

**GENERAL PRINCIPLES ON FIRST LEVEL CONTROL IN INTERREG POLAND-SLOVAKIA  
PROGRAMME 2021-2027**

**(version 2, 28 October 2025)**

## Table of contents

INTRODUCTION .....	4
1. ABBREVIATIONS.....	5
2. CONTROL SYSTEM AND THE LEGAL BASIS OF FLC IN POLAND-SLOVAKIA PROGRAMME.....	6
2.1. General information .....	6
2.2. Centralised system in Poland-Slovakia Programme .....	6
2.3. Legal basis.....	6
3. Overview of the role of the FLC.....	7
3.1. Main responsibilities of FLC.....	7
3.2. Cooperation with partners .....	7
3.3. Four „eyes” principle and impartiality. Conflict of interest.....	7
3.4. Documents required for verification .....	9
4. Reporting process and the role of the FLC .....	11
5. CENTRAL ICT SYSTEM (CST2021) AND THE ELECTRONICAL EXCHANGE OF DOCUMENTS AND INFORMATION.....	12
5.1. General information .....	12
5.2. The SL2021 .....	12
5.3. e-Controls application .....	13
5.4. Reporting application .....	14
5.5. Responsibilities of FLC to work in CST2021 .....	14
6. MANAGEMENT VERIFICATIONS.....	15
6.1. The purpose of verification .....	15
6.2. Administrative verification .....	15
6.3. Administrative verification of SPF .....	19
6.4. Complaint procedure.....	20
6.5. On the spot verification.....	20
6.5.1. On the spot verification of regular projects .....	21
6.5.2. On the spot verification of SPF .....	22
6.6. Obligations of FLC to on-the-spot verification in the project .....	24
6.7. Verification of Public procurement and competitiveness .....	24
6.8. State aid and de minimis aid in the project.....	26
6.10.1. Direct State aid .....	26
6.10.2 Indirect State aid .....	26
6.10.3 Verification of communication and visibility obligations.....	27
6.9. Irregularities .....	27
7. Role of FLC vs Audit.....	29

8. Verification of durability of projects.....	30
9. Verification of durability of small projects .....	33
<b>LIST OF ANNEXES .....</b>	<b>37</b>
Annex 1 Declaration of confidentiality and impartiality.....	37
Annex 2 Checklist for on-the-spot verification .....	37
Annex 3 Checklist for on-the-spot verification (SPF) .....	37
Annex 4 Control Report .....	37
Annex 5 Methodology for selecting partner reports for full-scope administrative verification (project progress reports) .....	37
Annex 6 Methodology for selecting expenditures for verification .....	37
Annex 7 Risk-based methodology for on-the-spot verification.....	37
Annex 8 Notification on irregular expenditure.....	37
Annex 9 Methodology for Selecting Small Projects from the Small Project Fund (SPF).....	37
Annex 10 Risk analysis spreadsheet for the Partner .....	37
Annex 11 Risk analysis spreadsheet for the Project .....	37
Annex 12 Risk analysis spreadsheet for the Programme .....	37
Annex 13 Report on the on-the-spot verification of durability .....	37
Annex 14 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.....	37
Annex 15 Summary of the results of the on-the-spot verification of durability for the regular project completed by the MA .....	37
Annex 16 List of completed small projects with investments in infrastructure or productive investments .....	37
Annex 17 Model of survey to monitor ensuring sustainability of small project.....	37
Annex 18 Summary of the results of the verification of durability for the small projects .....	37
Annex 19 Flow chart – risk analysis and management verification of payment claim.....	37
Annex 20 An overview of the e-Controls application in CST2021 .....	37

## INTRODUCTION

The purpose of this document is to define the minimum quality standards of the First Level Control set by the Managing Authority and to give practical guidance on carrying out the First Level Control in the Poland-Slovakia Programme. This ensures the harmonised standards with regard to the FLC in both Member State.

Member States are recommended to follow the principles in this document, implementing it into their own organisational structure and control arrangements. The document covers:

- how the control system is organised,
- the role of the FLC in it,
- what is CST2021,
- how to comply with management verifications,
- control of durability of the project.

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

Annexes 5 and 8 as well as annexes 9-18 should be used directly by FLC in the version from the current GP version.

Annex 1 is the minimum standard and could be supplemented/amended by the FLC in line with national regulations.

Annexes: 2-4 and 6-7 are a proposal to be used at the national level. These attachments may be supplemented according to national needs and requirements or replaced by national documents, provided that in the case of checklists, national checklists will correspond to the scope of verification described in GP. Extended/supplemented methodologies or methodologies adopted on national level shall be prepared ex-ante and in written and accepted by the National Authority.

Annexes 19-20 are an overview attachment.

Templates of checklist are provided in this document as minimum requirement; checklists that are not provided must be elaborated on national level.

Due to the different national FLC systems set in the Member States it is not possible to cover every situation in this document. More in-depth information about specific issues relevant in the context of FLC tasks can be found in other programme documents as well as EC and national regulations.

The information provided in this document will be continuously further developed and updated during the implementation of the Poland-Slovakia Programme.

