

Interreg



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Meuse – Rhine (NL – BE – DE)

Policy towards irregularities, financial
corrections, recovery and liabilities

Interreg Meuse-Rhine (NL-BE-DE)

2021-2027

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1. Introduction

The Interreg Meuse-Rhine (NL-BE-DE) Programme (referred to as “the Programme” or “MA/JS”) shares the responsibility for protecting the EU financial interests from any irregularity. Following Article 2(31) of Regulation 2021/1060 (referred to as “CPR” throughout the document), 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.

Following Article 69 CPR, Member States ensure the legality and regularity of the expenditures included in the accounts submitted to the Commission and take all necessary measures to prevent, detect, and correct irregularities.¹

This document aims, therefore, to provide a general framework for correction and recovery applied in cases of irregularities detected by the MA/JS or any other institution (AA/EC/ECA/OLAF) in the course of project and programme implementations.

It lays down the applicable framework applicable to financial correction for detected irregularities at Member State level and EC/ECA/OLAF levels. It then presents the recovery and reporting procedure at the Programme level. The document ends with presenting the applicable correction depending on the type of irregularity detected.

¹ This document should be read in light of the Programme’s document on financial flows detailing all the procedures concerning reporting of payment applications and Accounts (within the framework of the submission of the Assurance package to the European Commission).

2. Financial correction

How irregularities are corrected depends on when and by which authority the irregularity is detected. The process is detailed in the following sections.²

2.1. Financial correction for irregularities detected at the Member State level – Article 103 CPR

Article 103 CPR deals with corrections of irregularities found at the Member State level (MA/JS or AA):

« (1) Member States shall protect the Union budget and apply financial corrections by cancelling all or part of the support from the Funds to an operation or Programme where expenditure declared to the Commission is found to be irregular. (2) Financial corrections shall be recorded in the accounts for the accounting year in which the cancellation is decided. (3) The support from the Funds cancelled may be reused by the Member State within the Programme concerned except for an operation that was subject of that correction or, where a financial correction is made for a systemic irregularity, for any operation affected by the systemic irregularity ».

The MA/JS and AA must, therefore, apply financial corrections when a declared expenditure is found to be irregular.

Following Article 103(3) of the CPR, irregular amounts, reported first at the Member State level, are deducted at the project level but can be reused at the programme level.³

2.2. Reporting of financial corrections by the programme to the EC

2.2.1. Irregularities detected at the Member State level but the amount has never been reported to the EC (before integration into any payment application)

Any ineligible expenditure detected and deducted before the MA/JS declared the expenditure to the Commission will not be subject to the following irregularity procedure under Article 103 CPR.

Irregularity detected by the MA/JS, for instance, during the project control/verification of expenditures (management verifications) or before the irregular amount has been integrated into a payment application (PAP) to the European Commission must be considered as a non-established irregularity.

² Methodological notes and SFC guidance can be found on the Interact website:

- [https://www.interact.eu/finance and control/audit and control/audit](https://www.interact.eu/finance%20and%20control/audit%20and%20control/audit)
- [https://www.interact.eu/finance and control/audit and control/accounts](https://www.interact.eu/finance%20and%20control/audit%20and%20control/accounts)

³ See 103(3) except if the irregularity found is a systemic irregularity or to be considered as fraud. See the definition of fraud and how the MA/JS tackles fraud matter in the Programme anti-fraud policy. *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 following the CPR (See Article 2(33)). If a financial irregularity is based on a systemic irregularity, the project might have to apply measures retrospectively.

There is, therefore, no need to declare the irregularity to the Commission. The irregular amount will never be declared to the Commission, and it is up to the Programme to deduct or recover the irregular amount.

If an irregularity is detected when assessing a partner or project report and no sufficient explanation is given, the reported cost is ineligible, the amount is deducted and therefore excluded from the claim.

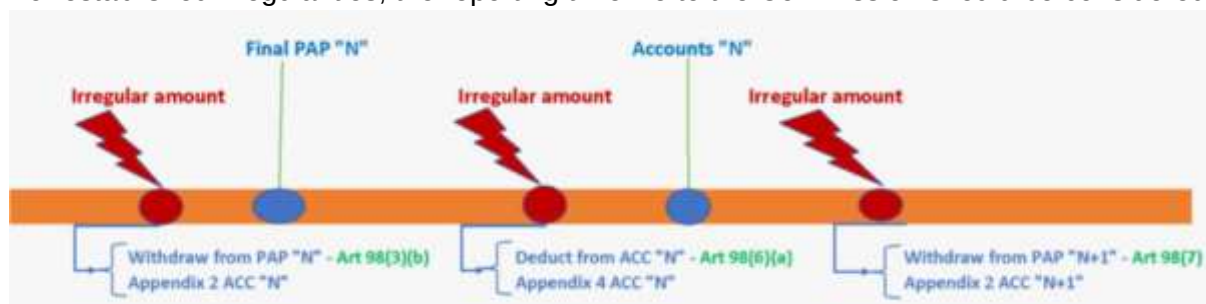
If an irregularity is detected after a claim has been certified (and paid to the project partner), but the irregular amount has not yet been included in a payment application to the Commission, the Programme determines the amount to be recovered. If the project is still ongoing and the amount to be recovered is above € 250, the Programme deducts the amount from the next payment to the project.

