



# Specific challenges in preventing fraud

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The training has been organised by EIPA and CPVA  
under the Framework Contract Nr 2023CE160AT004.

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## Day 3


- CPR/ESF+ 2021-2027 provisions
- Eligibility issues, SCO & evidence
- Double funding



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## CPR Provisions 2021-2027

- Art 64 CPR: VAT new 5 000 000 EUR threshold
- Non-fraudulent bankruptcy:
  - 65 CPR: durability of operations rules do not apply if cessation due to **non-fraudulent bankruptcy**
  - Annex XII: no reporting of irregularities if due to **non-fraudulent bankruptcy** but obligation to report irregularities **preceding bankruptcy**
- Art 69 CPR and Annex XVII: Personal data on beneficial owners (UBO register)
  - Complying with data protection rules
  - Ex: <https://finance.belgium.be/en/E-services/register-beneficial-owners>
- Annex XVIII: Management declaration (AF measure in place and take account of risks)
- Art 16 ESF+ Reg for Direct Staff Costs being in line with usual practices






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## Eligibility issues and vulnerabilities

- SME definition/bonuses
- Buying second-hand equipment
- Disposing of assets after the project
- Allowing cash payments & thresholds
- COVID-19 related expenditures & procurement
- Originals/scanned copies of invoices, e-v.« wet » signatures

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### Which risks in ESF?

- Fictitious people (non-existing, non-aware, not relevant)
- E-learning courses
- Requirements (age/residence), alternative evidence
- In-kind contributions of volunteers
- Selecting trainers
- Subsidies for employment/Scholarships/traineeships
- Role of social partners/CSO in monitoring

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grain size: 0.15 micrometers



NUME PRENUME	ORGANIZATIE	DATE DE CONTACT	SENNATUR
[REDACTED]	[REDACTED]	[REDACTED]	Coly
[REDACTED]	[REDACTED]	[REDACTED]	ACI
[REDACTED]	[REDACTED]	[REDACTED]	XLR
[REDACTED]	[REDACTED]	[REDACTED]	AMZ
[REDACTED]	[REDACTED]	[REDACTED]	CS
[REDACTED]	[REDACTED]	[REDACTED]	Gall
[REDACTED]	[REDACTED]	[REDACTED]	Scy
[REDACTED]	[REDACTED]	[REDACTED]	PAT
[REDACTED]	[REDACTED]	[REDACTED]	BSE
[REDACTED]	[REDACTED]	[REDACTED]	RAL
[REDACTED]	[REDACTED]	[REDACTED]	KPR
[REDACTED]	[REDACTED]	[REDACTED]	HTE
[REDACTED]	[REDACTED]	[REDACTED]	W8



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### Example 1.1

**Falsified hotel invoice**

Exxon's *GreenSource* submitted a total invoice to I&D's attendance at a meeting

**Red flag:** The hotel belongs to a large group where all operations are computerised: clients' registration, invoicing, etc. The invoice was hand-written, had no number, did not indicate the currency and did not show any information related to the payment.

**Reaction:** The invoice was cross-checked with the hotel, which confirmed that it did not issue such invoices and that it did not know this client.

**Outcome:** The reimbursement was refused to the beneficiary. Taking into account the low amount of the claim, no further action was initiated.


amount of stock, no further action was carried out.

Description	Montant
Room Rent	
3 x 25	25
Extra	
Petit dj :	
Extra :	
Total :	25

Ch. No. 999 Nom \_\_\_\_\_  
 Date : 10/10/2007 No. Pns. 2



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## Double Funding Risk/No double financing rule

- ❖ Tapping various HE/ETC/Solidarity/RRF/national OR Grants & loans OR overlap between different periods
- ❖ Project Manager **working in several projects**
  - ❖ tot N. working hours declared should not exceed the tot eligible working time of the employee set in employment contract
- ❖ **Demarcation, Beneficiary title of the organisation, Cross-checks, OTSC, Payment claims: update the self-declarations of beneficiaries “I confirm...”**




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## Time Accounting Systems (100% time)