## 1. ABBREVIATIONS

AA – audit authority

CPR – Regulation 2021/1060

CST 2021 – Central ICT System

ERDF – the European Regional Development Fund

ETC Regulation – Regulation 2021/1059

EU – the European Union

FLC(s) – first level FLC established based on Article 46 (3) of the Regulation 2021/1059 and Article 74 of the Regulation 2021/1060

GoA – Group of Auditors

GP – General Principles of First Level Control in Interreg Poland-Slovakia Programme 2021-2027

IMS – the Irregularity Management System

JTS – Joint Technical Secretariat of Interreg Poland-Slovakia Programme 2021-2027

LP – lead partner

MA – managing authority

MS(s) – member state(s)

NA – national authority

PM – Interreg Poland-Slovakia Programme 2021-2027 Programme Manual

Poland-Slovakia Programme – Interreg Poland-Slovakia Programme 2021-2027

PP(s) – project partner(s)

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

SL 2021 - application for managing projects

SPF – small project funds

EC – the European Commission

ECA – European Court of Auditors

## 2. CONTROL SYSTEM AND THE LEGAL BASIS OF FLC IN POLAND-SLOVAKIA PROGRAMME

### 2.1. General information

Each MS shall designate the FLCs<sup>1</sup> that will approve expenditures declared by project partners in projects implemented in the Poland-Slovakia Programme. Designated FLCs are responsible for verifying the legality and regularity of the expenditures declared in partner progress reports (payment claims).

### 2.2. Centralised system in Poland-Slovakia Programme

The FLC bodies designated by the governments are:

SLOVAKIA	Ministry of Investment, Regional Development and Informatization of the Slovak Republic, Department of Cross – Border Cooperation Implementation Control and Department of Public Procurement Control,
POLAND <sup>2</sup>	Voivode of the Małopolskie Voivodeship (Kraków)
	Voivode of the Śląskie Voivodeship (Katowice)
	Voivode of the Podkarpackie Voivodeship (Rzeszów)

Contact details of the FLC bodies in Poland and Slovakia are available at the Programme website: [www.plsk.eu](http://www.plsk.eu).

The FLCs in Poland and Slovakia are funded by the MSs.

### 2.3. Legal basis

The principles of First Level Control have been defined in this document, along with:

- CPR,
- ETC Regulation,
- The Poland-Slovakia Programme approved on 26.09.2022,
- PM,
- national guidance on the FLC system (if applicable<sup>3</sup>),
- internal control procedures of the entities appointed to carry out the control.

---

<sup>1</sup> According to Article 46 (3) of the Regulation 2021/1059 and Article 74 of the Regulation 2021/1060.

<sup>2</sup> Three Voivodes responsible for verification of expenditure of partners located on the territory of the respective voivodship.

<sup>3</sup> For Poland: Guidelines on management verification in Interrg programmes 2021-2027 (further referred to as Guidelines on management verification).

### 3. Overview of the role of the FLC

#### 3.1. Main responsibilities of FLC

FLCs carry out management verification which includes:

- administrative verifications of expenditures declared in partner progress reports by PPs;
- on the-spot-check at the premises of the LP and PPs.

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

#### 3.2. Cooperation with partners

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

- solutions to problems spotted when providing all the supported documents to reports in the SL2021. You can learn more about SL2021 in the Chapter 5;
- knowledge on what mistakes partners should avoid preparing reports, based on the experience of the FLC;
- information on national control rules;
- interpretation of national eligibility provisions, if possible, based on the experience of the FLC;
- 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 reports and avoid mistakes and irregularities;
- support to partners when expenditure is questioned with regard to external audits.

Close cooperation between the FLC and partners during the verification of the project 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 FLC should 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 audit trail for the management verifications carried out at the FLC.

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

**The Four Eyes Principle** (also 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 likelihood that potential irregularities will be detected.

With regards to management verifications the principle is not obligatory but recommended<sup>4</sup> and can be implemented by engaging the second FLC in the process or the institution that supervise the performance of FLC.

**Impartiality** of FLC(s) 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 FLC employees should confirm its:

- **confidentiality** – FLC 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**<sup>5</sup>.

Furthermore, the FLC employees 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 sample declaration of confidentiality and impartiality can be found in **Annex 1**.

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.

The Four Eyes Principle and impartiality of FLC 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 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

---

<sup>4</sup> It is obligatory for Polish FLC.

<sup>5</sup> As referred to in Article 46 of the Regulation (Eu) No 2021/1060 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.

avoidance and management of conflicts of interest under the Financial Regulation (2021/C 121/01).

The FLC shall verify the existence of the conflict of interest while carrying out management verifications (administrative and on-the-spot verifications) as well as in any case when obtaining information about a suspicion of such a conflict, regardless of the aforementioned controls.

FLC particularly verifies if conflict of interest occurs while verifying public procurement procedures. The verification shall be done in line with rules applicable to these procedures.

The FLC shall also verify the existence of conflict of interest for the SPF project:

- persons performing the tasks of a SPF beneficiary,
- experts assessing applications for funding for small SPF projects,
- members of the committee selecting small SPF projects for funding.

If a conflict of interest is confirmed, the FLC:

- determines the amount of the irregularity (if applicable) taking into account the provisions of the subsidy contract and the 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),
- takes steps to report the case to the appropriate investigative authorities if there are grounds to do so.

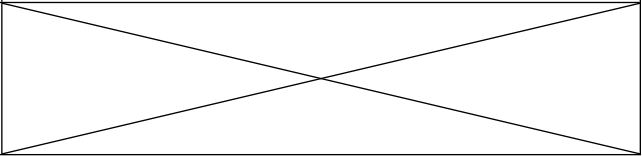
**3.4. Documents required for verification**

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

- Application Form,
- Subsidy Contract,
- Partnership Agreement,
- Partner progress reports including the list of expenditure (including 0-report contains only preparation costs).