If the amount cannot be recovered in a next project payment claim, the recovery chain under Article 52 of Regulation 2021/1059 must be applied to recover the amount (see recovery, section 3).

2.2.2. Irregularity detected at the Member State level and reported to the Commission: established irregularities

If an irregularity is detected by the MA/JS or AA after it has been declared in a payment application (and Accounts) to the EC, then it is **an established irregularity**.

For established irregularities, the reporting timeline to the Commission should be considered.



Depending on the moment the irregularity is found, the manner in which the Programme deals with financial corrections differs, as presented in the next sections:

2.2.2.1. Irregularities detected after it has been declared in a payment application but not in the Accounts (therefore in the ongoing accounting year)

If the MA/JS or the AA finds an irregularity declared in a payment application relating to the ongoing accounting year (therefore, before submission of the accounting years' Accounts), different scenarios must be considered:

- if an irregularity is detected before the last payment application of the accounting year (31 July), the amount can be withdrawn from the following payment application;

- if an irregularity is detected after the submission of the last payment application but before the submission of the accounts, the irregularity should be deducted from the accounts (not withdrawn, no need to include it in Appendix 2 of the Accounts). The deduction must be presented in Appendix 1 of the Accounts and deducted in Appendix 4 (Column G2 Irregular expenditure subject to financial corrections)
- if an irregularity is subject to an ongoing assessment at the time of submission of the accounts, the irregularity should be deducted from the accounts (not withdrawn, no need to include it in Appendix 2 of the Accounts). The deduction must be presented in Appendix 1 of the Accounts and deducted in Appendix 4 (Column G1 Expenditure, which is subject to an ongoing assessment)

2.2.2.2. Irregularities detected after the submission of the accounts of the accounting year (therefore, in the following years)

Financial corrections must be applied through a withdrawal procedure in a payment application of the subsequent accounting year(s). The irregular amounts must be withdrawn and included in Appendix 2 of the Accounts N+1.

2.2.2.3. To sum up

Financial correction:

- Can be withdrawn in future payment applications. This applies to current or previous accounting years. Financial corrections for irregular expenditure are corrected (withdrawn) in future payment applications.
- Can be deducted: financial corrections for irregular expenditures are corrected directly (deducted) in the Accounts. This is only applicable to current accounting year expenditures.

Art 103 – Corrections of established irregularities	
Scenario	Action
irregularity below 250€	No correction in the accounts or payment applications ⁴
irregularity detected before 31 July	Withdrawal in the following payment application Withdrawn in Appendix 2
irregularity detected after the submission of the last payment application but before the submission of the accounts	Reduce the expenditure presented in Appendix 1 Deducted in Appendix 4 (Col. G2 Irregular expenditure subject to financial corrections)

⁴ According to Article 52(2) of the ETC Regulation, the Member States, third countries, partner countries or OCTs participating in a given Interreg programme may decide that the lead or sole partner and the programme's managing authority are not obliged to recover an amount unduly paid that does not exceed EUR 250, not including interest, in contribution from any of the Interreg funds to an operation in an accounting year. No information needs to be provided to the Commission beyond the information about making a decision pursuant to the first subparagraph.

irregularity is subject to an ongoing assessment at the time of submission of the accounts	Reduce the expenditure presented in Appendix 1 Deducted in Appendix 4 (Col. G1 Expenditure which is subject to an ongoing assessment)
irregularity detected after the submission of the accounts of the accounting year	Financial corrections implemented via withdrawal in a payment application of the subsequent accounting year(s) Withdrawn in Appendix 2 N+1

2.2.2.4. Clerical and technical mistakes

If the correction is only to correct technical mistakes (and not irregularities), it should not be disclosed in Appendix 2. Two possibilities:

- It can be deducted from the payment application of the current accounting year (automatically reflected in Appendix 1 of the accounts). If there is no irregularity, there is no need to relate it to the withdrawal section in Appendix 2.
- It is deducted directly from the accounts. In this case, it should be reflected in column G3 (other deductions) of Appendix 4.

2.2.2.5. Irregularities below 250€

There is no need to proceed with correction in the accounts or the payment applications if a detected irregularity is below 250€, even if it has been declared in payment applications and/or accounts to the Commission.

2.2.2.6. Reconciliation between payment application and Accounts

If there is a difference (which appears in column E of the Accounts) between payment applications and the accounts because of corrections, it should be explained in Appendix 4.

