

## Interreg IPA CBC Italy–Albania–Montenegro Programme

### PROGRAMME MANUAL

#### *4.11 Fraud risk management and antifraud measures*

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## 1. DESCRIPTION OF THE RISK ASSESSMENT AND ANTI-FRAUD MEASURES

Procedures to ensure anti-fraud measures under the INTERREG IPA CBC Italy-Albania-Montenegro program are aligned with those provided by the Managing Authority of the ERDF Apulia Region 2014/2020 Operational Program. The Management Authority and all the structures involved in the management and implementation of the Program, including the Certification Structure, in line with the provisions of art. 125, par. 4 (c) of Reg. (EU) No. 1303/2013 adopt a proactive, structured and targeted approach to the management of fraud risk and work to prevent, detect, correct and penalize any irregularities that may arise in the implementation of co-financed interventions by the European Structural Funds and funds (Funds SIE 2014-2020).

The National Authorities of Albanian and Montenegrin Coordination will in turn provide the MA with any possible fraud identified for the fulfillment of these duties: for this purpose periodic training and informative meetings will be organized with the staff of the MA and the JS, to constantly share the potential risks of fraud and irregularities with the Beneficiary, possibly transferring, where possible, the measures envisaged on the anti-corruption front, which will be discussed in detail below.

With particular reference to the anti-fraud procedures implemented in Albania, the Framework Agreement signed between the Republic of Albania and the European Commission - Ref. Ares (2014) 3155358 on 25/09/2014 (Annex 13) on how to implement the assistance under the pre-accession assistance instrument (IPA II), provides that the IPA II beneficiary has an obligation to designate a service (AFCOS) to facilitate a ' effective cooperation and exchange of information, including operational information, with OLAF. Therefore, Albania has provided for the issuance of Law no. 112/2015 "Public Financial Inspection", in which Article 13 specifies that the unit responsible for public financial inspection will be at the Ministry of Finance, will play the role of AFCOS and serve as a point of contact for OLAF.

It is also underlined that the Secretary General of the Ministry has appointed an Irregularity Officer for the Program (see Annex XX). The person in charge of irregularities has the task of ensuring the evaluation and examination of suspected irregularities and of taking appropriate follow-up measures in case of confirmation. These follow-up activities involve the initiation of disciplinary actions, fundraising, judicial actions or reporting to relevant state authorities.

In line with the provisions of Art. 125, par. 4, lett. (c) of Regulation (EU) No. 1303/2013, the Managing Authority establishes effective and proportionate anti-fraud measures in relation to identified risks. For this purpose, appropriate procedures for determining and measuring the risk of fraud related to the articulation and complexity of the program are identified. Periodically, the first time within six months of the designation and subsequently during the implementation of the program, depending on the level of risk, taking into account the financial progress of the program, the results of the controls carried out or the substantial modification of certain elements of the context of the reference (system), the assessment of the risk of fraud is updated.

In particular, on the basis of the guidelines set out in the guidelines of the Commission Services (EGESIF\_14-0021-00 of 16/06/2014), aimed at providing guided support to address the remaining cases of fraud as a result of the definition of other measures of sound financial management and its effective implementation, the MA will identify and assess specific risks in relation to the three main processes that characterize the management of co-financed interventions (selection, implementation and verification of transactions, certification and payments).

In line with the provisions of Art. Article 125 (4) c, of Reg. (EU) no. 1303/2013, the MA will then implement self-assessment measures based on a targeted approach that takes into account the specificities of the Program and which result in a series of actions aimed at mitigating the residual risk of fraud, leading to an acceptable level , such as the application of fraud prevention provisions, clear assignment of relevant tasks and responsibilities, anticipation of training and awareness raising activities, data analysis and adequate monitoring of alert signals and fraud indicators .

The above measures are divided into four distinct phases, which represent the key elements of the anti-fraud cycle:

1. prevention;
2. identification;
3. correction (correction);
4. persecution (judicial action).

Self-assessment is carried out using the model prepared by the European Commission, annexed to the "Evaluation of fraud risks and effective and proportionate anti-fraud measures" suitably adapted to the specificities of the CTE programs. It provides a dedicated "Fraud Risk Assessment Group" working group, which will be composed primarily of personnel representing the various relevant functions within the MA and working closely with the risk management structures. It will be composed, apart from the MA and / or delegated person, by the Head of the Acts, by the "Program Certification" Service Manager and / or delegated person, by the official of the Secretariat-General of the Presidency (acting on the implementation of the PTAC) and representatives of the National Authorities of Albanian and Montenegrin Coordination (Irregularity Officer).

The Service Manager, suitably supported and assisted by the staff of the MA Technical Assistance Staff, will also play the role of the Unit responsible for the management of anti-fraud measures and risk management in order to introduce and implement procedures to ensure effective anti-fraud measures and proportionate. In order to improve the effectiveness of the actions being implemented, the Unit will work closely with the Audit Unit, irregularity management and fraud prevention, identified and named by the DG FESR-FSE 2014-2020 of the Apulia Region, in order to capitalize on the accumulated experience in the previous programming cycles and to have a constant reference point in this matter.

Following a self-assessment activity, the Anti-Fraud Policy and its Action Plan will be adopted, in line with what is already covered by the Tripartite Corruption Prevention Plan - PTAC (with access to the [http: //anticor.regione.puglia.it](http://anticor.regione.puglia.it)) which provides: rules on conflicts of interest; the obligation for staff to report irregularities and suspected cases of fraud; the whistle-blowing procedure. It will be appropriate rules to protect staff from internal sanctions in case of reporting, as regulated by Art. 54-bis of Legislative Decree no. 165/2001, and in full compliance with the provisions of L. 190/2012.

