



Anti-Fraud Strategy

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Main points

1. Context

2. The AntiFraud Strategy (AFS) of the Interreg Atlantic Area 2021-2027

a. Introduction

b. Main concepts

c. Self-assessment of fraud risks

d. Measures against fraud

e. Annexes

i. The Code of Ethics and Conduct

ii. The Mission Statement of the MA

3. The programming period 2014-2020

Irregularity and Fraud

In accordance with the **Council Regulation (EC, Euratom) No 2988/95** of 18 December 1995, “**irregularity**” corresponds to a **wide concept** that **covers intentional and non-intentional actions** run by economic operators

It is the intentionality trait that distinguishes “fraud” from the more encompassing term of “irregularity”

Irregularity and Fraud

Irregularity

“Any infringement of a provision of Community law resulting from an **act or omission** by an **economic operator**, which **has, or would have**, the **effect of prejudicing the general budget of the Communities** or **budgets managed by them**, either by **reducing or losing revenue accruing from own resources collected directly on behalf of the Communities**, or by an **unjustified item of expenditure.**”

Irregularity and Fraud

Fraud

Convention on the protection of the European Communities' financial interests, drawn up based on **article K.3 of the Treaty on the European Union** - **intentional act or omission** relating to:

- *"The use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets maintained managed by, or on behalf of, the European Communities;*
- *Non-disclosure of information in violation of a specific obligation, with the same effect;*
- *The misapplication of such funds for purposes other than those for which they were originally granted."*

Irregularity and Fraud

Information Note on Fraud Indicators for ERFD, ESF and CF (COCOF 09/0003/00-EN of 18 February 2009)

Fraud may be categorized into the following three broad categories:

1. **Intentional manipulation of financial statements** such as inappropriately reported revenues;
2. **Misappropriation of tangible and intangible assets;**
3. **Corruption behaviours** (e.g., bribery, bid rigging, undisclosed conflict of interest, embezzlement).

Corruption (European Commission (EC) broad definition):

Corresponds to the abuse of (public) position for private gain

The most common form of corruption is corrupt payments or other advantages; a recipient (**passive corruption**) takes a bribe from a giver (**active corruption**) in exchange for a favour

Risk and risk assessment

- ✓ **Risk** corresponds to a potential source of errors or irregularities and can be ranked as **low, medium and high**
- ✓ **Risk assessment: estimation of quantitative or qualitative risk** related to a real situation

The **quantification of risk assessment demands two calculations:**

- (i) the probability that a harmful situation occurs and
- (ii) the extent of potential loss should the situation takes place.

Risk and risk assessment

The MA shall ensure the prevention, detection, and correction of risks of fraud and corruption by implementing an encompassing risk analysis.

For an adequate and efficient risk management process, allowing the identification, assessment, treatment, and monitoring of operational risks, the MA follows procedures based on three sequential levels:

- i. recognition of potential risks;
- ii. assessment of the level of risk;
- iii. monitoring and evaluation.

Self-assessment of fraud risks

The risk assessment tool provided by the EC:

- i. Risk quantification (Gross Risk);
- ii. Assessment of the effectiveness of the current controls over the Gross Risk;
- iii. After the effects of current controls, assessment of the Net Risk/Residual Risk;
- iv. Assessment of the effect of the planned mitigating controls over the Net Risk (included in the action plan);
- v. Defining the target risk.



