence e.g. project partner starts performing economic

activity on the infrastructure or equipment bought in the projects which is not in line with the application form.

In case the controller detects unauthorised changes in the project that may result in the change of the State aid level, the expenditure cannot be approved. The controller must inform the JS on the occurrence of unauthorized State aid in case of unauthorised changes to the project.

Similarly, the controller should check if a project with State aid has correctly applied the VAT in a project. The eligibility of the VAT in projects with State aid is determined by the provisions of the GBER Regulation and depends on the possibility of its recovery in light of national regulations.

6.6.1. Direct State aid

In case of direct State aid or de minimis aid in the project, the FLC should check whether:

- the partner was granted the type of aid acceptable in the programme manual
- the amount of declared expenditures as state aid/de minimis does not exceed the amount of state aid/ de minimis aid granted in the subsidy contract. In case the amount of State aid or de minimis aid is higher than in the approved application form, the difference is not eligible.
- the ceilings laid down in GBER or de minimis regulation is not exceeded.

6.6.2 Indirect State aid

In case of indirect State aid (based on art. 20a of GBER), the FLC should check whether:

- the ceilings laid down in GBER regulation is not exceeded,
- for Polish partners: if they have met the obligation to report the amount of awarded State aid in the SHRIMP application, eventually other requirement on awarding the aid based on Polish provisions.;
- for Slovak partners: if they have met the obligation to report the amount of awarded State aid or de minimis aid (based on national regulations if applicable).

Information on expenditures with state aid based on art 20 a should be indicated in the payment claim.

In case of direct and indirect aid **6.7. Verification of the completeness of documents with final partial progress report**

With the final report the controller performs the so called – verification of the completeness of documents of the project. The controller carries out such verification after the final partial progress report was submitted and before the controller approved it. The controller checks if all documents necessary for audit trail are in possession of the controller. Having verified it the controller fills in the **Note of the completeness of documents (Annex 23)** and registers it in CST2021. If any changes are made in the project after the final partial progress report was approved by the controller, and the partial progress report is forwarded back to the controller, the verification must be done once again and new Note filled in and registered in the system.

6.8. Complaint procedure

IMPORTANT: This chapter presents information as to the complaint procedure from the results of **all verifications carried out by the controller** (administrative verification, on-the-spot, ad-hoc, monitoring visits, durability checks, public procurement checks, etc).

Each controller is obliged to allow the partner to appeal against the results of controller's verification. The controller is furthermore obliged to inform the partner on their rights to complain, when sending the results of verifications.

Objections regarding the results of the management verifications of the controller, if envisaged, are examined based on the national solutions of the country in which the project partner is seated:

- The Polish project partner may file objections regarding the results pursuant to Article 27 of the Act on the rules for the implementation of tasks financed from European funds in the financial perspective 2021–2027¹³, i.e. within 14 calendar days from the date of receipt of the outcomes¹⁴;
- The Ukrainian project partner: based on the Regulation Nr 153 of the Cabinet of Ministers of Ukraine. The deadline was set in programme documents: within 14 calendar days.

The MA **does not** examine objections regarding the results of the verification of the controllers.

7. Handling irregularities and fraud

Information table

- „**irregularity**” means any breach of applicable law, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget.
- „**systemic irregularity**” means any irregularity, which may be of a recurring nature, with a high probability of occurrence in similar types of operations, which results from a serious deficiency, including a failure to establish appropriate procedures in accordance with this Regulation and the Fund-specific rules.
- “**fraud**” pursuant to Article 1 of the Convention on the Protection of the European Communities’ Financial Interests:
 - (a) in respect of expenditure, any intentional act or omission relating to:
 - i. the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of, the European Communities,
 - ii. non-disclosure of information in violation of a specific obligation, with the same effect,
 - iii. the misapplication of such funds for purposes other than those for which they were

¹³ The complaint procedure in case of **Polish partners** will be launched after approving the documents in SL2021.

