

Fraud Risk Management



Starting Point

The Rules – the Starting Point:

- The Treaty
- The Financial Regulation (966/2012)
- The Common Regulation (1303/2013)
- Also, The ETC (1299/2013),
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Why are the MAs involved

- * Article 125(4)(c) CPR
“the MA shall put in place effective and proportionate anti-fraud measures taking into account the risks identified”
- * MAs have to adopt a **proactive, structured and targeted approach to managing the risk of fraud**
- * All Programme authorities should be committed to zero tolerance to fraud, starting with the adoption of **the right tone from the top**
- * the MCS has to ensure that procedures are in place to detect frauds and to take appropriate measures once a suspected case of fraud is detected

Fraud Risk Management

- * Part of the Programme's Management & Control System
- * The MCS includes the Descriptive Table, complying to all the requirements of Regulation (EU) 1303/2013 as well as 13 thematic Annexes
- * Annex 4: Fraud Risk Assessment Management
 - * Annex 4.1: Fraud Assessment & Management
 - * Annex 4.2: Risk Assessment & Management

Fraud Risk Management

- * Two (2) discreet procedures:
 - ✓ **Fraud Management and**
 - ✓ **Risk Assessment**

- * A development of Programme Strategy for Fraud Treatment (i.e. prevention and fight)

- * Development of the “Fraud Assessment Tool”





The Anti-Fraud Strategy defines the Programme's Commitment on prevention, diagnosis and restraining/stopping fraud and corruption as well as undertaking actions wherever there is fraud suspicion or diagnosis.

The Strategy is organized around has 4 thematic axis:

- prevention,
- detection,
- investigation and prosecution and
- correction

Anti Fraud Strategy (2)

To Whom it may Concern” – all programme/project actors i.e.:

- The MA
- The JS
- The FLC Systems
- The Beneficiaries
- The relevant/responsible (national) Authorities

Anti Fraud Strategy (3)

The Strategy offers a “holistic” programme of actions:

1. «Deontology” – Attitude
2. Fraud Risk Management
3. Prevention
4. Detection
5. Investigation, prosecution
6. Recovery of programme funds
7. Monitoring and Training

Anti Fraud Strategy (4)

Basic Concepts and Terminology:

- Irregularity – Intention – Fraud
- Fraud Suspicion
- Collusive bidding
- Conflict of Interest
- Corruption
- Bribes and Kickbacks
- Forgery
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The term “Irregularity”

"any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure"

From “irregularity”... To “fraud”

- * A **wide range of misconducts** (theft, corruption, embezzlement, forgery...)
- * A **personal gain** for oneself, a connected person or a third party, or a loss for another
- * **Intention** is the key element that distinguishes fraud from irregularity.
- * It can **damage the reputation** of an organisation responsible for managing funds effectively and efficiently
- * **Corruption** is the **abuse of power** for private gain.
- * **Conflict of interests** exists where the impartial and objective exercise of the official functions of a person are compromised for various reasons (family, emotional life, economic interest or any other shared interest with e.g. an applicant for or a recipient of EU funds).

The term “Fraud”

(Article K.3 of the Treaty on European Union)

*"- 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;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they were originally granted."*

Zero tolerance

“Fraud can manifest itself in many different ways. **The MA has a zero tolerance policy to fraud and corruption,** and has in place a robust control system that is designed to prevent and detect, as far as is practicable, acts of fraud and correct their impact, should they occur”

Thank you

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