Likewise, it is envisaged to establish a specific whistle-blowing procedure for the Program as a tool for openings to citizens. This tool will be made available on the dedicated site to allow the citizen to report any suspected fraud, irregularity or even complain about a co-funded initiative and will therefore be used for collecting reports from public employees or even from outside, on illicit or maladministration in resource management and procedures.

In relation to the essential rules on ethics and integrity of behavior, periodic training / information initiatives will also be carried out on the prevention of fraud and corruption phenomena aimed at sensitizing all personnel, both to raise awareness of anti-fraud culture of MA, both for support in identifying and responding to suspected fraud cases. Lastly, with reference to the prevention of corrupt phenomena, the Triennial Plan for the Prevention of Corruption in the Apulia Region explicitly refers to - in Section II (Institutes, Fulfillments, Measures) of Elaborate II (the Prevention Strategy of the Puglia Region) of the most sensitive stages of the proceedings, to which all regional employees are obliged to comply. At the same time, with the aim of ensuring that staff who occupy "sensitive places" (which could adversely affect the integrity and functioning of the institution by virtue of its position) are identified, and that adequate controls are carried out at such places, adequate rotation of staff is provided for the responsibility of these phases.

In the same section of the PTTC, the conflict of interest is also regulated by identifying possible cases and ways to avoid it, using reports and appropriate separation of functions. In order to prevent any conflicts of interest and ensure an adequate policy of separation of functions, there will be strict application of the Code of Conduct for Public Employees as well as financial interest and conflict of interest communications as well as the obligation to abstain in case of conflicts of interest. Addition to this is the declaration of non-existence of the causes of incompatibility for staff at the assignment of the assignment (D.Lgs.39 / 2013). The Code of Conduct extends these obligations also to employees and suppliers.

Through the adoption of the instruments made available by the EC, the MA uses a specific fraud risk assessment tool that takes into account the risks (see EGESIF mentioned) generally outlined in the implementation of cohesion policy; a synoptic picture of "mitigating" controls, also identified by those suggested by the European Commission, associated with the risks identified in the three processes for which a sufficiently adequate prevention and detection system has been concluded or not yet.

In this light, the risk of fraud is assessed during the program execution period in relation to the occurrence of events (changes in the program's internal control environment) or the detection of information (e.g. fraud case) which can affect self-assessment through a review of the audit results and the update of the overall control strategy of the MA. Further mitigating controls, codes of conduct, training sessions, and employee awareness actions can be provided.

Referring to sources for information retrieval, MA ensures the use of specific risk classification information tools for the purpose of identifying, preventing and detecting transactions, Projects, Beneficiaries and Contracts / Contracts at Risk, among which Arachne - a risk scoring tool, a software platform developed by the European Commission. As part of the program, Arachne will be used by MA / JS as a risk assessment tool complementary to other risk assessment tools. Arachne's use of the program will consist in identifying the following three risks:

### **1. Financial insolvency**

Within each call, private (non-profit) candidates with a budget greater than 250,000 Euros and acting as project partners will be monitored through Arachne to identify the risk of financial insolvency. In the event of a high risk, the MA/JS informs the Member States concerned before the JMC meeting to enable national representatives to carry out, prior to the JMC's approval, any necessary investigation and confirm the financial soundness of the candidates concerned;

## 2. Conflict of interest

In all approved projects, Beneficiaries who report costs related to contracts with values above the thresholds set out in the procurement directives will be audited through Arachne to identify any risk of conflict of interest between the beneficiary and the external contractor. In the event of a high risk, MA/JS shall inform the Member States concerned of any inquiries which may be necessary;

## 3. Overlapping projects

Within the Submissions for Proposals, MA/JS will present a sample of candidates to see if they are involved in other funded projects, potentially overlapping with those selected. The sample will be based on the risk and will cover at least 2% of the candidates involved in the selected proposals for funding by the MA/JS.

The devices used are also aimed at a higher level of prevention. The MA will transmit the data needed to implement the national anti-fraud database, which will be implemented by the Finance Guard's Nucleus for Repression of Fraud. This highly effective IT tool will be used for monitoring and control in the prevention of fraud against the Union's financial interests.

The database is part of the Project's activities, co-financed by the European Commission itself under the "Hercule II, Antifraud-Training" program. This will ensure close cooperation with the European Anti-Fraud Office (OLAF). In case of suspected irregularity, the MA will promptly notify the alleged irregularities to the territorially competent offices in this matter.

In assessing the risk of fraud, account will be taken of:

- inherent risk, defined in proportion to the multiplicity and nature of the organisms and subjects involved in the implementation,
- the complexity of the context and the regulatory framework of reference: rules in relation to the number of transactions,
- the nature and duration of operations,
- the frequency and quality of controls,
- the outcomes of the checks and statistics found for any irregularities / fraud censored in the previous programming periods.

The identified prevention measures will therefore take into account the identified risks and will drive the MA to identify the tolerable level of risk, including in relation to the results of the controls. The actions that will be put in place will therefore be aimed at:

- improve the transparency of decision-making processes, including the provision and dissemination of instructions for the implementation and management of operations in order to allow for a clear understanding and knowledge of the rules for managing operations by beneficiaries;
- strengthen internal control systems;
- encouraging the transmission of information regarding suspected fraud: formal channels, informers (internal and external);
- improve cooperation between different services (management / audit / investigation);
- raising the level of staff awareness through training / information on past experiences and areas where the possibility of fraud is greater (public procurement management);
- analyze the lessons learned from the results of the audits and the cases of possible fraud identified during the 2007-2013 programming period.