¹⁴ The procedure is described in the Polish Guidelines on management verifications.

originally granted.

(b) in respect of revenue, any intentional act or omission relating to:

- i. the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the illegal diminution of the resources of the general budget of the European Communities or budgets managed by, or on behalf of, the European Communities,
- ii. non-disclosure of information in violation of a specific obligation, with the same effect,
- iii. misapplication of a legally obtained benefit, with the same effect.

During the project implementation period, as well as after its completion, there may be some cases when expenditures approved by the controller are found ineligible. In particular, the expenditures may be deemed irregular/fraudulent as a consequence of on-the-spot verifications, audit, other controls (OLAF, etc.) and also during the administrative verification of a partial progress report by the controller.

The controller declares the expenditure as irregular either in whole or in part. Each time the controller analyses the expenditure individually basing on national, programme and union rules and provisions. The controller documents the analysis, stating the amount of irregularity/fraud and the legal bases for it.

IMPORTANT

The moment of finding the irregularity is crucial for the controller's procedure:

- 1) If the controller finds an individual irregularity for the expenditure that was not yet approved, the controller excludes the expenditure from the partial progress report (**see the Programme Manual II** for the detailed procedure – the decision of controller must be communicated to the partner).
- 2) If the controller finds an individual irregularity for the expenditures already approved in previous partial progress reports, he/she determines the amount of irregularity and prepares the **Notification on irregular expenditure (Annex 10)**.

If the controller finds and confirms the irregularity the project partner is given the right to file objections (see **subchapter 6.8**). When the complaint procedure is finalised and the irregularity confirmed by the controller, the controller prepares the Notification on irregular expenditure and send it to the MA to e-mail: FinanseInterreg@mfi.gov.pl

In case the controller detects an irregular expenditure he/she has to upload the scan of the signed Notification on irregular expenditure in the e-Control application (see chapter 5.3). The original stays at the archives of the controller.

The Notification must be sent not later than 5 working days from the date of finding the irregularity and or from the date of finalizing the complaint procedure.

IMPORTANT: When the irregularity has been identified, the controller is obliged to verify all the previously approved partial progress report of the respective partner to check if similar

mistake/failure did not take place in them. In case the controller identifies such expenditures in previous reports, he/she must declare them also as ineligible and prepare a Notification to the MA.

The MA will ascertain if the procedure of recovery of undue payments will be applied.

In case the irregularity has a character of fraud the controller shall follow national rules in this respect and inform appropriate national authorities (e.g. police, prosecution office) and additionally inform the MA about it and the steps taken on national level.

NOTE: each time an irregularity is found (and, regardless of who found the irregularity, e.g. controller, auditor from GoA, ect.) the controller prepares the Notification on irregular expenditure and sends it to the MA.

Special rules for handling irregularities and financial correction in case of failures in draft budget calculation in case of SPF project

There are special rules when it comes to determining and correcting irregularities for the SFP project. If the control or audit reveals incorrectly incurred expenditures in the project, it may be necessary to take corrective measure, i.e. recovery or deduction of next partial progress report. The controller follows the general rules described in this chapter. However, for the SFP project below presented provisions and rules must be obeyed.

The method of correction and the consequences depend on the stage at which the irregularity/failure was detected:

- a) **The stage before signing the grant contract between the SPF project beneficiary and a beneficiary of small project.** Since the contract was not signed yet, the mistake/failure is not regarded as irregularity yet. In the case of errors in determining the amount of lump sums for individual small project, the controller inform about it the SPF project beneficiary and they correct the small project budget. This may result in the need to re-assess the small project and re-submit the corrected draft budget to approval of the authorized programme body.
- b) **The stage after signing the grant contract between the SPF project beneficiary and a beneficiary of small project.** If the controller or other authorized authority (e.g. audit) finds irregularities connected with incorrect estimation of the draft budget, on the basis of which the lump sum is awarded, the controller must declare the related expenditures ineligible. The method how the ineligible amount is established is as follows: the ineligible amount is the amount of the difference between the approved draft budget and its correct value presented to the controller by the SPF beneficiary as a result of the findings out of control.