Explain the differences in column E of Appendix 4:

- G1 amounts under ongoing assessment
- G2 irregular expenditures subject to financial corrections
- G3 other deductions
- G4 comments

The total amounts are broken down per priority/SOs.

Deductions from accounts can only be made for the current accounting year. There can only be negative differences (Accounts can only be below payment applications).

2.3. (NET) Financial correction of irregularities detected at EC/ECA/OLAF levels – article 104 CPR

Following article 104(1)(b) CPR, irregularities (irrespective of the amounts) contained in accepted accounts (established irregularities), and which were not detected and reported first at the Member State level – MA/JS (+Accounting Function), AA – but are identified by EC/ECA/OLAF will lead to net financial corrections (amounts cannot be reused).

The budget of the Programme is then reduced up to the amount of the **net financial correction**.

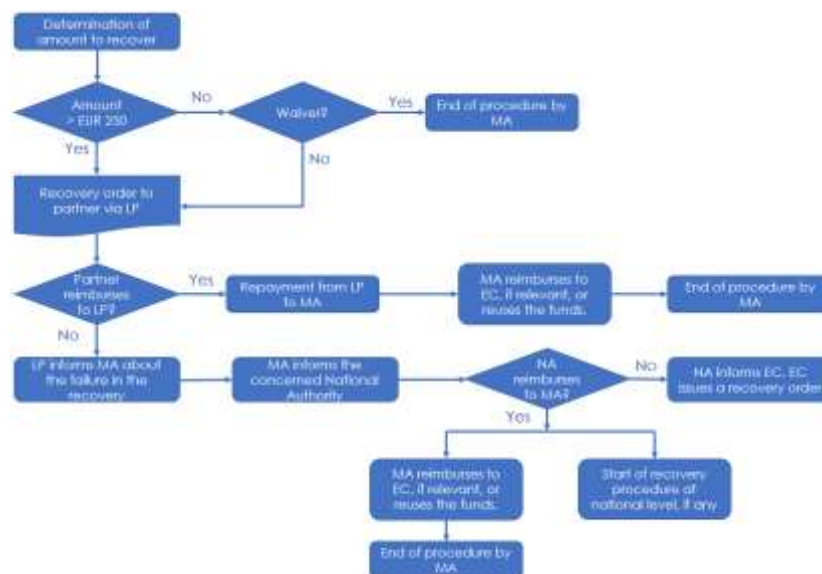
It explains why the withdrawals of Appendix 2 of the Accounts distinguish AA from EC/ECA/OLAF findings.

3. Recovery

3.1. Recovery of irregular amounts (article 52 Regulation 2021/1059)

The MA/JS must recover any irregular amount paid to a project partner. However, information does not have to be reported to the Commission (no need to provide any information about recoveries in the Accounts).

Following Article 52 of Regulation 2021/1059, if recovery is necessary because payment has already been made, the MA/JS will ensure that any programme's funds and co-financing paid as a result of an irregularity are recovered from the lead partner through deduction or repayment.



National Authority should be understood as programme partner (national or regional authority)

If the project partner has no future expenditure to be claimed, the amount will be deducted from the claim, and the lead partner will ask the partner to repay the unduly paid amounts. Should that be unsuccessful, the programme partner⁵ will be asked to reimburse the Programme. The programme reserves the right to deduct an amount from another project from the Programme in which the partner concerned is involved.

Article 52 of Regulation (EU) 2021/1059 establishes a clear chain of financial liability from project partners via lead partners and the Programme to the Commission. It also makes provisions for the liability of Member States (programme partners):

- If the MA/JS cannot recover an unduly paid expenditure from a pending/future project report, a letter is sent to the lead partner requesting the reimbursement of the ineligible amount to the Programme bank account. Practically, the Accounting

⁵ Throughout the document, the term “programme partner” should be understood as the public authority (Regional or National) participating in the Interreg Meuse-Rhine Programme.

function requests the return of the incorrectly paid-out amounts (nominal) from the lead partner through an email, stating the due date (maximum of 1 month). The Accounting Function also informs the programme partner in which the irregular expenditure is incurred.

- A non-recurring postponement with a new due date is possible (1 extra month).
- After these steps, where the lead partner does not succeed in securing repayment from other partners or where the MA/JS does not succeed in securing repayment, the Accounting function sends another email and asks the programme partner in which the irregular expenditure is incurred for active involvement in the recovery process. If repayment is not secured, the Accounting function sends a registered letter (due date: 2 months) requesting recovery of the unduly paid amount to the project partner concerned.
- After these steps, where the lead partner does not succeed in securing repayment from other partners or where the MA/JS does not succeed in securing repayment, the MA/JS requests a meeting with the lead partner and project partner(s) and the relevant programme partner.
- After these steps, where the lead partner does not succeed in securing repayment from other partners or where the MA/JS does not succeed in securing repayment, the MA/JS have the right to withdraw the corresponding funds from any open payment in the same or other projects the concerned partner is involved in.
- If these steps to recover the unduly paid amounts are not successful, the MC will be informed, along with advice to institute legal proceedings.
- Any programme partner may take legal action against the project partner on their behalf, provided that the programme partner pays for the related costs.
- After the MA/JS has exhausted all reasonable efforts, the programme partner must reimburse the reclaimed amount to the programme bank account.
- Should the programme partner not reimburse the programme within the agreed timeframe, the topic will be brought up at an upcoming MC, where a suspension of services to all project partners of the relevant programme partner may be decided
- The programme partner may still reclaim the amount from the project partner by all possible means.

