

W E B I N A R  
“FIRST LEVEL CONTROLLERS IN CYPRUS”

# Anti-fraud Strategy

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# Anti-fraud Strategy of the Cooperation Programmes

**INTERREG V-A “Greece – Cyprus” 2014 - 2020**

**INTERREG V-B “Balkan – Mediterranean” 2014 - 2020**

# Anti-fraud Strategy

- \* It describes:

- Procedures for preventing, detecting and deterring fraud & corruption
- Taking action where fraud is suspected or detected

- \* It is addressed to all institutions involved in the Programme management & project implementation

## **Legislative framework:**

- \* *Articles 310 & 325 of the TFEU require the EU and member states to counter fraud and any illegal activities affecting the EU.*
- \* *Art. K3 of the Treaty on EU, REGs. 966/2012 (EU, Euratom), 1303/2013, 1299/2013, 1268/2012, EU Guide on Fraud Risk Assessment & ... Anti-Fraud measures EGESIF 14-0021-00/16-6-2014.*

# Structure of the Anti-fraud Strategy

There are key elements in the anti-fraud cycle that reduce fraud risk & provide anti-fraud measures:

- ✓ Prevention
- ✓ Detection
- ✓ Investigation
- ✓ Correction
- ✓ Prosecution

Structure is collectively designed to provide a holistic approach to fight fraud:

1. *Anti-fraud strategy & ethical culture*

2. *Prevention*

3. *Fraud Risk Management*

4. *Detection*

5. *Reception and examination of concerns*

6. *Recovery of unduly paid Programme funds*

7. *Follow up and learning*

# Involved Actors

To tackle fraud threats all the actors involved into Programme management need to work in collaboration:

- ✓ Managing Authority
- ✓ Joint Secretariat
- ✓ National Authority / ies (in participating countries)



**✓ First level Control systems (operating in participating countries)**

- ✓ Certifying Authority (Greek Ministry of Development & Investments)
- ✓ Audit Authority (Financial Audit Committee - EDEL)

# 1a. Responsibilities & Ethics of the involved actors

## **Managing Authority (MA)**

- \* Overall responsibility for managing the fraud risk & corruption and should ensure that:
  - All Programme's bodies are committed to fighting fraud.
  - Programme bodies should have high standards of ethical behavior.
  - Applicants & beneficiaries are expected to act ethically.

## **Joint Secretariat (JS)**

- \* Immediately informing the MA on fraud suspicions
- \* Preventing and detecting fraud at project level / JS level
- \* Implementing precautionary actions in case of suspicion
- \* Implementing corrective measures as instructed by the MA

...to be continued



## 1b. Responsibilities & Ethics of the involved actors

### **National Authorities**

- \* Ensuring fraud awareness and training for their staff, taking corrective measures, cooperating with the MA

### **First-Level Control**

- \* **Detecting fraud at beneficiaries' level**
- \* **Immediately reporting to the MA or respective National Authority/ies on fraud suspicion**

### **Certifying Authority and Audit Authority**

- \* Act in accordance with professional standards in assessing the risk of fraud
- \* Reporting to the EC (OLAF)

## 2. Prevention



The aim is to prevent fraud occurring by adopting methods that decrease motive. This can be achieved through:

- Maintaining the issue at high priority
- Appropriate system design and supporting procedures (included in the Programme Manual)
- Effective communication, transparency and supervision
- Appropriate training
- Maintaining an effective internal control framework (i.e. hierarchical system, etc)



# 3. Fraud Risk Management (FRM)

- ❖ Component of FRM: focuses on the risks
  - associated with the potential to commit fraud and
  - evaluated with appropriate measures to reduce the likelihood of fraud occurring
- ❖ A Fraud Assessment Team is set up (members from participating countries jointly).
- ❖ The FRA Team uses the FRA Tool (self assessment tool), provided by the EC

# 4. DETECTION

The early fraud detection reduces the detrimental impact

- ✓ The MA and NAs shall verify reported fraud cases.
- ✓ The JS may detect fraud suspicions during projects' monitoring.
- ✓ NAs may detect potential fraud cases & report them to the national bodies responsible for investigation (informing the MA).

## FLC : A Key for Detection

- ✓ The FLCs use verification checklists in detecting fraud indication.

10. Fraud Indication						
	Description	Yes	No	N/A	If yes, the procedure of examining indications and suspicions of fraud, will be activated.	Comments
1	Is there a detected irregularity which involves fraud indication?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

## 5. Reception and examination of concerns

- ❖ Individuals may raise a concern or report a suspected fraud or irregularity
- ❖ Persons outside the programme structures (i.e. potential beneficiaries) that come across to any irregularity may inform the management structures.
- ❖ All cases are treated with **confidentiality**.
- ❖ Internal working provisions and national legislation are respected.

**CONFIDENTIAL**

# Reporting Mechanisms

## **In Greece:**

- The General Secretariat Against Corruption, Law 4314/2014

## **In Cyprus:**

- Responsible Authority has been designated the Directorate of Verifications & Certification of the Treasury of the Republic of Cyprus designated by the Council of Ministers to perform the tasks of the Anti-Fraud Coordination Service (AFCOS).

## **In Bulgaria:**

- AFCOS (Anti-Fraud Coordination Service) Directorate, which is part of the Ministry of Interior, is a specialized structure having the overall coordination of the fight against fraud, affecting the EU financial interests, reporting irregularities and administrative control activities and exchanging information with European Anti-fraud Office (OLAF).

# Reporting Mechanisms

## **In the Republic of North Macedonia:**

- Legal provisions within the Civil Servants Law, the Law on Preventing Corruption and the Code of Ethics for the Civil Servants.
- The Unit in charge (Central Financing and Contracting Department) for public financial inspection within the Ministry of Finance will play the role of AFCOS and will serve as contact point for OLAF.

## **In Albania:**

- Art. 50 (par. 2) of the agreement for the implementation of EU financial assistance under IPA II specifies that: the IPA II beneficiary shall designate an Anti-fraud coordination service-AFCOS to facilitate effective cooperation & information exchange with OLAF.
- The Law 112/2015, art. 13 specifies that the Unit in charge for public financial inspection within the Ministry of Finance will play the role of AFCOS and serve as contact point for OLAF. Art. 14 specifies the duties of AFCOS in Albania.

## 6. Recovery of unduly paid funds



If a detected irregularity or fraud indication results in recovery of unduly paid funds, then the MA ensures that specific and appropriate procedures will be applied.

**see it,  
report it,  
STOP IT!**

## 7. Follow up and learning

- For a suspected fraud case that has been promoted to NAs, AFCOS (Γεν. Γραμματεία Καταπολέμησης της Διαφθοράς) monitors its progress and forwards any relevant decision to the Managing Authority, Certifying Auth. and Audit Auth.
- If the decision of the relevant judicial authority confirms the fraud, the MA shall undertake further action:
  - Reports the progress of the case to the AA (EDEL), so that AA can promote relevant reference to the EC.
  - Assess the extent to which fraud suspicion shall have an impact on the selected project and applies relevant measures where required.

## INTERREG V-A Greece – Cyprus INTERREG V-B Balkan – Mediterranean

2014 - 2020

# Thank you!

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