Identifying and preventing fraud & corruption in ESI funds

Fighting corruption

IT tools and databases

Tools for combating fraud and implementation of a National Anti-Fraud Strategy

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Presentation content

➢ Fighting corruption: Types of corruption and problems


➢ IT Tools and Databases.

➢ Tools for combating fraud at national level: National Anti-Fraud Strategy and Action plan
Corruption—practical aspects

- **Corrupto** (lat) - form of dishonest or unethical conduct by a person entrusted with a position of authority, often to acquire personal benefit.
- In the penal codes of MS:
  - Active bribery
  - Passive bribery
  - Mediation to bribery
  - Provocation to bribery
  - Bribery in the private sector
  - Trade/international bribery

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Intentional offences related to fraud and corruption

- Corruption
- Money laundering
- Bribery
- Conflict of interests
- Falsification of documents
- Influence peddling
New Anti-corruption Law and body

NEW Commission for combating corruption and confiscation of illegal assets (2018)

- Commission for ascertainment and prevention of conflict of interests (2011)
- Center for Prevention and Countering Corruption and Organized crime (2010)

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Types of Sources of information

1. Message/Signal to the pretrial proceedings authorities (Ministry of Interior; National Security Agency, Prosecutor’s office)

2. Information acquired through operative means

3. Information during other pretrial/judicial proceedings

4. Media information

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Ensuring top level fight against corruption

The law against corruption includes:
- The statute and functions of the Anti-Corruption Commission
- The measures of combating corruption;
- The conditions about **seizure of assets**;
- Identifying **conflict of interests**;
- **Investigating corruption**;
- The relations of the Commission with other bodies;
- The Law targets “High public officials (numerous clausus), but regular public officials have similar obligations.
The Anti-Corruption Commission

1. Has a preventive function
2. Collects, analyzes and checks allegations of corruption of high public officials
3. Checks the declarations for assets
4. Ascertains conflict of interests of high public officials
5. Checks declarations for incompatibility of high public officials
6. Checks the owned assets of persons
7. Starts proceedings for confiscation of assets

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### Available Databases

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<tr>
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<th>Database</th>
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<tbody>
<tr>
<td>1</td>
<td>ARACHNE</td>
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<td>2</td>
<td>AFCOS Directorate specific sources of information</td>
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<tr>
<td>3</td>
<td>ISUN 2020 – National Information System for ESIF in Bulgaria</td>
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<tr>
<td>4</td>
<td>ISAC – Integrated System for Administering and Control</td>
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<tr>
<td>5</td>
<td>Irregularity Management System - IMS</td>
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<tr>
<td>6</td>
<td>Risk assessments conducted by the relevant bodies, incl. 125, par. 4</td>
</tr>
<tr>
<td>7</td>
<td>Other sources (specific knowledge)</td>
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ARACHNE

Arachne data-mining tool, provided by the Commission, is used for risk evaluation and risk analysis.

Bulgaria approved a procedure in connection with the provision of access to the risk scoring tool of the European Commission in the field of fraud and irregularities, ARACHNE, pursuant to Order No R-249/ 02.12.2015 of the Deputy Prime Minister for EU Funds and Economic Policy.

ARACHNE is fed with information already in place and available in the Information System for Management and Monitoring of the EU Structural Instruments in Bulgaria (ISUN and ISUN 2020). In 2016, 51 users from all Managing Authorities and AFCOS were given access to ARACHNE. This measure targets the fraud prevention & detection stages of the anti-fraud cycle in the area of shared management.
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2. AFCOS specific sources of information

1. Information systems of the Ministry of Interior
2. Trade Register
3. AFCOS internal Databases
4. Information from the Prosecutor’s office
5. Information from the Police Authorities
6. Information from the Public Financial Agency Inspection, Managing authorities, Audit authorities, other authorities
7. Other sources (specific knowledge)

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Specific sources of information

Rules of the task:

Elaborate as investigator different databases in order to identify the occurrence of fraud:
Example: (google info, games ID’s, sales receipts register, GPS tracking, Social Security Check)

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Why: The European Commission encourages each Member State to adopt a NAFS.

