

Interreg



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IPA ADRION

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Fraud risk self-assessment

State of play

3rd MC meeting
12-13 November 2024 - Ljubljana





LEGAL BASIS

REGULATION (EU) 2021/1060

Article 74

Programme management by the managing authority

1. The managing authority shall:

(c) have effective and proportionate anti-fraud measures and procedures in place, taking into account the risks identified;

The MA shall ensure the

- ✓ **prevention,**
- ✓ **detection, and**
- ✓ **correction**

of risks of fraud and corruption by implementing an encompassing **risk analysis**.

The EC developed the fraud risk self-assessment Tool (Excel table) that is adopted by the MA.

FOCUS ON THE 3 MAIN PROCESSES

1. selection of applications;
2. execution and verification of operations (in particular on public procurement issues);
3. validation of expenditures and payments.



LEGAL BASIS

EC “GUIDANCE FOR MEMBER STATES AND PROGRAMME AUTHORITIES ON FRAUD RISK ASSESSMENT AND EFFECTIVE AND PROPORTIONATE ANTI-FRAUD MEASURES” – EGESIF N. 14-0021-00

APPLICABLE ALSO IN THE 2021.2027 PROGRAMMING PERIOD

FORESEES:

- a **methodology and tools** to perform a self-assessment of the risk of fraud and to evaluate the probability and impact of common fraud risks related to the implementation of the Cooperation Programmes and the identification of any corrective measures;
- the establishment of a **self-assessment team**, made up of Managing Authority staff involved in the management and control of the Cooperation Programme, with the task of carrying out the initial assessment of the fraud risk, identifying any mitigating measures and subsequently proceeding with periodic evaluations under implementation of the Cooperation Programme;
- participation in the self-assessment team of representatives of the **Certifying Authority and of the FLC national systems** established in each Programme Partner State (EU and IPA II).



FRAUD RISK ASSESSMENT PHASES

FRAUD RISK ASSESSMENT METHODOLOGY

FRAUD RISK MANAGEMENT PROCESS

1) IDENTIFICATION OF POTENTIAL FRAUD RISKS;

2) ASSESSMENT OF THE LEVEL OF RISK;

3) RISK TREATMENT;

4) MONITORING AND REVISING.

1. quantification of risk likelihood and impact (Gross Risk, i.e. the existing risk before the introduction of any control)
2. assessment of the effectiveness of the current controls over the Gross Risk;
3. after the effects of current controls, assessment of the Net Risk, i.e. the situation as it is at present time (the residual risk);
4. assessment of the effect of the planned mitigating controls over the Net Risk (included in the Action Plan);
5. defining the target risk, i.e. the risk level which the managing authority considers tolerable after all controls are in place and effective





THE SETTING UP OF THE IPA ADRION FRAUD RISK SELF ASSESSMENT TEAM (S.A.T.)

ADMINISTRATIVE DECISION OF DIRECTOR GENERAL N. 25450 OF 1° DECEMBER 2023



sets up the "Interreg IPA Adrion 2021-2027 fraud risk self-assessment team", with the task of ensuring a proactive, structured and targeted approach for managing the fraud risk in the riskiest key processes: selection of operations, verification of operations, certification and payments;



identifies the composition of the fraud risk self-assessment, consisting of representatives of the Managing Authority, the Certifying Authority (now the Accounting Function), the Joint Secretariat, the Italian National Coordination System on controls, the First Level Control National systems of the Programme Partner States;



entrusting the self-assessment team with:

- the adoption of its Rules of Procedures;
- the adoption of the fraud risk self-assessment tool most suited to the Programme specificities;
- the execution of the assessment of potential fraud risks at least once every two years



THE SETTING UP OF THE IPA ADRION FRAUD RISK SELF ASSESSMENT TEAM (S.A.T.)

S.A.T - R.O.P APPROVED WITH WRITTEN PROCEDURE ENDED ON 21st FEBRUARY 2024



S.A.T **coordination** by the Officer in charge of the **legal advisory** within the Managing Authority.

COMPOSITION of the S.A.T:

- n. 3 members representing MA
- n. 1 member representing AFU (Accounting Function Unit)
- n. 2 members representing JS
- n. 1 member representing Italian National Control System Authority
- n. 1 member representing First Level control system and/or National Authority dealing with the Irregularities

DECISION MAKING PROCESS: the resolutions of the self-assessment team are taken according to the **consensus procedure**.