In the event of recovering an advance, the procedure will be initiated against the lead partner. If the lead partner fails to reimburse the advance, the programme partner will be held liable, and the aforementioned procedures will be initiated accordingly.

In case of irregularity detected after the expenditure was declared to the Commission, the same procedure/chain of liability under Article 52 of Regulation (EU) 2021/1059 should apply to recover the amount concerned by irregularity.

3.2. Recovery procedures for irregularities of project partner originating from a non-member State of the Programme or a Region outside the Programme area

When a project involves a partner located in an EU Member State outside the Programme territory, or from a territory outside the Programme area,⁶ the Managing Authority shall condition its explicit approval on the submission of a written acceptance by the concerned Member State to reimburse any amounts unduly paid to these partners, following the recovery chain under Article 52(2) of the Regulation (EU) 2021/1059.

When the written acceptance cannot be obtained, the project partner implementing all or part of an operation outside the programme area shall obtain a guarantee from a bank or another financial or private institution for the corresponding amount of the Interreg funds granted. Such a guarantee shall be included in the document provided by the Managing Authority to the lead partner setting out conditions for support of the operations.

⁶ Outside the territory of the 11 partner Authorities of the Programme.

4. Reporting of irregularities

The reporting of (suspected) fraud cases is detailed in the Programme anti-fraud policy.

Some irregularities must be reported within 2 months of detection to the Commission and OLAF (via the Irregularity Management System (IMS) operated under the Anti-Fraud Information System (AFIS)), according to the provisions of Article 69 (2) & (12) and Annex XII of the CPR:

The following irregularities shall be reported to the Commission in accordance with Article 69(2):

- (a) irregularities that have been the subject of a first written assessment by a competent authority, either administrative or judicial, which has concluded on the basis of specific facts that an irregularity has been committed, regardless of the possibility that this conclusion may subsequently have to be revised or withdrawn as a result of developments in the course of the administrative or judicial procedure;

First written assessment by a competent authority means primary administrative or judicial finding (**PACA**), i.e. (three requisites):

- a document in writing (written assessment): a report, a resolution, a recovery order, a management verification report, **any document with facts of irregularity**.
- Assessment by a competent authority;
- A conclusion that an irregularity was committed.

- (b) irregularities that give rise to the initiation of administrative or judicial proceedings at national level in order to establish the **presence of fraud or other criminal offences**, as referred to in points (a) and (b) of Article 3(2) and Article 4(1), (2) and (3) of Directive (EU) 2017/1371 and point (a) of Article 1(1) of the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European Communities' financial interests (1) for the Member States not bound by that Directive. If the case contains elements with indication of a criminal act, the authority detecting the fraudulent irregularity immediately informs the State Prosecutor and/or EPPO. EPPO exercises its competence in accordance with Article 22, Article 25(2) and (3) of the EPPO Regulation.
- (c) irregularities preceding a bankruptcy;
- (d) specific irregularity or group of irregularities for which the Commission submits a written request for information to the Member State following the initial reporting from a Member State.

The following irregularities shall not be reported (but still need to be corrected (see above) and documented):

- (a) irregularities for an amount lower than EUR 10 000 in contribution from the Funds; this does not apply in the case of irregularities which are interlinked and the total amount of which exceeds EUR 10 000 in contribution from the Funds, even when none of them exceeds that ceiling on its own;

- (b) cases where the irregularity consists solely of the failure to execute, in whole or in part, an operation included in the co-financed programme owing to the non-fraudulent bankruptcy of the beneficiary;
- (c) cases brought to the attention of the managing authority or the authority in charge of the accounting function by the beneficiary voluntarily and before detection by either authority, whether before or after the payment of the public contribution (exemption not applicable in (suspected) fraud case);
- (d) cases which are detected and corrected by the managing authority before inclusion in a payment application submitted to the Commission (exemption not applicable in (suspected) fraud case).

When an irregularity must be reported, this obligation is incumbent upon the relevant programme partner, i.e. the one in which the irregular expense is incurred and paid in the context of the implementation of an operation. Indeed, according to Annex 12 CPR, ***“The Member State in which the irregular expenditure is incurred by the beneficiary and paid in implementing the operation shall be responsible for reporting the irregularity in accordance with Article 69(2). For programmes under the European territorial cooperation goal (Interreg), the reporting Member State shall inform the managing authority and the audit authority of the programme”***.

