

# WEBINAR FOR **NATIONAL CONTROLLERS**

18 February 2025

Joint Secretariat of the Interreg VI-A Latvia-Lithuania  
Programme 2021-2027

**Interreg**



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# Agenda

- **Updates** of Programme Methodology for controllers on risk-based management verification of expenditure
- **Insights and lessons learned** from reviewing 1st reporting period reports

# Methodology for controllers on risk-based management verification of expenditure

New version of Methodology available at:

<https://latlit.eu/how-to-implement/national-control/>

Updated sections:

- 4.1.1. Sampling of cost items for administrative verifications
- 4.1.2. Actions to take
- 4.1.3. Extension of sample for verifications

# Methodology for controllers on risk-based management verification of expenditure

Updated sections: 4.1.1. Sampling of cost items for administrative verifications

1. For CC “Staff costs” (where standard scale of unit cost method is applied) sample consists of:

1.1. **Mandatory check: cost item(s) for employee(s) when reported for the first time;**

1.2. Check based on professional judgement: **at least two cost items with reported staff costs within the project reporting period** (except employees who are checked according to Point 1.1.).

# Methodology for controllers on risk-based management verification of expenditure

## Updated sections: 4.1.1. Sampling of cost items for administrative verifications

For CC “External expertise and services”, CC “Equipment”, CC “Infrastructure and works” within each CC sample includes:

2.1. Mandatory check: all cost items from 10 000 EUR and above.

2.2. Check based on **professional judgement: at least two cost items** that are not included in **mandatory check** as specified in Point 2.1.

(If all cost items in particular CC have been covered by mandatory check as specified in Point 2.1, this step is not applicable).

# Methodology for controllers on risk-based management verification of expenditure

New person, reported first time

Cost category	Description	Comment (partner)	Total invoice value	Number of Units	Price per unit	Declared amount	Part of sample at control level
Staff costs	Salary Res	Ms. Friday		80,00	17,00	1 360,00	
Staff costs	Salary Res	Ms. Saturday		70,00	17,00	1 190,00	Yes
Staff costs	Salary Res	Mr.Sunday		68,00	17,00	1 156,00	
Staff costs	Salary Ass	Ms. January		36,00	17,00	612,00	
Staff costs	Salary PM	Mr. March		240,00	17,00	4 080,00	
Staff costs	Salary FM	Ms.April		220,00	17,00	3 740,00	
External ex	D.2.1.1.,	Advanced payment, 20% of the	8 000,00			8 000,00	
External ex	D.1.1.1., D	interim payment, 20% of the co	3 136,20			3 136,20	
External ex	Conferenc	Catering for conference	5 000		5 000,00	5 000,00	
External ex	Training services for	D 1.3.1 Art Studio (ha	3 000,00			3 000,00	
External ex	Trainings services for	D1.3.1 Art Studio (p	6 000,00			6 000,00	
External ex	Training se		2 000,64			2 000,64	
Equipment	D.2.5	Computer	2 500,00			2 500,00	
Equipment	D2.6.	Furniture -chairs	14 530,00			14 530,00	Yes
Equipment	D2.6.	Furniture -tables	4 300,00			4 300,00	
Equipment	D2.6.	projector	2 958			2 958,00	
Infrastruct	D.1.6.1 Inv	Paid for work performed in June	2 727,61			2 727,61	
Infrastruct	D.1.6.1 Inv	Payment under the contract fo	24 000,00			24 000,00	Yes

Mandatory check

Part of sample

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- 
- 

Select **mandatory** checks  
select checks **based on professional judgement**

# Methodology for controllers on risk-based management verification of expenditure

## Updated sections:

**4.1.1. Sampling of cost items for administrative verifications/ For CC “Staff costs” (where standard scale of unit cost method is applied)**

### Controller must verify for each employee within applied sample:

Document(s) certifying establishment of employment relations with the respective employee (e.g., **labour contract for new employee; amendment to labour contract** for the employee who is already employed in the PP institution; **order on employment in the project**, etc.).

**Job descriptions** indicating content of the tasks and relation to the project, if not described in above mentioned document(s).