PARTICIPATION OF THE NATIONAL CONTROLLERS IN THE S.A.T (AT THE DATE OF SETTING UP – FEBRUARY 2024)

Participant Controllers' Countries	Non participant	NOTES
SLOVENIA	ALBANIA	Accepted on 5th July 2024
CROATIA	NORTH MACEDONIA	Accepted on 16 July 2024
GREECE		
ITALY		
MONTENEGRO		
SERBIA		
BOSNIA I HERZEGOVINA		



ROADMAP OF THE S.A.T. MEETINGS

1 st MEETING OF - ONLINE	29 th January 2024	<ul style="list-style-type: none">• S.A.T R.O.P• INTRODUCTION OF THE TOOL• START-UP OF THE EXERCISE
2 nd MEETING – ON LINE	9 th April 2024	DISCUSSION ON THE MAIN CRITICAL ISSUES (merging of the Tools provided)
3 rd MEETING – IN PERSON (WITHIN THE NATIONAL CONTROLLERS' MEETING IN BOLOGNA)	1 October 2024	<ul style="list-style-type: none">• RECAP AND PRESENTATION OF MA'S PROPOSAL FOR APPROVAL• SAT TOOL APPROVED BY THE FLCS

NOTE: the MA is going to open a Written Procedure to **definitely approve** the SAT Tool, along with the formalization of the participation of National Controllers from **Albania** and **North Macedonia** in the Team

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IPA ADRION

Fraud risk self-assessment ACTIVITIES





IDENTIFICATION OF POTENTIAL FRAUD RISKS/1



SELECTION OF THE OPERATIONS PHASE – APPLICANT SELECTION

**COMPETENCE:
MANAGING AUTHORITY**

SR1	CONFLICTS OF INTEREST WITHIN THE EVALUATION BOARD AND APPROVAL OF THE RANKING LIST
SR2	FALSE DECLARATIONS BY APPLICANTS
SR3	DOUBLE FUNDING
SR4	DEFINITION OF SELECTION CRITERIA, RULES AND REQUIREMENTS IN ORDER TO FAVOR A CERTAIN APPLICANT
SR5	UNDUE INFLUENCE OF MA/JS ON THE WORK DONE BY EXTERNAL EXPERTS
SR6	NON-DISCLOSURE OF EXTERNAL EXPERTS CONFLICT OF INTERESTS

IDENTIFICATION OF POTENTIAL FRAUD RISKS/2



IMPLEMENTATION PHASE - Public procurement risks for contracts tendered and managed by beneficiaries/third parties

**COMPETENCE:
NATIONAL CONTROLLERS**

IR1 Undisclosed conflict of interest/bribes and kickbacks

IR2 Manipulation of the competitive procedure process

IR3 Avoidance of required competitive procedure

IR4 Defective pricing

IR5 Collusive bidding

IR6 Manipulation of cost claims

IR7 Non delivery or substitution of products

IR8 Amendment of existing contract

IR9 Overstatement of quality or activities of personnel

IR10 False labour costs

IR11 Labour costs are apportioned incorrectly to specific projects

IDENTIFICATION OF POTENTIAL FRAUD RISKS/3



CERTIFICATION AND PAYMENT PHASE

**COMPETENCE:
ACCOUNTING FUNCTION
UNIT**

CR 1. Incomplete / inadequate management verification process by National First Level controllers



CR 2. Incomplete / inadequate review of management verification process by JS/MA



CR 3. Conflict of interest within the MA

CR 4. Conflict of interest within the Accounting Function Unit (AFU)



CR 5. Incomplete/Inadequate expenditure certification process



CR 6. Misappropriation of Funds by beneficiaries staff



IDENTIFICATION OF POTENTIAL FRAUD RISKS/3

MA'S PUBLIC PROCUREMENT

**COMPETENCE:
MANAGING AUTHORITY**

PR 1 Avoidance of
required competitive
procedure

PR 2 Manipulation of
the competitive
procedure process

PR 3 Undisclosed
conflict of interest,
bribes and kickbacks