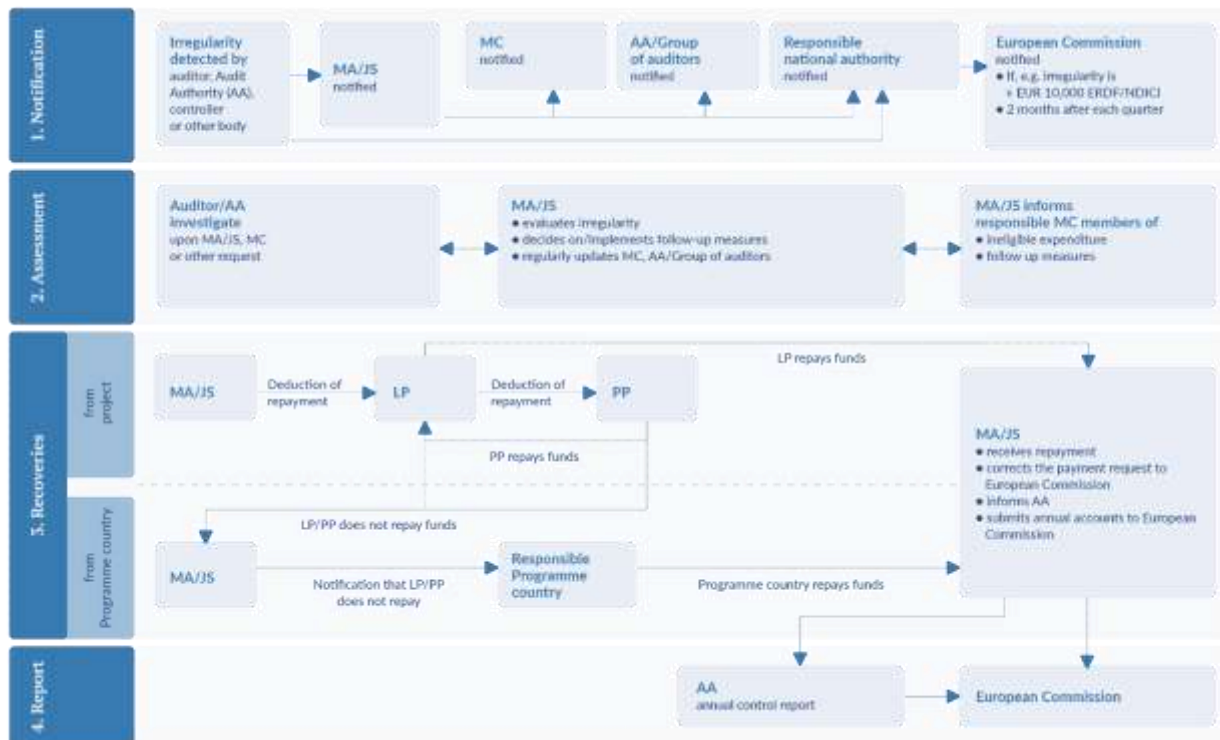
Therefore, if an irregularity which must be reported is detected, the MA/JS first informs the relevant programme partner which is responsible for reporting the irregularity within two months after detecting the irregularity (**after PACA**) or as soon as additional information on the reported irregularity becomes available (Article 69, paragraph 2 CPR) to the OLAF and EC via IMS (for administrative prosecution) and the EPPO (for criminal prosecution) if the case contains elements with indication of a criminal act.

In the course of the investigations, the programme partner informs the MA/JS and the AA of any OLAF declarations following the reporting of irregularity.

The programme partner has to inform the MA/JS and the Audit Authority of the Programme. The programme partner informs the Audit Authority of any OLAF declarations following the reporting of irregularity. The relevant AFCOS (Anti-Fraud Coordination Service) must also be kept informed (national structure within the Member States responsible for coordinating efforts to combat fraud and irregularities affecting the EU's financial interests).

When a judicial or law enforcement authority of a Member State initiates an investigation in respect of a criminal offence for which the EPPO could exercise its competence in accordance with Article 22, Article 25(2) and (3) of EPPO Regulation, or where, at any time after the initiation of an investigation, it appears to the competent judicial or law enforcement authority of a Member State that an investigation concerns such an offence, that authority shall without undue delay inform the EPPO so that the latter can decide whether to exercise its right of evocation in accordance with Article 27 of EPPO Regulation.

5. Table of all the steps⁷ for irregularity requiring a standard financial correction (as irregularities over 10.000€ ERDF)



⁷ <https://interreg-baltic.eu/toolkit/online-programme-manual/q-arrangements-for-projects-facing-difficulties/q-3irregularities/>

6. Determination and assessment of the relevant correction applied in case of irregularity

In principle, a correction corresponds with the value of the wrongly charged expenditure.