Filled in Programme's timesheets for each employee.

It has to be verified **that working hours are reported in timesheets and they are in accordance with the employment documents** (labour contract, order, appointment decision, **PP institution internal working time records**, if relevant, etc.). Controller shall also check that information on implemented tasks is stated in timesheet, **with exceptions referred in section 7.5.1 of the Programme Manual**, when summary of work implemented by management staff of LP/PP in reporting period should be indicated in the respective PP's report's section "Summary of Partner's works in reporting period".

The following conditions have been met:

- **PPs have reduced maximum number of hours to a pro-rata of 1720 hours for employees working part-time in institution;**
- for a six-month period maximum limit of 860 hours (or respective pro-rata for employees working part-time in institution) is not exceeded;
- total amount of foreseen working hours stated in Application Form (hereinafter - AF) is not exceeded.

# Methodology for controllers on risk-based management verification of expenditure

Updated section: 4.1.2. Actions to take

*The **Controller's professional judgement** should be grounded on decision-making, analysis, and evaluation that draw upon the knowledge, skills, training, and experience the controller possesses. **The Programme highly recommends applying professional judgement for costs with the greatest potential implications**, taking into account the Programme's assessment of **risk factors - especially those related to public procurement and publicity rules** - as well as the potential for whistleblowing, etc.*



# Methodology for controllers on risk-based management verification of expenditure

Updated section: 4.1.2. Actions to take

## Examples of applying professional judgement for sampling:

- *cost items that seem unusual or give rise to **suspicion of fraud**,*
- *several cost items paid to one supplier that potentially could be a sign for **splitting of procurement**,*
- *cost items where **repeated mistakes/errors** (e.g., re-inclusion of ineligible expenditure, etc.) were noted in the previous Partner reports,*
- *etc.*

# Methodology for controllers on risk-based management verification of expenditure

## Updated section: 4.1.3. **Extension of sample for verifications**

If **ineligible costs** are found **during the check of sampled cost items**, **sample should be extended by checking additional two items selected based on professional judgement from the same CC** (not applicable if there are no remaining unchecked costs items in CC).

If **ineligible costs** are found **in extended sample**, then remaining unchecked cost items of respective CC **must be checked**. For example, if an ineligible cost item is found in CC “External expertise and services”, the Controller should check other cost items under CC “External expertise and services”.

If **ineligible costs** are found **in any two CCs**, then sample should be extended to all reported cost items under all CCs in the respective Partner Report.

# Insights and lessons learned from reviewing 1st reporting period reports

Risk based sampling for NC is mandatory

Control report

4. Verification	
General methodology	- Administrative verification
Risk-based verification applied	Yes
If (yes), briefly describe sampling methodology and indicate where a detailed description can be found. For example, include additional information on the scope and on the percentage checked.	

Overview of control work for current report (in Euro)						
Total declared by partner	Total included in control sample without flat rates added	% sampled from Total declared without flat rates	Total parked in current report	Total deducted by control	Total eligible after control for current report	% Total eligible after control /
11.960,75	11.565,50	100,00	0,00	0,00	11.960,75	100,00

!!!!

# Insights and lessons learned from reviewing 1st reporting period reports

Risk based sampling for NC is mandatory

Actual data from 1st Reporting period reports:  
% of cost items included in sample -79% ( LV PP-71%, LT PP-85%)

**100% check should be a rare exception:**

- due to the extension of sample
- when limited amount of cost items are included, which match mandatory and minimal sample checks

Part of  
sample



# Insights and lessons learned from reviewing 1st reporting period reports

**For all employees reporting the standard scale of unit cost method  
Timesheet is mandatory**

The controller shall also check that information on implemented tasks is stated in timesheet, with **exceptions referred in section 7.5.1 of the Programme Manual**,:

*LP project management duties – 430 hours per reporting period,  
PP project management duties per PP – 284 hours per reporting period,  
LP/PP financial manager duties – 215 hours per reporting period*

**Summary of work implemented by management staff of LP/PP in reporting period should be indicated in the respective PP's report's section "Summary of Partner's works in reporting period".**

# Insights and lessons learned from reviewing 1st reporting period reports

**For all employees reporting standard scale of unit cost method  
Timesheet is mandatory**

## **According to Methodology:**

It has to be verified that hours are reported in timesheets and they are in accordance with the employment documents (**labour contract**, order, appointment decision, **PP institutions internal working time records**, if relevant, etc.).