System Personal Reports Window Help





Employee: Loppiore, Marco Week: 2019 2 15 From: 7-1-2019 till 13-1-2019

Week info



Book hours on		Days					Weekend		Week
Project	Type of Work	Mon (7-1)	Tue (8-1)	Wed (9-1)	Thu (10-1)	Fri (11-1)	Sat (12-1)	Sun (13-1)	Total
93 - Unit 3	03 Publications								
93 - Unit 3	04 Internal Coordination/meetings								
93 - Unit 3	06 Redesign of seminars								
93 - Unit 3	07 Development of new seminars								
93 - Unit 3	08 Acquisition								
93 - Unit 3	10 Maintaining and updating expertise								
93 - Unit 3	12 Networks/participating in conferences								
93 - Unit 3	13 Special functions: WC, RC, staff repre								
93 - Unit 3	14 Sick/Special/Normal Leave and Com								
93 - Unit 3	02 Administrative work								



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The screenshot shows the website <https://www.interreg-central.eu/anti-fraud/>. The page features the European Commission logo at the top. The main heading is "Fraud fight statement". Below this, the "Anti-fraud policy" section states that combating fraud is a common task for the EU and Member States. The "What is fraud?" section defines fraud as a wide range of misconducts including theft, corruption, and embezzlement. The "Conflict of interests" section explains that it exists where the impartial exercise of official functions is compromised. Logos for EIPA, CPVA, and the Central project management agency are visible at the bottom.

**Anti-fraud policy**

According to Article 325 of the Treaty on the Functioning of the European Union states that combating fraud and any other illegal activities affecting the financial interests of the European Union is a common task for both, the European Union and the Member States. Therefore the programme Member States and the Managing Authority are committed to protect the EU and public funds entrusted against fraud and corruption according to its administrative capacity.

**What is fraud?**

The term fraud is commonly used to describe a wide range of misconducts including theft, corruption, embezzlement, bribery, forgery, misrepresentation, collusion, money laundering and concealment of material facts.

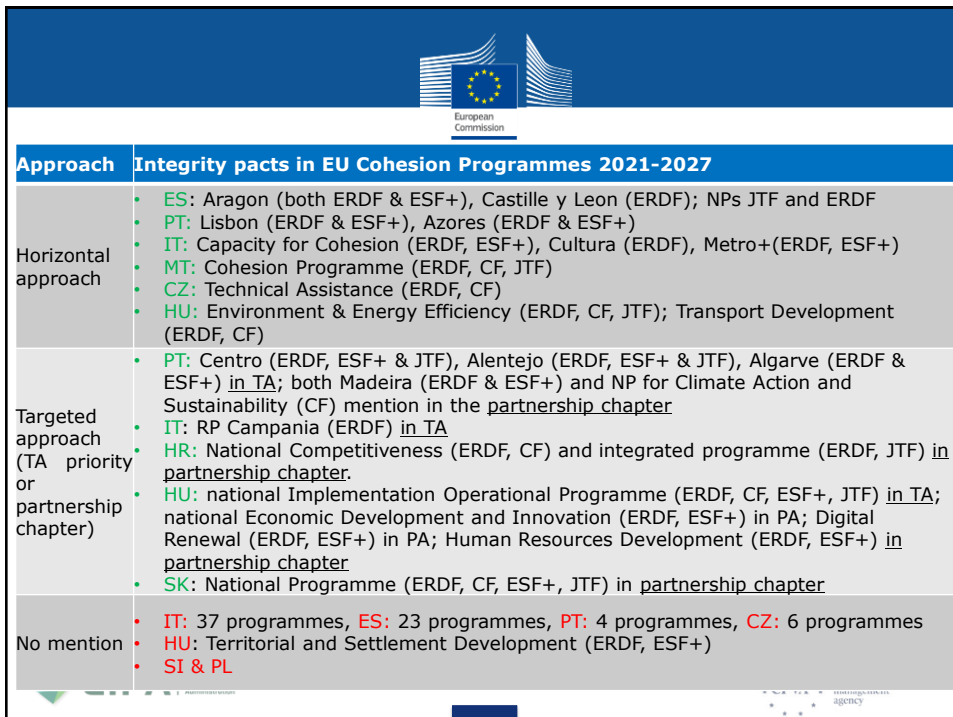
It often involves the use of deception to make a personal gain for oneself, a connected person or a third party, or a loss for another – intention is the key element that distinguishes fraud from irregularity. Fraud does not just have a potential financial impact, but can also cause damage to the reputation of the programme bodies. 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 reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with e.g. an applicant for or a recipient of EU funds.