IMPORTANT: The burden of presenting the correct value of the approved draft budget rests with the beneficiary of SPF project, not a controller. If the evidence is not provided - the controller determines an error which results in recognizing the entire value of undocumented /incorrectly documented items from the draft budget as ineligible.

IMPORTANT: These irregularities, i.e. resulting from the scope of the SPF project beneficiary's responsibility are deducted from the SPF management costs, NOT from small projects.

7.8. Reporting of irregularities to the European Commission (EC)

The controller shall report irregularities above 10,000 EUR ERDF and fraud to the EC (OLAF) via the IMS system. Before the system is made available to the controller, they shall send the required information to the MA. The MA will ask for the information case by case.

8. The role of controller vs audit

The Audit Authority (AA) together with GoA carry out audits based on the sample of projects selected by the EC. The audit might include both administrative verifications and on-the-spot verifications.

The controller of the audited partner has an important role in the process, as he/she shall provide for the explanation on the eligibility of expenditures.

If irregularities are detected by auditors, the controller may be:

- involved in the process of explaining the findings within the contradictory procedure by the project partner;
- asked by JS/MA/NA for contribution in formulating remarks/comments to findings during the contradictory procedure before the AA issues the final audit report and audit opinion.

NOTE: controller input in the process of clarification which is of crucial importance and has a positive impact on the reduction of programme's error rate.

The AA/GoA when launching the audit will address:

- **in Poland** – the controller. The controller must inform the concerned project partner according to the procedure mentioned in National guidelines on management verifications.
- **in Ukraine** – either the controller or the respective partner (can be both). If the GoA audits the controller, the controller must inform the project partner about it and cooperate with them during the whole process (especially during the contradictory procedure). If GoA decides to control directly the project partner, project partner will contact the controller with request for support and interpretations. The controller shall provide feedback as soon as possible in order to allow the partner to replay timely to the GoA.

Once the MA receives from the AA the draft of the annual control report for the whole programme, the MA may need an up-to-date confirmation or information that:

- the contradictory procedures have been finalised with the auditors in each country,
- the controller/project partner will not/will present new or further objections against the audit results.

If the controller/project partner keeps rejecting the opinion of auditors, the MA will forward the position of the controller along with additional arguments to the AA in order to present it to the GoA. It will be verified if the irregularity is still a subject to ongoing bilateral procedures between the controller and the auditor in charge.

After the AA issues the final audit report with irregularities, the MA will ask **the controller to:**

- verify if, except from the amount of irregularity indicated in the final audit report, there are any other expenditures of the concerned partner also affected by the same type of irregularity detected,
- prepare the Notification on irregular expenditure, including both irregular expenses mentioned in the final audit report and similar ones identified by controller. Final report ends the clarification process of the controller with the auditor in charge and the controller must accept the findings,
- if necessary, prepare a report in IMS on the total amount of the irregularity (including the amount indicated by the auditor and the amount detected by the controller in other partial progress report as the same type of irregularity e.g., wrong calculation of staff cost).

The Notification on irregular expenditure will serve the MA for issuing the recovery procedure.

The same approach shall apply during the audits carried out by the EC or other authorised institutions such as the Court of Auditors.

The MA informs the AA (and if applicable the EC) on implemented follow-up measures and the irregular amounts recovered.

The controller cooperates with the auditor during the audit and provides all necessary documents. In particular, the controller is obliged to ensure that all supporting documents confirming the payment of the expenditures presented by a beneficiary in a given progress report (only the ones selected for audit of operation) are uploaded in the CST2021 (under audited progress report section). The controller asks the beneficiary selected for the audit of operation to upload the documents into the system or uploads them themselves (if the controller is in possession of documents).