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# Insights and lessons learned from reviewing 1st reporting period reports

## PM, 7.5.1 CC1 Staff costs Standard scale of unit cost method

LP/PP can report only actual (productive) working hours dedicated to the project-related tasks.

**Non-productive hours related to holidays, sick leave, maternity leave, etc., are not eligible.**

Updates of timesheet form are expected in future

Project timesheet			
Employee name:		Month	
Position in the project:		January	
Date	Description of tasks implemented in the project	Project worked hours	Associated deliverable
25.12.2024	Participation in Kick off meeting	8	Management
26.12.2024	Development of guideliens dor XXX	12	D2.2.1

# Insights and lessons learned from reviewing 1st reporting period reports

## PM, CC1 specific rules:

Staff costs **must be calculated individually for each staff member** both in the AF and the Partner Report.

ID		Unit costs and Lump sums	Cost category	Date of payment	Description 	Comment 	Total invoice value	Number of Units	Price per unit	VAT	Declared amount	Currency	Com
R3.1	<input checked="" type="checkbox"/>	Preparation costs lump :	Multiple		2024-05-29 Invoice Nr. IM2404		0,00	1,00	5.000,00	0,00	5.000,00	EUR	
R3.2	<input checked="" type="checkbox"/>	Staff costs unit rate	Staff costs		2024 may staff costs		0,00	64,00	17,00	0,00	1.088,00	EUR	
R3.3	<input checked="" type="checkbox"/>	N/A	External expertise ...	024-07-30	Psychological trainings 2024-06-27/20		2.600,00	0,00	0,00	0,00	2.600,00	EUR	
R3.4	<input checked="" type="checkbox"/>	Staff costs unit rate	Staff costs		2024 june staff costs		0,00	48,00	17,00	0,00	816,00	EUR	
R3.5	<input checked="" type="checkbox"/>	Staff costs unit rate	Staff costs		2024 july staff costs		0,00	70,00	17,00	0,00	1.190,00	EUR	
R3.6	<input checked="" type="checkbox"/>	N/A	External expertise ...	024-07-30	Hall rental and catering services for p:	See attachments in R3.3.	577,90	0,00	0,00	100,30	577,90	EUR	



# Insights and lessons learned from reviewing 1st reporting period reports

## **PM, CC1 specific rules:**

- LP/PP cannot declare more than 1 720 hours per full time employee per year
- **PPs shall reduce this maximum number of hours to a pro-rata of 1 720 hours for employees working part-time.**

# Insights and lessons learned from reviewing 1st reporting period reports

## PM, CC1 specific rules:

- **PPs shall reduce this maximum number of hours to a pro-rata of 1 720 hours for reporting periods shorter than 12 months**
- For a six-month period, maximum of 860 hours will be allowed. The Programme will perform the check based on the timesheets

# Insights and lessons learned from reviewing 1st reporting period reports

## Pro-rata of 1720 hours

In 2024, full-time employees would have to work 251 working days / 2008 hours  
**but only 1720 hours could be reported for project.**

For part-time workers

$\frac{1}{2}$  **workload** employee should be 1004 hours or 83,66 hours per month in the PP institution,  
but  $(1720/12/2)=71,66$  h/month could be reported for the project.

**Amount of eligible reported project hours will always be less than worked in the institution.**

**Non-productive hours related to holidays, sick leave, maternity leave, etc., are not eligible.**

# Insights and lessons learned from reviewing 1st reporting period reports

- Selecting/ Marking sample
- Typology of errors selected incorrectly for ineligible costs
- Procurement checklist must be filed in for all sampled items in CC4, CC5, CC6
- Control report not fully filled in
- Timesheet not submitted for all employees using unit rates
- Application of Pro rata principle for part time employees



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