If an irregularity cannot be specifically and precisely quantified, flat-rate corrections are applied. The Programme is entitled to apply proportional and percentage-based corrections (according to the scale of the irregularity, in line with Commission guidance). In such cases, the amount set in the correction decision can be regarded as the financial impact of the irregularity, and that amount should be stated in the error-rate report.

In that framework, to determine relevant rates, the Programme paid particular attention to the Commission Guidelines on financial corrections in public procurement,⁸ CPR, Regulation 2021/1059 (referred to as “Interreg Regulation” throughout the document) and Regulation 2024/2509 (referred to as “Financial Regulation” throughout the document).

This section aims, therefore, to provide a general but non-exhaustive list of corrections applied according to the typology of irregularities.

The corrections outlined apply to irregularities detected, no matter whether the related amounts have been or not already declared to the Commission.

It should be noted that corrections remained to be analysed on a case-by-case basis. Indeed, the rates set a generally applicable proportionate standard rate of correction, but the specific decision must take into account all the circumstances of the individual irregularity.

Category	Ref.	Sub-Category	Correction applied
Public Procurement - Contract notice and tender specifications	1.1	Lack of publication of contract notice or unjustified direct award (i.e. unlawful negotiated procedure without prior publication of a contract notice).	The Programme follows Commission decision of the 14/05/2019 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”
	1.2	Artificial splitting of works/services/supplies contracts.	
	1.3	Non-compliance with time limits for receipt of tenders; or - time limits for receipt of requests to participate; Or Failure to extend time limits for receipt of tenders where significant changes are made to the procurement documents.	
	1.4	Insufficient time for potential tenderers/candidates to obtain tender documentation; Or Restrictions to obtain tender documentation.	

⁸ See Commission Decision 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

Category	Ref.	Sub-Category	Correction applied
	1.5	Lack of publication of extended time limits for receipt of tenders; Or Failure to extend time limits for receipt of tenders.	by applying correction rates based on the type and significance of the non-compliance as detailed in its Annex (see pages 7 to 22).
	1.6	Cases not justifying the use of a competitive procedure with negotiation or competitive dialog.	
	1.7	Failure to publish in the contract notice the selection and/or award criteria (and their weighting); or conditions for performance of contracts or technical specifications; Or Failure to describe in sufficient detail the selection and/or award criteria (and their weighting); Or Failure to communicate/publish clarifications/additional information.	
	1.8	Use of - criteria for exclusion, selection, award; or - conditions for performance of contracts; or - technical specifications that are discriminatory on the basis of unjustified national, regional or local preferences.	
	1.9	Use of - criteria for exclusion, selection, award; or - conditions for performance of contracts; or - technical specifications that are not discriminatory in the sense of the previous type of irregularity (i.e. illegal, disproportionate) but still restrict access for economic operators.	
	1.10	Insufficient or imprecise definition of the subject-matter of the contract.	
	1.11	Lack of justification for not subdividing contract into lots.	
	1.12	Non-compliance with the procedures for electronic and aggregated procurement established in Directive 2014/24/EU.	
Public Procurement - Selection and Evaluation of Tenders	1.13	Unjustified limitation of subcontracting.	
	1.14	Selection criteria (or technical specifications) were modified after opening of tenders or were incorrectly applied.	
	1.15	Evaluation of tenders using award criteria that are different from the ones stated in the contract notice or tender specifications; Or Evaluation using additional award criteria that were not published.	
	1.16	Negotiation during the award procedure, including modification of the winning tender during evaluation.	
	1.17	Competitive procedure with negotiation, with substantial modification of the conditions set out in the contract notice or tender specifications.	

Category	Ref.	Sub-Category	Correction applied
	1.18	Unjustified rejection of abnormally low tenders.	
	1.19	Conflict of interest with impact on the outcome of the procurement procedure.	
	1.20	Irregular prior involvement of candidates/tenderers towards the contracting authority.	
	1.21	Insufficient audit trail for the award of the contract.	
	1.22	Bid-rigging (i.e. identified by a competition/anti-cartel office).	
Public Procurement - Contract implementation	1.23	Modifications of the contract elements set out in the contract notice or tender specifications, not in compliance with Directive 2014/24/EU.	
Procurement - Requirements in national legal frameworks	1.24	Non-compliance with the national rules on procurement carried out by entities other than Contracting Authorities.	
Public Procurement - Others	1.25	Other (e.g. market consultations not properly documented, incorrect transposition of the public procurement Directives in the national legislation).	
State aid	2.1	Failure to notify State aid.	Recover the illegal and unlawful aid from the project partner to remove the undue advantage granted to it. See Communication from the Commission — Commission Notice on the recovery of unlawful and incompatible State aid (2019/C 247/01).
	2.2	Wrong aid scheme applied.	
	2.3	Misapplication of the aid scheme, including ineligible beneficiaries/undertaking.	
	2.4	Monitoring requirements not fulfilled.	
	2.5	Reference investment not taken into account in the applicable aid scheme.	
	2.6	No consideration of revenue in the applicable aid scheme.	
	2.7	No respect of the incentive effect of the aid.	
	2.8	Aid intensity not respected.	
	2.9	De Minimis threshold exceeded.	
	2.10	Error in the application of the rules on services of general economic interest (SGEI) (e.g. failure to provide adequate justification for the aid or to demonstrate that the aid is necessary to achieve a legitimate objective of common interest).	
	2.11	Other related to State aid rules (e.g. lack of verification of State aid by the MA/IB in case of re-granting schemes).	
Ineligible project	3.1	Project not eligible.	<u>Irregularity that can be quantified.</u> 100% correction of the project budget –
	3.2	Project's objective not achieved (including non-respect of codes for the types of intervention).	
	3.3	Retrospective projects (Art. 63(6) CPR).	