9. Verification of durability of projects

Additionally to management verification, the controller conducts also the verification of the durability of the project:

- during on-the-spot verification,
- on a sample selected by the MA from at least 10% of the number of completed projects with investments in infrastructure or productive investments, for which the final payment was transferred in a given accounting year¹⁵,
- for the entire project (all parts of the project and all partners assigned to a given controller,
- conduct on-the-spot verifications in the fifth year following the date of the final payment to the LP (in the third year following the payment of the final balance to the LP at the earliest)¹⁶.

The selection of the sample of projects for durability tests is based on a risk analysis carried out by the MA.

¹⁵ From 1st July to 30th June.

¹⁶ The date of payment in accordance with CST2021.

Description of the selection of projects for durability tests

1. The controller, having completed the control of the last partial progress report:

- fills in the Risk analysis spreadsheet for the partner (**Annex 12**) and submits it to the JS in an electronic form together with all spreadsheets for projects completed in a given accounting year by 30th September following a given accounting year at the latest¹⁷.

2. The JS for each project:

- completes the Risk analysis spreadsheet for the project (**Annex 13**), which is supplemented with data submitted by the controllers,
- submits to the MA the spreadsheets concerning completed projects for which the final balance was paid in a given accounting year by 30th November following a given accounting year at the latest¹⁸.

3. The MA maintains a Risk analysis spreadsheet for the programme for each accounting year (Annex 14) with the following conditions:

- completes the sheet with the data submitted by the JS in the Risk analysis spreadsheet for the project,
- arranges the list of projects according to the “Average risk for the project” column¹⁹ from the highest to the lowest value,
- selects for control the projects with the largest value of average risk, not less than 10% of the number of projects.

4. The controller conducts on-the-spot verification of durability at all project partners.

5. In special cases, on-the-spot verification of durability can be performed:

a) only at certain (not at all partners) of a given project if:

- the controller indicated a high risk of failure to maintain the durability of a part of the project only (e.g. at one of the partners).
- The controller made a direct request to the MA

MA allows for durability tests to be carried out only with respect to these parts of the project (not to the entire project).

The decision is made by the MA and information about the project parts planned for on-the-spot verification of durability is transferred:

- to the controller,

¹⁷ The Controller prepares the first risk analysis for projects completed in the 2021-2027 perspective, i.e. the Risk analysis spreadsheet for the partner and submits it to the JS by September 30th 2025 at the latest, and then annually by analogy for each completed financial year.

¹⁸ The first risk analysis for projects completed in the 2021-2027 perspective, i.e. the Risk analysis spreadsheet for the project is prepared by the JS and submitted to the MA by November 30th 2025 at the latest.

¹⁹ The average risk for the project is determined based on the total risk for each of the partners (total risk/number of partners).

- to the attention of the JS and the NA,
 - b) for partners not selected on the basis of risk analysis after receiving e.g.:
 - information on the initiation of prosecutorial proceedings,
 - information from a third party on the suspicion of irregularities as regards the durability of the projects, etc.

6. Subsequently, the MA prepares a schedule of verification of durability for each selected project:

- the schedule of all controls planned for the next accounting year is submitted by the MA to the controller,
- to the attention of the NA by 31st January following a given accounting year²⁰.

The controller:

- specifies the specific days of the durability check in the control schedule and send it together with the list of planned on-the-spot checks to the MA,
- on the Polish side – includes controls in the Annual Plan of Controls prepared by the coordinator of INTERREG programmes²¹.

Carrying out the on-the-spot verification of durability of projects

1. During the verification the controller completes the Report on the on-the-spot verification of durability (**Annex 15**), which includes a set of questions.
2. The controller informs the partner about the date of the on-the-spot verification of durability at least 3 working days in advance.
3. The legal basis of the verification:
 - article 65 of the General Regulation,
 - grant contract,
 - the controller indicates the legal basis in the letter notifying about the verification.
4. On-the-spot verification of durability is carried out on the basis of an appropriate authorisation if the controller/unit indicated by the NA is required to prepare the authorisation.
5. The Report on the on-the-spot verification of durability may be:
 - a) signed by both sides, directly after the completion of activities verifying project durability, on the spot, at the partner's premises, or
 - b) signed by the controller and electronically transmitted to the partner within 21 calendar days from the completion of the activities.