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, unit costs)
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	The statement proving the need for staff employment to the project.
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 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.).	X
Calculation methods, rationale, and documentation for the value of any equipment to be used by the project.	X
Specimens of booklets, outputs, tangible or intangible results of services, studies, publications etc. , which are produced by the beneficiary.	X
Other documents required by the FLC (i.e. if required by the national rules).	X

#### 4. Reporting process and the role of the FLC

FLC will receive the partner progress report for verification in CST2021. The report will cover activities and expenditure of 3-months reporting periods.

The first partner progress report, including preparation costs, are submitted by the project partners for the period from the date of starting the implementation of activities in the project to the month of signing the subsidy contract (some examples below).

**NOTE:**

- PP signed the subsidy contract and started activities in the project on March 23, 2023 - the first partner progress report covers the period from March 23, 2023 to April 22, 2023;
- PP signed the subsidy contract on March 23, 2023, but started the activities in the project earlier (the project start date is written in the contract), e.g. on October 11, 2022 - the first partner progress report covers the period from October 11, 2022 to April 22 .2023;
- EXCEPTION: PP signed the subsidy contract on March 23, 2023, but started project activities later (the project start date is written in the contract), e.g. on June 1, 2023 - the first partner progress report covers the period from March 23, 2023 to until June 30, 2023.

PPs submit subsequent partner progress report, as a rule, for a period of three months.

The PP submits the partner progress report to the FLC for verification within 10 days of the end of the reporting period.

**IMPORTANT!**

Verification of a partner progress report by the FLC should take up to **30 days** in case of verification in limited scope (for the limited verification see chapter 6.2) and no more than **60 days** in case of the verification of full scope (for the full-scope verification see chapter 6.2).

In some cases, where clarifications are needed, it may take a longer period but no longer than 90 days.

The final partner progress report for the project is the last partner progress report for the project. PPs submit it after completing the material and financial activities. It covers the period from the first day of the last reporting period to the date of completion of the material implementation of the project.

Reporting in the project and exchange of partner progress report and documents between the project partners and the FLC is carried out in the CST2021. PPs operate in CST2021 system: complete and submit partner progress report, communicate with FLC, send financial documents, public procurement documents, contracts and information on the working time of people involved in the project implementation.

## 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. Partners, LP and the FLC have an obligation to use the CST2021.

The CST2021 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 EC.

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

- SL2021 – which lets the FLCs have access to projects assigned, documents, partner progress report etc.,

- e-Controls – which lets the FLCs conduct and document the controls,
- reporting application – which lets the FLC’s generate reports with data gathered in the CST2021.

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 and published on the programme website.

The online trainings and the ongoing support are provided by the MA

## 5.2. The SL2021

The SL2021 is an application for managing projects from the moment of selection for co-financing, in particular as regards:

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

For FLC 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 controls<sup>6</sup> on the projects as a monitoring system play a key role in programme management.

In addition to the registration of controls on the project, the **e-Controls** application in particular facilitates collection of information on financial corrections put on PPs upon approval of their expenditures i.e., at the level of on-the-spot checks/audits. Those corrections may include:

- amounts spotted by controllers itself during the on the spot check;

---

<sup>6</sup> Registering the results of on-the-spot checks as well as any other external control on the project.

- amounts detected by auditors, and confirmed by controllers with regard to previously verified expenditures;
- amounts detected by MA, EC, ECA, other authorised bodies and confirmed by FLCs with regard to previously verified expenditures.

The aim of the application for FLCs is to:

- serve the FLCs to gather all the information on financial corrections of controlled partners in one place;
- facilitate the work of FLCs to prepare the notification on irregular expenditures.

All irregularities detected by external institutions have to be always confirmed by FLCs in terms of the final amount of the findings in the notification on irregular expenditure (see **Subchapter 6.11**). This notification includes information detected amount of irregularity within the controls/audits carried out. The amount detected by audit can go up due to the fact that the same irregularities might have occurred in previous partner progress reports approved by the FLC.

FLC uploads the notification which confirms the final amount of irregularity in the application e-Controls (just by clicking the “**add file**” button on prepared scan of notification). This will be visible for MA as soon as it has been added.

#### **WHY FLC needs e-Controls application?**

1. The FLC will know where financial irregularities occurred in the project and on what amount. The MA will submit the results of audits to the NA and FLCs. 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.

#### **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.

FLCs will be able to create their own reports or generate report prepared by the MA.

#### **5.5. Responsibilities of FLC to work in CST2021**

**Appointment of users.** The information on persons entitled to work in the CST2021 comes from the institution designated by the government to carry out the First Level Control.

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

- whether the partner 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 PP (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 allowable according to the programme rules).

Detailed description of the method of performing the abovementioned 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 FLC in paper version. In this case the project 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

### 6.1. The purpose of verification

The management verification is the process of confirming the eligibility of expenses and the correctness of the project implemented by the project partner. It includes administrative verifications in respect of partner progress report made by partners as well as on-the spot verifications.

According to Article 74 of CPR management verifications (including administrative verifications) shall be carried out based on the proportionate risk analysis prepared by the MA ex ante and in writing. The risk analysis is established and reviewed and if necessary updated by the MA minimum on annual basis.

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 FLC 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 FLC.

For methodologies prepared on national level each country shall review its own methodology also at least once a year and amend it if necessary . If the methodology is to be changed the revised version must be ready before 30 June of each year.

This implies some crucial objectives for the Poland-Slovakia Programme:

1. In order to confirm the eligibility of declared expenses in the project, FLC works on a sample.
2. Sampling is based on methodology with predetermined risk-factors and risk-analysis.
3. During the administrative verification subjected to sampling are both: partner progress report and declared expenses.
4. On-the-spot verifications are also based on a sample of projects and declared expenses.

