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Identifying and preventing fraud and corruption in Structural and Cohesion Funds in 2021-2027 Cohesion Policy Programmes

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

8 February 2024

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Day 4

INNOVATION in MCS and AFC, an introduction

- In Fraud Detection: a special focus on management verifications & system audits and audits on-the-spot, investigations
- By use of the most important anti-fraud instruments / instruments for verification, audit and investigation, Data Analysis, **NEW : OSINT (an introduction and a few examples)**




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Fraud Detection **who** do you prefer as *your assistant* in combating fraud and corruption ?

First example of Open Source Intelligence

*Your votes please,
Fill in the Zoom polling
including the explanation of your choice....*

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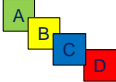


Day 4 Case 1 Individual

To detect fraud in ESI Funds successfully, auditors and controllers who perform audits on operations or management verifications on the spot, should make use of some **very important** "instruments".

Which "instruments" is Jo pointing on?

- A. Procedures, Instructions, Handbooks, checklists
- B. Data Analysis, Open Sources, Risk Scoring Tools, Investigative Interviewing
- C. Interviews, checklists, cradle to grave tests, data analysis, cross checks
- D. Others, even more important than those mentioned above

*Your votes please
Fill in the Zoom polling.....*

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OSINT / Open Source Intelligence

the **legal collection** of data and information from **open and publicly available sources**.

This data is collected, analyzed and reported or published in an understandable manner.






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The data and information below are considered Open Source:

- Open or semi-closed databases;
- Government reports, documents and websites;
- The Internet;
- Mass media (such as newspapers, TV, radio, magazines and websites);
- Social networks and social media sites;
- Maps and commercial images;
- Images, photos and videos;
- The dark web

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OSINT Example / Case VIES



Introduction

Case: *Does this service / service provider (of that subsidised project) really exist?*

Imagine you are performing a management verification or an audit on an operation.

While checking some invoices, because of reimbursement of expenditures,

you get a feeling there is something strange regarding :

- the supplier's VAT identification number under which the taxable person supplied the goods or services and / or
- the supplier's full name and address and / or
- the layout and template of the invoice

QUESTION: *How could you check the information ?*



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OSINT Example / Case VIES



Step 1 *open your laptop and connect to the TIN database*
connect to the TIN database

https://ec.europa.eu/taxation_customs/tin/tinByCountry.html



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OSINT Example / Case TIN

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Introduction TIN

All types of documents provided by beneficiaries to obtain grants, or to participate in a public procurement process or for reimbursement of expenditure, may be affected by **forgery**:

- Contracts
- Identity papers
- CVs
- Bank guarantees
- Balance sheets
- Invoices (paper or electronic)
- Reports
- Timesheets
- Attendance lists
- Websites
- Other

Case : **Does the TIN really exist?**

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OSINT Example / Case TIN

Step 1 open your laptop and connect to the VIES database
http://ec.europa.eu/taxation_customs/vies/
 This website registers all EU firms subject to VAT.

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OSINT Example / Case Website history / suspicion of Fraud

First an introduction of the Case

**A case , out of Jo's own practice,
fraud in Covid19 subsidies,**

Detected by Jo by use of Archiv.Org




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Now just an example out of really a lot of **sophisticated tools for combating Fraud & Corruption**

Falsification / manipulation of paper docs:

How to detect it / how could it be detected in the past?




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How to detect falsified / manipulated e-docs , files et cetera?

Try to read / analyse the **digital footprint**.

On the Digital Highway
and in Digital Storage, you'll find:

Anti-Fraud Game Jo Kremers

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**OSINT Example / Case
Investigating uploaded
video**

Introduction

More and more videos of the development of subsidized projects are made and published on social media. Or videos as a means of communication and publication about subsidized projects.

Sometimes you have doubts about the authenticity or the actual date of publication of a video. Is it a date within or outside the subsidy period?

So, now an OSINT tool,
to find out the exact date, day and time of posting of a video




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Innovation in Combating Fraud
Data Analysis



Data Analysis can be used to :


- pinpoint **ANOMALIES**, *patterns and trends of suspicious behavior*,
- *deviations from the rules*, and
- *associations and correlations* that *should, or should not, exist* to uncover fraudulent activity

explanation and an example based on the following case




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Case data analysis



“Sustainable roofs and subsidies”

an overview of the process and the executive organisation :

An ERDF supported program grants a subsidy on the application of an **energy-saving coating on company buildings**.



The employees of the Agency assess the incoming subsidy applications of potential beneficiaries and, after internal **approval based on more eyes principle and built-in controls**, the Agency pays the amount of the subsidy.

For each application, a maximum subsidy amount of EUR 75,000 can be granted and paid out. A subsidy may be applied to and awarded **for a maximum of once per company building**.

The government has ordered a strong emphasis on services; the turnaround time and complexity of the application procedure must not slow down **applying to** and the **granting of** the subsidy (and thus the application of the energy-saving coating).

The implementing agency records the subsidies paid as costs in its financial statement.

A received whistleblowers notification indicates fraud in the past 2 calendar years.

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Case, page 2

“Sustainable roofs and subsidies”

The data analysis

Because of the whistleblowers notification , the auditor wants to introduce a new tool : **data analysis**,
by the use of internal data as collected and stored in the Agencies electronic files and by the use of external data as well.

Case / questions :

1. What would be the risks identified by you, when performing *a FRA* before starting your audit?
2. What data analysis focused *on internal data* would you propose?
3. What data analysis focused *on internal and external data* would you propose?




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Thank You!

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