Integral part of the Report on the on-the-spot verification of durability is the Partner's statement in

²⁰ The schedule of verification of durability for completed projects for which final payment was transferred by June 30th 2025 will be submitted to the controller and to the attention of the NA by January 31th 2026 at the latest.

²¹ In accordance with Polish National guidelines on management verifications.

which he undertakes to inform the Controller about:

- all cases of modifications in the project,
 - the lack of compliance with the project objectives, outputs and results within 5 years from the date of the payment of final balance to the LP²².
6. If any irregularities are detected, the controller/unit indicated by the NA:
- indicates remedial measures and the appropriate time limit for their implementation,
 - verifies the implementation of remedial measures and puts the relevant information in the Report on the on-the-spot verification of durability.
7. If it is found that the funds should be recovered:
- the controller immediately provides the MA with comprehensive information on the results of the durability control and the Report on the on-the-spot verification of durability,
 - The MA sets the amount to be recovered,
 - The MA may request the controller to prepare a Notification on irregularities.
8. The controller archives the results of the verification.
9. The controller registers the results of the performed on-the-spot verification of durability in the CST2021 system in “e-Controls” module.
10. In cases not governed by this procedure, in relation to activities related to on-the-spot verification of durability, the controller applies:
- the principles of control as defined in this document,
 - or Polish National guidelines on management verifications.

Managing the results of durability tests of the project

1. The controllers are obligated to submit the Summary of the results of the on-the-spot verification of durability for the regular projects/LIPs (**Annex 16**), to the MA.
2. The MA collects information received from all controllers for each project and completes the Summary of the results of the on-the-spot verification of durability for the regular project/LIPs (**Annex 17**).

10. Verification of durability of small projects in the SPF project

Selecting small projects for durability tests

1. After each accounting year:
 - the controller shall request the SPF beneficiary to provide a list of small projects implemented on the basis of Art. 65 of the General Regulation (**Annex 18**) and sets a deadline for its submission no

²² The date of payment in accordance with CST2021.

later than 30th September following a given accounting year²³.

2. The controller selects a sample of completed small projects for durability test as follows:

- in a random manner from the received list of completed small projects,
- at least 40% of the number of small projects for which the final balance was paid in a given accounting year,
- sends to the MA information on completed small projects selected for tests with the planned dates of the verifications²⁴ by 30th November following a given accounting year at the latest²⁵.

Carrying out the verification of durability of small projects implementation

1. The controller conducts a small project durability verification, selected in a random manner, in the form of Survey to monitor ensuring sustainability of small project (**Annex 19**). The sample Survey may be further elaborated by the controller.
2. The controller sends the survey to the SPF beneficiary in the fifth year following the payment of final balance to the SPF beneficiary to the beneficiary of small project (in the third year following the payment of the final balance at the earliest).
3. Next, the SPF beneficiary submits the received survey to be completed by the beneficiary of small project that has been selected in the sample for verification.
4. The controller/unit indicated by the NA sets the date of submission of a filled survey.
5. The legal basis of the verification:
 - article 65 of the General Regulation,
 - grant contract,
 - the controller the legal basis in the letter notifying forwarding the Survey to the FMP beneficiary.
6. After the reception of filled surveys from the SPF beneficiary, the controllers verify the received information.
7. If any irregularities are found, or take into doubt scope of the lack of project durability:
 - controllers ask the SPF beneficiary for further clarifications,
 - in specific situations, verification of durability may also be carried on on-the-spot verification at the beneficiary of a small project:
 - e.g. after receiving information on the initiation of prosecutorial proceedings,
 - after receiving information from a third party on the suspicion of irregularities as regards the durability of the projects, etc.
 - is carried out in the presence of the SPF beneficiary.