Specific provisions for administrative verification and on-the-spot verification were laid down in the following **Subchapters 6.2 and 6.5**.

## 6.2. Administrative verification

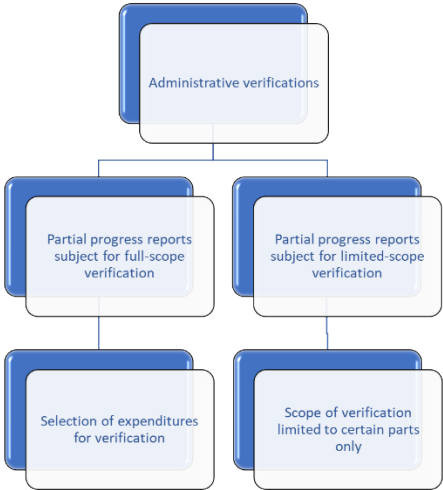
Administrative verifications are the control checks that the FLC carries out on a partner progress report while checking supporting documents submitted by the partner in the SL2021.

FLC shall focus their verifications on those partner progress reports where the risk is high. FLC shall follow the risk-based methodology prepared for the PP progress reports (**Annex 5**). The risk analysis for the partner progress report should be done as the first step in administrative verification procedure. It allows to identify and fully check only those reports

that are characterized by a high level of risk (so called “full-scope verification” of risky partner progress report). Low risk partner progress report are subject to limited verification.

**See Annex 19 and below graph for more detailed information on sequence of risk analysis.**

**Selection of partner progress report – short overview**



**IMPORTANT**  
This subchapter presents the general scope of the administrative verification, applicable to all kinds of projects (**regular projects, SPF project**). However, there are some additional elements specific only for the **SPF project** – please consult next **Subchapter 6.3**.

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

If the partner project progress report is subject for limited verification (obtained points below the set threshold) FLC carries out the so called: limitedverification.

The FLC refrains from conducting risk analysis for certain kinds of partner progress report, which are defined in the **Annex 5**. It refers to so called descriptive partner progress report (with no expenditures), partner progress report with only lump sum for preparatory costs, SPF partner progress report (NOTE: detailed information is included in the Annex 5).

The scope of administrative verifications focus in particular on:

**During the limited verification, FLC checks whether:**

- the partner progress report has been correctly fulfilled in line with formal obligations;
- the partner progress report is correct in terms of calculations;
- /if it results from the program documents / the partner progress report fairly presents the progress of the project and indicators;
- if conditions for payments have been fulfilled for SCOs

**NOTE:** When the SCOs were reported in partner progress report, the FLC should also:

- for a **flat rate** check if a PP:
  - 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)
  - correctly applied and calculated the % of a flat rate,
  - reduce the value of the flat rate properly, if needed due to irregularities in the costs that are the basis of the flat rate calculation;
- for a **lump sum** check if a PP:
  - completed the tasks in accordance with the standards and scope specified in the Subsidy Contract,
  - has achieved the indicator specified in the Subsidy Contract assigned to the lump sum;

**During the full-scope verification, FLC makes a limited verification and moreover checks:**

- if expenditures declared are correct and eligible;
- if the PP 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 Subsidy Contract is correctly implemented in the part relating to the PP, taking into account the achievement of indicators, if the PP 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 PPs 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 ETC Regulation<sup>7</sup>;

- if eligibility rules have been respected (in particular with public procurement and fair competition, environment protection, State aid, equal opportunity as well as publicity and information requirements described in the PM);
- if the amounts of the expenditure seem to follow sound financial management and are in line with principles of economy, efficiency and effectiveness.

**NOTE:** Expenditures from risky partner progress report should be verified on the basis of a sample of supporting documents.

**For selecting expenditures to verification** FLC uses the Methodology for sampling expenditures for verification (**Annex 6**). This Methodology may be supplemented/amended by National Authority. In such a case it must be prepared ex-ante and in writing and accepted by the National Authority.

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

- One of the situations when the FLC should consider extending the sample is when the FLC detects any errors/irregularities in the chosen basic sample that may have an impact on other expenditures in the given partner progress report (also on expenditures that were not selected to the sample). In such a case the FLC is obliged to extend a sample and choose additional items (so called extended sample). For more details, please consult the methodology.
- In case the FLC 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 FLC 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@mfipr.gov.pl](mailto:kontrolaEWT@mfipr.gov.pl)).

---

<sup>7</sup> During the verification of the first partner progress report the FLC FLC should check whether the PPs provided a short description of the project, including its aims and results, and highlighting the financial support from the Poland-Slovakia Programme. on the partners official websites or social media sites (where such sites exist).

Obligations of the FLC with regard to administrative verification of the PP progress report:

- conduct risk analysis with the help of prepared methodology (Annex 5);
- verify the partner progress report in the SL2021 in deadlines set for the FLC<sup>8</sup>;
- fill in the checklist<sup>9</sup>. The checklist should correspond with the scope of verification laid down in the GP. It should be attached in the SL2021 in reporting module for audit purposes;
- use SL2021 communication channel with PP in the process of explanations and gathering additional documents;
- ask PP to delete all the ineligible expenditure from the progress report or make corrections on its own;
- approve the progress report in the SL2021.

It might happen, in some cases that the PP is not able to deliver necessary explanations and additional documents proving the eligibility of expenditure as part of the clarifications to the FLC within the set deadline. The FLC deems that expenditure ineligible in a given reporting period and finalizes the work (accepts only the expenditure that was not questioned). Related expenditure after final examination and approval by the FLC can be claimed in the next reporting period. However, this rule does not refer to the final report submitted by the partner.