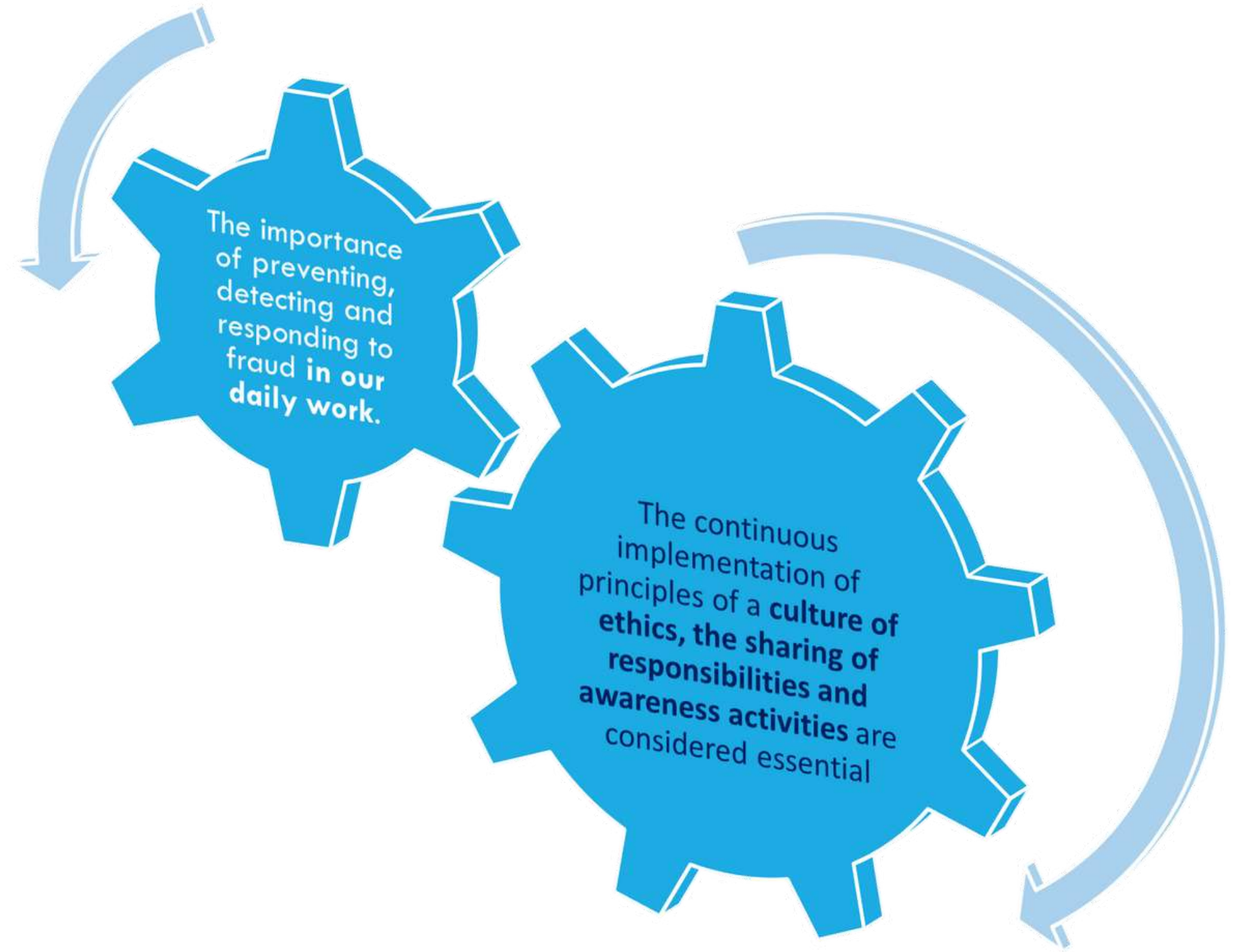
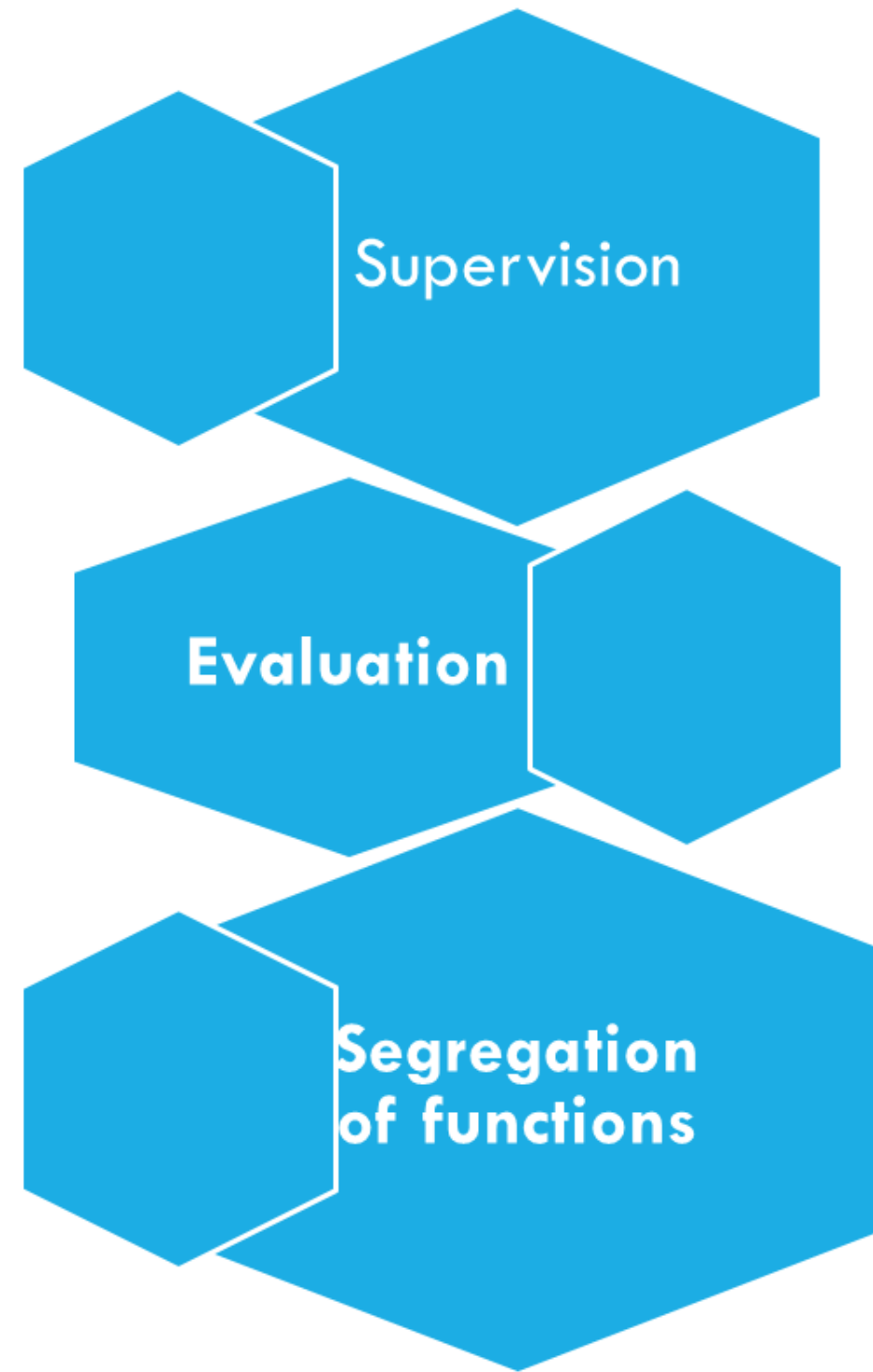
Self-assessment of fraud risks