- Part of the recommendations of ECA Reports;
- New Commission Anti Fraud Strategy and Action Plan (April 2019)

Only 11 Member states have developed a national anti-fraud strategy and have officially transmitted it to the Commission.
Definition: NAFS is a strategic and policy document, adopted at national level, aimed at preventing and combating the irregularities and fraud with EU and national funds with actions situated at the whole anti-fraud cycle thus increasing the level of protection of the EU’s financial interests.

Scope of a NAFS:
1. As regards to time frame
2. As regards to expenditure side of the budget
3. As regards of stakeholders included

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<tr>
<th>Number</th>
<th>Objective</th>
<th>Action</th>
<th>Lead service</th>
<th>Due date</th>
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<tr>
<td>37</td>
<td>Coordination, cooperation and processes</td>
<td>Encourage Member States to put in place national anti-fraud strategies, and provide advice and support in this respect.</td>
<td>REGIO, AGRI, EMPL, MARE, HOME Coordination and support: OLAF</td>
<td>Continuous</td>
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National Anti-Fraud Strategy

At each point of the timeline Member States should have a valid strategy in force.

First NAFS
Expand the activity of AFCOS Council
Project for NAFS 2014-2020 in CM Political crisis
Implementation of NAFS and first Action plan

2015 2016 2017 2018 2019

Accession to the EU
European Commission Strategy - CAFS
Final Approval after amendments

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**Purpose, Focus and Objectives**

- **Main purpose** is to improve prevention, detection and counteraction in relation to irregularities and fraud affecting the EU's financial interests.

- **The Strategy focuses** on defining the responsibilities of the involved institutions, increasing the efficiency of investigative activities, the level of recovery of misused EU funds and imposing proportional and dissuasive sanctions.

- **Four strategic objectives**: 1) improving prevention, 2) increasing the efficiency in detection and counteraction to irregularities and fraud, 3) strengthening the cooperation with OLAF and the competent EU institutions, Member States and other countries and 4) increasing the efficiency of investigative, recovery and sanctioning measures.
1. Introduction, definitions

2. Vision for protection of the financial interests of the EU in Bulgaria until 2020

3. Protection of the financial interests of the EU

4. Problematic fields and challenges

5. Strategic goals

6. Coordination, monitoring and report of the implementation of the Strategy

- Ethics
- Transparency
- Prevention of irregularities
- Effective investigations
- Sanctions
- Effective cooperation

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General provisions

The National Strategy is in line with the new initiatives for protection of the EU’s financial interests and follows the EC recommendations.

The NAFS follows the Cycle of the fight against fraud:

- **Prevention**
- **Detection**
- **Investigation**
- **Sanctions**
- **Recovery**

The Strategy describes the **strategic actions** of the competent national authorities in Bulgaria (the authorities involved in the management and control of EU funds, revenue authorities, public security and law enforcement authorities) - both expenditure and revenue part of the budget for 2014-2020.

The strategic goals and actions are defined on the basis of the analysis of the mechanism for the protection of the EU’s financial interests until 2013 and the problematic fields detected.

Achieving the strategic goals and the respective activities will be financed by the national budget and the EU operational programmes.
Strategic goal 1: Improvement of prevention

- Preparation and adoption of legal basis for the period 2014-2020
- Improvement of administrative capacity
  - Increase of transparency and improvement of access to information
- Integrated databases and systems for information exchange and reporting

Strategic goal 2: Increase of the efficiency in detection and counteraction to irregularities and fraud

- Update of the Agreements of cooperation
- Improvement of cooperation and interaction between revenue agencies
- Improvement of internal control and interaction between national authorities, private sector, NGOs and civil society
- Increase role of IT tools used at EU and National level. Databases. Development
- Targeted trainings for specialized institutions

Goals -> Specific Objectives -> Indicators -> Results
Strategic goal 3:
Strengthen of the cooperation with OLAF and the competent EU institutions, Member States and other countries

- Active participation in developing strategic documents and policies
- Expand operational cooperation
- Trainings and exchange of experience

Strategic goal 4:
Increase of the efficiency in investigation, recovery and sanctions

- Effective coordination of the legislative, administrative and operational activities of the institutions
- Optimizing national rules for imposing sanctions
- Establishing of short and clear recovery procedures
- Increase of the efficiency in administrative and penal proceedings
Andon Tashukov

MINISTRY OF INTERIOR
“Protection of the European Union’s financial interests” Directorate - AFCOS Bulgaria

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