²³ The first information on small projects completed in the 2021-2027 perspective, the SPF beneficiary passes to the Controller by 30th September 2025, at the latest and then annually by analogy for each completed accounting year.

²⁴ It is about providing by the controller the planned year and quarter in which the test will be carried out.

²⁵ The first information on small projects completed in the 2021-2027 perspective, the controller passes to the MA by 30th November 2025, at the latest and then annually by analogy for each completed financial year.

8. During the on-the-spot verification, the controller completes the Report on the on-the-spot verification of durability for a small project (Annex 13.4), which includes a set of questions. Report on the on-the-spot verification of durability in the SPF can be:
 - a) signed by both parties immediately²⁶ after verifying the durability of the project activities on-the-spot at the beneficiary of small project or
 - b) signed by the controller and electronically transmitted to the SPF beneficiary within 21 calendar days from the completion of activities. Then, the SPF beneficiary forwards the protocol to the beneficiary of the small project.
9. In the case of need to formulate recommendations controllers:
 - forward them to the SPF beneficiary in writing and set a deadline for their implementation,
 - then verify the implementation of the recommendations issued by the beneficiary of the small project. Information on this subject is included in the Report on the on-the-spot verification of durability of a small project.
10. The controller immediately provides the MA with comprehensive information on the results of the durability test and the Report on the on-the-spot verification of durability of the small project.
11. If financial irregularities are detected as a result of the verification, the MA:
 - sets the amount to be recovered,
 - may request the controller to prepare a Notification on irregularities.
12. The controllers archive the results of the verification.
13. The controllers register the results of the durability test in the CST2021 electronic system in “e-Controls” application.
14. In cases not governed by this Procedure, in relation to activities related to verification of durability, the Controller/unit indicated by the NA are applies:
 - This document,
 - or Polish National guidelines on management verifications.

Managing the results of durability tests of the small project

Within the deadline set by the MA, Controllers submit Summary of the results of the verification of durability for the small projects (Annex 20). The summary contains information on the selected sample and the results of the surveys.

²⁶ Applies to Polish beneficiaries of a small project.

LIST OF ANNEXES

Annex 1 Declaration of impartiality and confidentiality

Annex 2 Checklist for the administrative verification of a progress report

Annex 3 Checklist for on-the-spot verification

Annex 4 Checklist for the administrative verification of a progress report (SPF)

Annex 5 Checklist for on-the-spot verification (SPF)

Annex 6 Control Report

Annex 7 Methodology for selecting partner reports for full-scope administrative verification (project progress reports)

Annex 8 Methodology for selecting expenditures for verification

Annex 9 Methodology for on the spot verification

Annex 10 Notification on irregular expenditure

Annex 11 Methodology for Selecting Small Projects from the Small Project Fund (SPF)

Annex 12 Risk analysis spreadsheet for the Partner

Annex 13 Risk analysis spreadsheet for the Project

Annex 14 Risk analysis spreadsheet for the Programme

Annex 15 Report on the on-the-spot verification of durability

Annex 16 Summary of the results of the on-the-spot verification of durability for the regular project completed by the Controllers/unit indicated by the NA

Annex 17 Summary of the results of the on-the-spot verification of durability for the regular project completed by the MA

Annex 18 List of small projects implemented on the basis of Art. 65 of the General Regulation

Annex 19 Model of survey to monitor ensuring sustainability of small project

Annex 20 Summary of the results of the verification of durability for the small projects

Annex 21 Flow chart – risk analysis and management verification of progress report

Annex 22 Note of the completeness of documents

Annex 23 An overview of the e-Controls application in CST2021

Annex 24 Up-to date checklists for verification of public procurement in Ukraine (elaborated by TESIM and adopted by Ukrainian National Authority for the Interreg NEXT Poland-Ukraine programme), ZIP-file.