### 6.3. Administrative verification of SPF

Administrative verification of SPF - refers to the verification of the SPF beneficiary's partner 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 (real costs or flat rate from the approved real costs of small projects).

Small projects are included in CST2021. For SPF projects, a register of grants will be kept by the SPF beneficiary, which contains a list of all concluded agreements with small projects as well as payments made. Items from this register will be included in the SPF beneficiary's payment claim as regular cost items.

Scope of administrative verification of the SPF beneficiary's payment claim is similar to that described in Chapter 6.2, however the FLC shall additional check:

- correctness of settlement of management costs - correctness of the applied flat rate, and in the case of actual costs - eligibility of expenses,
- 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,

---

<sup>8</sup> The JS/MA will monitor the estimated timing of the submission of the progress reports by partners and the timing of verifications performed by the FLC.

<sup>9</sup> FLC uses a list according to national rules.

- reimbursement payments for small SPF projects,
- fulfillment of obligation of visibility, communication and transparency by final recipients.

Obligations of the FLC with regard to administrative verification of SPF are similar to the obligations described in Chapter 6.2.

**NOTE**

For the verification of the partner progress report the FLC uses Checklist for the administrative verification of a progress report (SPF).

For selecting expenditures, the FLC uses the methodology for selecting expenditures **(Annex 6)**.

#### 6.4. Complaint procedure

Objections regarding the results of First Level Control, if envisaged, are examined based on the national solutions of the Programme Member State in which the project partner is seated:

- The Polish project partner may file objections regarding the results of verifications conducted by the First Level FLC pursuant to Article 27 of the Act on the rules for the implementation of tasks financed from European funds in the financial perspective 2021–2027;
- The Slovak project partner may raise written objections against the deficiencies identified in draft report prepared by the FLC in accordance with the Financial Control Act No. 357/2015 Coll.

**NB:** The MA **does not** examine objections regarding the results of the First Level Control.

#### 6.5. On the spot verification

On-the-spot verifications are performed by the FLC at the premises of the partner as well as in any other place where the project is being implemented. In justified cases and in line with national regulations, on the spot verification might be performed with the use of 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.

The FLC shall verify on-the-spot the project implemented by the partner based on the results of the risk analysis. MA has prepared on-the-spot methodology to be used by the FLC (see **Annex 7**). The FLC may draw up the on-the-spot verification plans which may be reviewed

by the MA upon the request.<sup>10</sup> The plan should be prepared by 30<sup>th</sup> June each year, and include on-the-spot verifications planned for up-coming accounting year.

### **Timing of on-the-spot verification**

The FLC 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. The FLC takes into consideration:

- 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 partner progress report (the verification may not cause any delays for the project partner).

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

#### **6.5.1. On the spot verification of regular projects**

The scope of on-the-spot verifications focus 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 Subsidy Contract and the Partnership Agreement;
- if expenses declared by the PP 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 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 PP 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 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 ETC Regulation (applicable for the FLC 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

---

<sup>10</sup> According to the European Commission's Reflection paper "Risk based management verifications Article 74(2) CPR 2021-20271". In Poland FLCs prepare their input to the on-the-spot verification plan prepared for all INTERREG programmes according to the national guidance for management verification of INTERREG programmes 2021-2027.

sampling methodology applies as for selecting expenditures for verification, **see Annex 6**).

Obligations of FLC linked to on-the spot verification are described in **Chapter 6.6**.

#### 6.5.2. On the spot verification of SPF

The FLC 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,
- 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 final recipient. The FLC 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 the tasks referred to in **points a-c** is carried out by the FLC on a sample of small projects selected in accordance with the methodology for selecting small projects to control the recruitment process (**see Annex 9**).

#### **Verification of point d) - draft budget verification – a special issue of attention**

The FLC verifies the correctness of determining the amounts of support for a small project (draft budget), **see letter d)** 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 costs,
- whether the beneficiary used the correct EUR exchange rate.

**IMPORTANT: The FLC checks whether the SPF 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 FLC cannot confirm the correctness of determining the amount of support for small projects in case of doubts about the applied procedure.

The FLC fill in the checklist for on-the-spot verification of SPF (see Annex 3)<sup>11</sup>.

Obligations of FLC linked to on-the spot verification are described in **Chapter 6.6**.

**Irregularities and financial correction in the SPF project**

If the control or audit reveals incorrectly incurred expenses/costs in the project, it may be necessary to impose a financial correction.

The method of correction depends on the stage at which it was detected:

- a) At the stage before signing the subsidy contract by the SPF beneficiary with a beneficiary of small projects, it calls on the sole beneficiary to make appropriate corrections. In the case of errors in determining the amount of lump sums for individual small projects, this results in the need to re-assess the small project and re-submit the corrected draft budget to the Steering Committee of the SPF.
- b) If the FLC finds irregular expenditure after signing subsidy contract for small projects: deficiencies (ineligible expenditure) due to incorrect estimation of the draft budget, on the basis of which the lump sum is awarded, are the difference between the value of the erroneously approved draft budget and its correct value presented to the FLC by the sole 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 SPF beneficiary. If evidence is not provided - the FLC determines an error which results in recognizing the entire value of undocumented items from the draft budget as ineligible.

Irregularities in the scope of the SPF beneficiary's responsibility are deducted from the SPF management costs<sup>12</sup>.

**6.6. Obligations of FLC to on-the-spot verification in the project**

- Obligations are as follows: send the notification on on-the-spot verifications with sufficient time in advance to allow the PP to prepare all the available resources;

---

<sup>11</sup> This is checklist prepared by the MA. If NA have their own checklist, FLCs can use it, according to national rules.