Discouragement	Prevention	Detection	Correction
Restrict Opportunity	Reinforcement of the management and control system Risk management	Controls/Audit Procedures for complaints Fraud detection support tools Irregularities and conflicts of interest	Communication of irregularities and suspected fraud to the competent authorities Procedures for withdrawal and recovery of irregular amounts
Monitor and decrease pressure	Human resources policy	Internal audit Monitoring of human resources policy	Penalty measures
Restraining the rationalization capacity	Promotion of a culture of ethics: Code of Conduct Training in anti-fraud policy and conduct	Monitoring and follow-up of the Code of Conduct	Penalty measures Disclosure of anti-fraud strategy results

The key elements in the anti-fraud cycle:

- Prevention;
- Detection;
- Reporting, correction and prosecution.

Self-assessment of fraud risks



The programming period 2014-2020

- ✓ The **self-assessment concluded that mechanisms were in place to reduce the likelihood and impact of potentially fraudulent activities to an acceptable level;**
- ✓ **No fraud allegations were received until this date;**
- ✓ **Irregularities identified by the Audit Authority: budget lines with more errors detected corresponded to, by decreasing order, “staff costs”, with an impact on administrative and office expenditures due to the existence of a **simplified cost** that fits 15% of staff expenditures), “external expertise and services”, and “equipment”;**
- ✓ **No evidence of fraud or tentative fraud was noticed during the audits;**
- ✓ **Internal control procedures proved to be adequate to mitigate the risk of fraud.**

The Programme has a **dedicated email** to receive complaints on the website

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