Category	Ref.	Sub-Category	Correction applied
	3.4	No evidence about the direct measurement of the use on the project (i.e. for shared investments/equipment between two or more projects).	See CPR, Interreg Regulation and Financial Regulation.
	3.5	Other.	
Ineligible expenditure	4.1	Expenditure incurred before or after the eligibility period.	<u>Irregularity that can be quantified.</u> 100% correction of the related ineligible expenditures. See CPR, Interreg Regulation and Financial Regulation.
	4.2	Expenditure not paid by beneficiary.	
	4.3	Expenditure not related the project.	
	4.4	Expenditure outside of the eligibility area (taking into account Art. 63(4) CPR).	
	4.5	Ineligible taxes (e.g. VAT) and costs according to the national legislation.	
	4.6	Ineligible expenditure due to project's objective partially achieved.	
	4.7	Non-compliance with rules on purchase of land or real estate.	
	4.8	Ineligible beneficiary.	
	4.9	Ineligible participants/final recipient for grant projects/ Ineligible target group.	
	4.10	Conflict of interest (Art. 61 Financial Regulation).	
	4.11	Double financing.	
	4.12	Expenditure for works not performed or goods/services not delivered/executed.	
	4.13	Ineligible expenditure incurred due to changes in the project's scope or objectives without obtaining the necessary approvals or amendments to the project's contract.	
	4.14	Ineligible staff expenditure (e.g. incorrect productive hours, incorrect remuneration, unjustified hours in timesheets).	
	4.15	Ineligible expenditure linked to travel and accommodation.	
	4.16	Expenditure noncompliant with specific contractual arrangements and/or with regulations on eligibility requirements (i.e. national or project level).	
	4.17	Irregularities related to a public private partnership.	
	4.18	Other ineligible expenditure (e.g. rounding of monetary amounts/wrong application contractual costs, ineligible expenditure activity returned after payment, etc.).	

Category	Ref.	Sub-Category	Correction applied
Simplified Cost Options	5.1	Wrong methodology.	<u>Irregularity that can be quantified.</u> Correct method applied and relative correction applied
	5.2	Wrong application of the methodology (e.g. wrong calculation, wrong input data, wrong adjustment, follow-up error in the application of flat rates), including non-compliance with the conditions for reimbursement.	<u>Irregularity that can be quantified.</u> Correct method applied and relative correction applied
	5.3	Non-compliance with the mandatory use of simplified costs.	<u>Irregularity that can be quantified.</u> 100% correction of the related expenditures See CPR, Interreg Regulation and Financial Regulation.
Contribution based on unit costs, lump sums and flat rates or Financing Not Linked to Costs	6.1	Failure to fulfill the conditions or failure to achieve the results (Art. 51, 94 and 95 CPR).	<u>Irregularity that can be quantified.</u> 100% correction of the financing not linked to costs (eg granted through lump sum) See CPR, Interreg Regulation and Financial Regulation.
Financial Instruments (FIs)	7.1	Non-compliance with the rules for selection of Holding Fund/Specific Fund (direct award by MA or competitive calls).	<u>Irregularity that can be quantified.</u> 100% correction of the related expenditures See CPR, Interreg Regulation and Financial Regulation.
	7.2	Lack or incomplete documentation and/or audit trail, cf. Annex XIII CPR (e.g. ex-ante assessment; funding agreements or strategy documents; other documentation supporting the payment applications	<u>Irregularity that can be quantified.</u>

Category	Ref.	Sub-Category	Correction applied
		from final recipients such as business plans or equivalent, including previous annual accounts; checklists and reports at the level of the bodies implementing FIs; etc.).	100% correction of the related expenditures See CPR, Interreg Regulation and Financial Regulation.
	7.3	Ineligible expenditure (e.g. investments, management cost and fees).	<u>Irregularity that can be quantified.</u> 100% correction of the related expenditures See CPR, Interreg Regulation and Financial Regulation.
	7.4	Ineligible final recipients.	<u>Irregularity that can be quantified.</u> 100% correction of the related expenditures See CPR, Interreg Regulation and Financial Regulation.
	7.5	The interest and other gains generated by support from the Funds and/or re-use of resources attributable to the Funds not used in accordance with Art. 60 and/or 62 CPR.	<u>Irregularity that can be quantified.</u> 100% correction of the interest and other gains See CPR, Interreg Regulation and Financial Regulation.
	7.6	In case of combination of support with grants in a single FI operation, the conditions of Art. 58(5) CPR were not respected.	<u>Irregularity that can be quantified.</u> 100% correction of the related expenditures See CPR, Interreg Regulation and Financial Regulation.