<sup>12</sup> This rule is applicable to both flat/real cost for management costs.

- fill in the checklist for on-the-spot verification (see **Annex 3**). FLCs are free to use their own or national checklists alternatively. FLC checklist should be attached in the application e-Control as PDF for audit purposes;
- use SL2021 communication channel for receiving additional documents or explanations;
- draw up a Control Report (see **Annex 4**) with recommendations for improvement up to 14 days or, within the period resulting from national regulation, if any;
- if applicable: launch the contradictory procedure (recommended at least 14 days for PP to submit the opinion)<sup>13</sup> or within the period resulting from national regulation, if any;
- registers the financial findings from results of the on-the-spot verifications in the application e-Controls (see chapter 5.3). Control Report should be attached as PDF file in application e-Controls for audit purposes;
- perform follow up control (can be desk-based) on recommendations implemented by the PP;
- launch ad-hoc on-the-spot verification in the project if there is any reasonable suspicion of irregularities or fraud. Ad hoc verification can be carried out regardless of the fact that one on-the spot check has already been carried out. The aim of such a verification is to verify the received signals or suspicion and confirm if there are facts that may lead to consider project expenditure as ineligible.

#### 6.7. Verification of Public procurement and competitiveness

The verification of public procurement and competitiveness 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 FLC 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 partner 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.

FLC is obliged to:

---

<sup>13</sup> Polish partners and FLCs 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.

- answer the questions on public procurement or competitiveness rules in the checklist (either national checklists specific for public procurement/ competitiveness rules can be used or specific questions can be added to the administrative checklist by FLC)<sup>14</sup>,
- communicate the results to the partner,
- register the procurement control in the application e-Control;
- apply corrections, if provisions on public procurement are not applied, 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 simplified cost the procedures of public procurement are not verified, no documentation is provided by the partner.
2. **The FLC might verify public procurement ex-post based on a sampling method if there are national regulations concerning the selection of public procurement.**
3. The FLC verifies expenditures below public procurement threshold taking into account national requirements on competitiveness.
4. FLC shall take into account the most frequent irregularities in the application of public procurement procedures detected in projects with EU co-financing .
5. The FLC shall take into account results of previous verifications of the public procurement carried out by other external control bodies.
6. 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 partners side as well as by the bidder. FLC uses also available public national register systems e.g., on economic activity or other tools such as Arachne to make sure of the information declared by persons engaged in procurement procedures in the contracting institution and the bidder.<sup>15</sup>
7. Upon the partner's request, the FLC may ensure **an ex-ante verification of the public procurement** procedure prepared by the partner before the expenditure is incurred.

**The ex-post verification of public procurement:**

**Poland** – FLC uses the Methodology for selecting public procurement for verification annexed to the up-to-date Annual Control Plan, prepared in-line with national Guidelines on management verification. The public procurement verification is based on sample.

**Slovakia** - public procurements with an estimated contract value exceeding € 50 000 are all verified. Public procurements/Procurements with lower-value are fully verified if the related expenditure is selected in the sample for verification according to Methodology for selecting

---

<sup>14</sup> Slovak partners and FLCs are obliged to follow rules set up in Guide for public procurement valid in SR.

<sup>15</sup> Commission Notice Guidance on the avoidance and management of conflicts of interest under the Financial Regulation 2021/C 121/01 (Chapter 6.3).

partner progress reports for full-scope verification and Methodology for selecting expenditures for verification.

**Verification ex-ante of public procurement** is more of a preventive measure that aims at avoiding the potential findings and negative effects of possible infringements of the provisions of public procurement. This shall ensure that problems with the initial tendering as well as additional works / supplementary contracts during the project implementation are eliminated. The FLC, 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.

#### 6.8. 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 Managing Authority or,
- indirect State aid awarded by partner(s) in the project to the final recipient(s).

The MA assesses whether there is direct or indirect aid in the project. The FLC carries out the verification of the State aid based on the questions in the checklist. 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. FLC should notify to JST about any unauthorised changes to the project, because they may result in occurrence or changes of the level of State aid. However, the assessment of changes in the project also those that may result in change of state aid level shall be done according to the programme manual.

Similarly, the FLC should check if a project with State aid has correctly applied the VAT in a project (recoverable VAT is not considered an eligible expenditure under GBER). s.

##### 6.10.1. 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.

##### 6.10.2 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.

### 6.10.3 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 6.9 accordingly.

## 6.9. Irregularities

The CPR's definition of:

- **„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 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 FLC 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 partner progress report by the FLC.

The FLC declares the expenditure as irregular either in whole or in part. Each time the FLC analyses the expenditure individually basing on national, programme and union rules and provisions. The FLC 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 FLC finds an individual irregularity for the expenditure that was not yet approved, the FLC excludes the expenditure from the partner progress report (**see the PM** for the detailed procedure – the decision of FLC must be communicated to the partner).
- 2) If the FLC finds an individual irregularity for the expenditures already approved in previous partner progress reports, he/she determines the amount of irregularity and prepares the **Notification on irregular expenditure (Annex 8)**.

If the FLC finds and confirms the irregularity the project partner is given the right to file objections. When the complaint procedure is finalised and the irregularity confirmed by the FLC the FLC prepares the Notification on irregular expenditure and send it to the MA to e-mail:

[FinanseInterreg@mfipr.gov.pl](mailto:FinanseInterreg@mfipr.gov.pl)

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

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 FLC is obliged to verify all the previously approved partner progress report of the respective partner to check if similar mistake/failure did not take place in them. In case the FLC 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 FLC 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. FLC, auditor from GoA, ect.) the FLC prepares the Notification on irregular expenditure and sends it to the MA.