This statement has been prepared by CPVA under the framework contract for 2018CE16BAT060. The opinions expressed are those of the contractor only and do not represent the EC's official position.

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Approach	Integrity pacts in EU Cohesion Programmes 2021-2027
Horizontal approach	<ul style="list-style-type: none"> <li><b>ES:</b> Aragon (both ERDF &amp; ESF+), Castille y Leon (ERDF); NPs JTF and ERDF</li> <li><b>PT:</b> Lisbon (ERDF &amp; ESF+), Azores (ERDF &amp; ESF+)</li> <li><b>IT:</b> Capacity for Cohesion (ERDF, ESF+), Cultura (ERDF), Metro+(ERDF, ESF+)</li> <li><b>MT:</b> Cohesion Programme (ERDF, CF, JTF)</li> <li><b>CZ:</b> Technical Assistance (ERDF, CF)</li> <li><b>HU:</b> Environment &amp; Energy Efficiency (ERDF, CF, JTF); Transport Development (ERDF, CF)</li> </ul>
Targeted approach (TA priority or partnership chapter)	<ul style="list-style-type: none"> <li><b>PT:</b> Centro (ERDF, ESF+ &amp; JTF), Alentejo (ERDF, ESF+ &amp; JTF), Algarve (ERDF &amp; ESF+) <u>in TA</u>; both Madeira (ERDF &amp; ESF+) and NP for Climate Action and Sustainability (CF) mention in the <u>partnership chapter</u></li> <li><b>IT:</b> RP Campania (ERDF) <u>in TA</u></li> <li><b>HR:</b> National Competitiveness (ERDF, CF) and integrated programme (ERDF, JTF) <u>in partnership chapter</u></li> <li><b>HU:</b> national Implementation Operational Programme (ERDF, CF, ESF+, JTF) <u>in TA</u>; national Economic Development and Innovation (ERDF, ESF+) in PA; Digital Renewal (ERDF, ESF+) in PA; Human Resources Development (ERDF, ESF+) <u>in partnership chapter</u></li> <li><b>SK:</b> National Programme (ERDF, CF, ESF+, JTF) <u>in partnership chapter</u></li> </ul>
No mention	<ul style="list-style-type: none"> <li><b>IT:</b> 37 programmes, <b>ES:</b> 23 programmes, <b>PT:</b> 4 programmes, <b>CZ:</b> 6 programmes</li> <li><b>HU:</b> Territorial and Settlement Development (ERDF, ESF+)</li> <li><b>SI &amp; PL</b></li> </ul>

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## Conflict of Interest - Financial Regulation 1046/2018

Article 61  
**Conflict of interests**

1. Financial actors within the meaning of Chapter 4 of this Title and other persons, including national authorities at local level involved in business implementation under direct indirect and shared management including not necessarily and the

Ref: Ares(2020)384633 - 28/07/2020

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**Guidance on Identifying, Managing and Monitoring Conflicts of Interest within ERDF and ESF**

Guidance on avoidance of conflicts of interest under the Financial Regulation

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## Monitoring Conflict of Interest – FWC Contractual Provisions

**II.7. CONFLICT OF INTEREST AND PROFESSIONAL CONFLICTING INTERESTS**

**II.7.1** The contractor must take all the necessary measures to prevent any situation of *conflict of interest* or *professional conflicting interest*.

**II.7.2** The contractor must *notify* the contracting authority in writing as soon as possible of any situation that could constitute a *conflict of interest* or a *professional conflicting interest* during the *implementation of the FWC*. The contractor must immediately take action to rectify the situation.

**From beneficiary up to subcontractors**

**II.7.3** The contractor must pass on all the relevant obligations in writing to:


- (a) its *personnel*;
- (b) any *related person*;
- (c) third parties involved in the *implementation of the FWC*, including subcontractors.

The contractor must also ensure that the persons referred to above are not placed in a situation which could give rise to conflicts of interest.