Category	Ref.	Sub-Category	Correction applied
	7.7	Incompatible State aid.	See State aids (2.1 to 2.11)
	7.8	Non-compliance with the information and publicity measures set out in Art. 50 CPR.	See information and publicity (8.1)
	7.9	Other.	
Information and publicity measures	8.1	Non-compliance with the responsibilities under Art. 50 CPR (e.g. lack of durable plaques, billboards, poster, communication event, no visible statement highlighting the support on website, documents or communication material).	When no corrective action has been implemented, the MA applies measures, following the principle of proportionality, by cancelling 2% of the support granted by the funds. Taking into account the principle of proportionality, by cancelling 2 % of the support from the funds to the beneficiary who does not comply with Article 47 of Regulation (EU) 2021/1060 or Article 36(4) and (5) of the Interreg Regulation, or to the final recipient who does not comply with Article 36(5) of the Interreg Regulation. Before applying the above-mentioned measures, the MA is required to allow the beneficiary / final recipient to put into place remedial actions. The decision on the

Category	Ref.	Sub-Category	Correction applied
			measures to be applied in each case must be based on the MA assessment following its own procedure and taking into account the principle of proportionality.
Missing supporting information or documentation	9.1	Missing, incomplete or incorrect supporting information or documentation.	<u>Irregularity that can be quantified.</u>
	9.2	Lack or incomplete audit trail (including due to unreliable IT systems).	100% correction of the related expenditures
	9.3	Failure to collect information on the beneficial owners of the recipients of Union funding (Art. 69(2) and Annex XVII CPR).	See CPR, Interreg Regulation and Financial Regulation.
Accounting and calculation errors at project level	10.1	Accounting and calculation errors at project level (including at grant level).	<u>Irregularity that can be quantified.</u> 100% correction of the related expenditures See CPR, Interreg Regulation and Financial Regulation.
Separate accounting records and depreciation	10.2	Failure to use the appropriate depreciation method or to keep separate accounting records or failure to use appropriate accounting codes for transactions reimbursed based on costs actually incurred by a beneficiary according to Art. 53(1)(a) CPR.	<u>Irregularity that can be quantified.</u> Correct method applied and relative correction applied
Performance indicators	11.1	Incorrect output data.	0% - non-financial follow-up measures See Irregularities without financial consequences
	11.2	Incorrect result data.	0% - non-financial follow-up measures See Irregularities without financial consequences

Category	Ref.	Sub-Category	Correction applied
Environmental rules	12.1	Non respect of environmental requirements (Natura 2000, Environmental Impact Assessment (EIA), Climate proofing).	0% to 100% correction on the project budget
Equal Opportunities / Non discrimination	13.1	Non-compliance with the principle of gender equality, equal opportunities and non-discrimination.	0% - non-financial follow-up measures
	13.2	Non-compliance with the Charter of Fundamental Rights of the European Union.	See Irregularities without financial consequences
Sound Financial Management	14.1	Non-compliance with the principle of sound financial management (e.g. poor project management, failure to comply with obligations assumed by the beneficiary, including failure to respect the deadlines for submitting documents, unused cash discounts/reductions).	0% - non-financial follow-up measures See Irregularities without financial consequences
	14.2	Non-compliance with the deadline for payment to beneficiaries (80 days, cf. Art. 74(1)(b) CPR).	
Data protection	15.1	Non-compliance with the rules of data protection.	0% - non-financial follow-up measures See Irregularities without financial consequences
Missing deadline	16.1	Report submitted too late / missed deadlines	0% - non-financial follow-up measures See Irregularities without financial consequences
Overspending	17.1	Overspending	<u>Irregularity that can be quantified.</u> 100% correction of the overspending See CPR, Interreg Regulation and Financial Regulation
Introduced in wrong budget line	18.1	Introduced in wrong budget line	<u>Irregularity that can be quantified.</u> 100% correction on the declared costs See CPR, Interreg Regulation and Financial Regulation
Introduced in wrong period	19.1	Introduced in wrong period	<u>Irregularity that can be quantified.</u>

Category	Ref.	Sub-Category	Correction applied
			100% correction on the declared costs See CPR, Interreg Regulation and Financial Regulation
Other irregularities without financial consequences	20.1	Other irregularities without financial consequences	0% - non-financial follow-up measures See CPR, Interreg Regulation and Financial Regulation