### **Reporting of irregularities to the EC**

Irregularities should be notified to the EC if they exceed 10 000 EUR ERDF (via the IMS system). As a rule, the MA asks the LP to repay the irregular amounts based on the call for payment. Upon the request of the partner and in accordance with the Subsidy Contract's provisions, the MA may, however, reduce the amount of the irregularity from the reimbursement of the ERDF for the project.

## 7. Role of FLC vs Audit.

The AA carries out audits based on the sample of projects selected by the EC according to Article 49 of the ETC Regulation. The audit might include both administrative verifications and on-the-spot checks.

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

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

**NOTE:** FLC 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 MA on the level of the draft of the annual control report issued by the AA may need an up-to-date confirmation or information that:

- the contradictory procedure has been finalised with the auditor on the level of the MS,
- the FLC will not present new or further objections against the audit result.

If FLC keeps rejecting the opinion of auditors, the MA will forward the position of the FLC along with eventual additional argumentation 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 FLC and the auditor in charge.

After issuing the Final audit report with irregularities the MA will ask the FLC 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 (Annex 8), including both irregular expenses mentioned in the final audit report and similar ones identified by FLC. Final report ends the clarification process of the FLC with the auditor in charge,
- 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 FLC in other 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 request for payment.

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

The FLC cooperates with the auditor during the audit and provides all necessary documents. In particular, the FLC 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 FLC asks the beneficiary selected for the audit of operation to upload the documents into the system or uploads them themselves (if the FLC is in possession of documents).

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

#### 8. Verification of durability of projects

The FLC conduct the verification of the durability of the project :

- during on-the-spot verification,
- on a sample 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 year<sup>16</sup>,
- for the entire project (all Partners falling under the verification of durability)<sup>17</sup>,
- 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 payment to the LP at the earliest)<sup>18</sup>.

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

#### **Description of the selection of projects for durability tests**

1. The FLC/unit indicated by the NA, having completed the control of the last partial payment claim:

- fills in the Risk analysis spreadsheet for all Partners (Annex 10) and submits it to the JTS in an electronic form together with all spreadsheets for projects completed in a given accounting year by September 30<sup>th</sup> following a given accounting year at the latest<sup>19</sup>.

2. The JTS for each project:

- completes the Risk analysis spreadsheet for the Project (Annex 11), which is supplemented with data submitted by the FLC/unit indicated by the NA,

---

<sup>16</sup> From 1<sup>st</sup> July to 30<sup>th</sup> June.

<sup>17</sup> In the section named „Description of the selection of durability test”, the MA provided for exceptions in point 5a.

<sup>18</sup> The date of payment in accordance with CST2021.

<sup>19</sup> The Controller/unit indicated by the NA 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 JTS by September 30<sup>th</sup> 2025 at the latest, and then annually by analogy for each completed financial year.

- submits to the MA the spreadsheets concerning completed projects for which the final payment was paid in a given accounting year by November 30<sup>th</sup> following a given accounting year at the latest<sup>20</sup>.
3. The MA maintains a Risk analysis spreadsheet for the Programme for each accounting year (Annex 12) with the following conditions:
- completes the sheet with the data submitted by the JTS in the Risk analysis spreadsheet for the Project,
  - arranges the list of projects according to the “Average risk for the project” column<sup>21</sup> 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 FLC/unit indicated by the NA conducts durability verification for all Partners subject to durability from the projects selected for the sample.
5. In special cases, durability verification may be carried out at Partners of projects not selected on the basis of risk analysis, in the event of suspicion of irregularities while maintaining the durability of the project.
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 FLC/unit indicated by the NA (in case of Slovak FLC it is forwarded also to NA),  
by January 31<sup>st</sup> following a given accounting year<sup>22</sup>.

The FLC/unit indicated by the NA:

- specifies the specific days of the durability check in the control schedule,
- on the Polish side – includes controls in the Annual Plan of Control prepared by the coordinator of INTERREG programmes<sup>23</sup>.

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

1. During the verification the FLC/unit indicated by the NA completes the Report on the on-the-spot verification of durability (Annex 13), which includes a set of questions.
2. The FLC/unit indicated by the NA inform the Partner about the date of the on-the-

<sup>20</sup> 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 JST and submitted to the MA by November 30<sup>th</sup> 2025 at the latest.

<sup>21</sup> The average risk for the project is determined based on the total risk for each of the partners (total risk/number of partners).

<sup>22</sup> The schedule of verification of durability for completed projects for which final payment was transferred by June 30<sup>th</sup> 2025 will be submitted to the Controller/unit indicated by the NA and to the attention of the NA by January 31<sup>th</sup> 2026 at the latest.

<sup>23</sup> In accordance with Polish guidelines for management verifications in INTERREG 2021-2027 programs.

spot verification of durability at least 3 business days in advance.

3. The legal basis of the verification:
  - Article 65 of the General Regulation,
  - Subsidy contract,
4. The FLC/unit indicated by the NA indicates the legal basis in the letter notifying about the verification.
5. On-the-spot verification of durability is carried out on the basis of an appropriate authorisation if the FLC/unit indicated by the NA is required to prepare the authorisation.