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## Selection criteria: Conflict of Interest


1 **Critères de sélection des projets programmation 2014/2020 - OI-D13 2015**


2 Cette grille permet d'évaluer un projet en fonction du respect de critères définis. Ces critères sont évalués sur une échelle de 1 à 5, 1 étant la note la plus basse, 5 la plus haute et 0 une note éliminatoire.

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4 **Conditions préalables à l'examen du dossier**

5	Dépôt du projet sur ma-démarche-FSE et respect des dates de dépôts des dossiers	oui/non
6	Accord du conseil d'administration ou du président d'une structure pour engager une demande de subvention FSE validé par un PV	oui/non
7	Situations pouvant générer un conflit d'intérêt (procédure déclarative du membre porteur de projet présentant un éventuel conflit d'intérêt ou présence d'une attestation sur l'honneur d'absence de conflit)	oui/non
8		
9		
10	<b>Catégorie 1 : Critères relatifs à la conformité du projet aux objectifs du PO et aux règlements communautaires (évaluation de 1 à 5)</b>	
11	1 Conformité du projet au programme opérationnel	oui/non
12	2 Conformité au périmètre géographique et temporel de l'appel à projets	0 1 2 3 4 5

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## EC Resources for MS


- [https://antifraud-knowledge-centre.ec.europa.eu/useful-tools\\_en](https://antifraud-knowledge-centre.ec.europa.eu/useful-tools_en)
- [https://ec.europa.eu/regional\\_policy/en/policy/how/improving-investment/integrity-pacts/](https://ec.europa.eu/regional_policy/en/policy/how/improving-investment/integrity-pacts/)
- <https://kohesio.ec.europa.eu/en/>
- [ARACHNE  
https://ec.europa.eu/social/main.jsp?catId=325&intPageId=3587&langId=en](https://ec.europa.eu/social/main.jsp?catId=325&intPageId=3587&langId=en)
- [https://www.eca.europa.eu/Lists/ECADocuments/SR22\\_11/SR\\_Blacklisting\\_economic\\_operators\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/SR22_11/SR_Blacklisting_economic_operators_EN.pdf)

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### Commission Decision of 14.5.2019 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

No	Type of irregularity	Legal basis / reference document	Description of irregularity	Rate of correction
22.	Bid-rigging <sup>45</sup> (established by a competition / anti-cartel office, a court or other competent body)	Article 35 of Directive 2014/23/EU Article 24 of Directive 2014/24/EU Article 42 of Directive 2014/25/EU	Case 1a: The bid-rigging tenderers operated without either the assistance of a person within the management and control system or the contracting authority and a bid-rigging company was successful in securing the contract(s) in question.  Case 1b: If only colluding companies participated in the procurement procedure, competition is seriously impeded.  Case 2: A person within the management and control system or the contracting authority participated in the bid-rigging by assisting the bid-rigging tenderers and a bid-rigging company was successful in securing the contract(s) in question.	10%  25%  100%
			In this case, there is a conduct of fraud/ <del>conflict of</del> interest on the part of the person within the management and control system assisting the bid-rigging companies or the contracting authority.	



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No	Type of irregularity	Legal basis / reference document	Description of irregularity	Rate of correction
		2014/25/EU  Joint Cases C-285/99 <i>Lombardini</i> and C-286/99 <i>Mantovani</i> EU:C:2001:610, paragraphs 78 to 86 and Case T-402/06, <i>Spain/Commission</i> , EU:T:2013:445, paragraph 91	relevant), or where such questioning exists but the contracting authority is not able to evidence that it has assessed the replies provided by the tenderers at stake.	
21.	Conflict of interest with impact on the outcome of the procurement procedure	Article 35 of Directive 2014/23/EU Article 24 of Directive 2014/24/EU	Whenever an undisclosed or inadequately mitigated conflict of interest has been identified, according to Article 24 of the Directive 2014/24/EU (or Article 35 of Directive 2014/23/EU or Article 42 of Directive 2014/25/EU), and the tenderer concerned was successful in securing the contract(s) in question <sup>44</sup> .	100%
		Article 42 of Directive 2014/25/EU  Case C-538/13, <i>eVigilo</i> EU:C:2015:166, paragraphs 31-47		

<sup>44</sup> The ~~conflict of~~ interest may already occur at the stage of the project preparation, as far as the project preparation had an influence on the tender documentation/tender procedure.

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## Do You Have Any Questions?

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