The FLC/unit indicated by the NA prepares and submits the durability control report to the project partner in accordance with national regulations. Integral part of the Report on the on-the-spot verification of durability is the Partner's statement in which he undertakes to inform the FLC/unit indicated by the NA 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 payment to the LP<sup>24</sup>.
6. If any irregularities are detected, the FLC/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 FLC/unit indicated by the NA 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 FLC/unit indicated by the NA to prepare a Notification on irregularities in accordance with the procedure described in subchapter 6.11.
  8. The FLC/unit indicated by the NA archives the results of the verification.
  9. The FLC/unit indicated by the NA 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-

---

<sup>24</sup> The date of payment in accordance with CST2021.

spot verification of durability, the FLC/unit indicated by the NA applies appropriate national regulations.

### **Managing the results of durability tests of the project**

1. The FLC/unit indicated by the NA are obligated to submit the Summary of the results of the on-the-spot verification of durability for the regular projects (Annex 14), to the MA.
2. The MA collects information received from all controllers/unit indicated by the NA for each project and completes the Summary of the results of the on-the-spot verification of durability for the regular project (Annex 15).

### **9. Verification of durability of small projects**

#### **Selecting small projects for durability tests**

1. After each accounting year:
  - the FLC/unit indicated by the NA shall request the SPF beneficiary to provide a list of completed small projects with investments in infrastructure or productive investments (Annex 16) and sets a deadline for its submission no later than September 30<sup>th</sup> following a given accounting year<sup>25</sup>.
2. The FLC/unit indicated by the NA 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 payment 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 verifications<sup>26</sup> by November 30<sup>th</sup> following a given accounting year at the latest<sup>27</sup>.

#### **Carrying out the verification of durability of small projects implementation**

1. The FLC/unit indicated by the NA conducts a small project durability verification, selected in a random manner, in the form of Survey to monitor ensuring sustainability of small project (Annex 17). The sample Survey may be further elaborated by the FLC/unit indicated by the NA.
2. The FLC/unit indicated by the NA sends the survey to the SPF beneficiary in the fifth year following the payment of final payment to the SPF beneficiary to the beneficiary

---

<sup>25</sup> The first information on small projects completed in the 2021-2027 perspective, the SPF beneficiary passes to the Controller/unit indicated by the NA by 30th September 2025, at the latest and then annually by analogy for each completed accounting year.

<sup>26</sup> It is about providing by the Controller/unit indicated by the NA the planned year and quarter in which the test will be carried out.

<sup>27</sup> The first information on small projects completed in the 2021-2027 perspective, the Controller/unit indicated by the NA passes to the MA by 30<sup>th</sup> November 2025, at the latest and then annually by analogy for each completed financial year.

of small project (in the third year following the payment of the final payment at the earliest).

3. Next, the SPF beneficiary submits the received survey to be completed by the beneficiary of small project (final recipient) that has been selected in the sample for verification.
4. The FLC/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,
  - Subsidy contract,
  - the FLC/unit indicated by the NA indicates 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/unit indicated by the NA verify the received information.
7. If any irregularities are found, or take into doubt scope of the lack of project durability:
  - FLC/unit indicated by the NA 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.
    - in case of doubts arising from the analysis of the surveys,
  - is carried out in the presence of the SPF beneficiary.
8. During the on-the-spot verification, the FLC/unit indicated by the NA completes the Report on the on-the-spot verification of durability for a small project (Annex 13), 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 immediately<sup>28</sup> after verifying the durability of the project activities on-the-spot at the beneficiary of small project or
  - b) signed by the FLC/unit indicated by the NA 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 FLC/unit indicated by the NA:

---

<sup>28</sup> Applies to Polish beneficiaries of a small project.

- 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 FLC/unit indicated by the NA 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/unit indicated by the NA to prepare a Notification on irregularities in accordance with the procedure described in subchapter 6.11.
12. The FLC/unit indicated by the NA archive the results of the verification.
13. The FLC/unit indicated by the NA register the results of the durability test in the CST2021 electronic system in “e-Controls” module.
14. In cases not governed by this Procedure, in relation to activities related to verification of durability, the FLC/unit indicated by the NA are applies:
- the principles of control as defined in the General Principles for the First Level Control in Interreg Poland-Slovakia Programme 2021-2027,
  - or Polish guidelines for management verifications in INTERREG 2021-2027 programs (guidelines for Polish Controllers).

### **Managing the results of durability tests of the small project**

1. Within the deadline set by the MA, FLC/unit indicated by the NA submit Summary of the results of the verification of durability for the small projects (Annex 18). The summary contains information on the selected sample and the results of the surveys.

## **LIST OF ANNEXES**

Annex 1 Declaration of confidentiality and impartiality

Annex 2 Checklist for on-the-spot verification

Annex 3 Checklist for on-the-spot verification (SPF)

Annex 4 Control Report

Annex 5 Methodology for selecting partner reports for full-scope administrative verification (project progress reports)

Annex 6 Methodology for selecting expenditures for verification

Annex 7 Risk-based methodology for on-the-spot verification

Annex 8 Notification on irregular expenditure

Annex 9 Methodology for Selecting Small Projects from the Small Project Fund (SPF)

Annex 10 Risk analysis spreadsheet for the Partner

Annex 11 Risk analysis spreadsheet for the Project

Annex 12 Risk analysis spreadsheet for the Programme

Annex 13 Report on the on-the-spot verification of durability

Annex 14 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 15 Summary of the results of the on-the-spot verification of durability for the regular project completed by the MA

Annex 16 List of completed small projects with investments in infrastructure or productive investments

Annex 17 Model of survey to monitor ensuring sustainability of small project

Annex 18 Summary of the results of the verification of durability for the small projects

Annex 19 Flow chart – risk analysis and management verification of payment claim

Annex 20 An overview of the e-Controls application in CST2021

Annex 21 Questionnaire on the use of risk based methodologies