

Annex 3

ANTI-FRAUD POLICY¹ TEMPLATE

[this template suggests how the managing authority (MA) could structure its anti-fraud policy statement, and also includes a commitment from the audit authority]

Introduction

The Managing Authority (MA) for *[insert programme details]* is committed to maintain high legal, ethical and moral standards, to adhere to the principles of integrity, objectivity and honesty and wishes to be seen as **opposed to fraud and corruption** in the way that it conducts its business. All members of staff are expected to share this commitment. The objective of this policy is to promote a culture which deters fraudulent activity and to facilitate the prevention and detection of fraud and the development of procedures which will aid in the investigation of fraud and related offences and which will ensure that such cases are dealt with timely and appropriately.

A procedure is in place for the **disclosure of situations of conflict of interests**.

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 it can cause damage to the reputation of an organisation responsible for managing funds effectively and efficiently. This is of particular importance for a public organisation responsible for the management of EU funds. 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.

Responsibilities

- Within the MA, overall responsibility for managing the risk of fraud and corruption has been delegated to *[insert details of department or person]* who has the responsibility for
 - Undertaking a regular review, with the help of a risk assessment team, of the fraud risk;
 - Establishing an effective anti-fraud policy and fraud response plan;
 - Ensuring fraud awareness of staff and training;
 - Ensuring that the MA refers promptly investigations to competent investigation bodies when they occur;
- Process owners/managers of the MA are responsible for the day-to-day management of fraud risks and action plans, as set out in the fraud risk assessment and particularly for

¹ The anti-fraud policy statement, together with procedures for adequate fraud risk assessment and the putting in place of effective and proportionate anti-fraud measures through an action plan (whenever the net risk after controls is significant or critical), are key components of the managing authority's anti-fraud programme or strategy.

- Ensuring that an adequate system of internal control exists within their area of responsibility;
- Preventing and detecting fraud;
- Ensuring due diligence and implementing precautionary actions in case of suspicion of fraud
- Taking corrective measures, including any administrative penalties, as relevant.
- The Certifying Authorities have a system which records and stores reliable information on each operation; they receive adequate information from the MA on the procedures and verifications carried out in relation to expenditure
- The Audit Authority has a responsibility to act in accordance with professional standards² in assessing the risk of fraud and the adequacy of the control framework in place.

Reporting Fraud

The MA has procedures in place for reporting fraud, both internally and to the European Anti-Fraud Office [*.....insert details of internal reporting lines and those reporting to the European Anti-Fraud Office....*].

All reports will be dealt with in the strictest of confidence and in accordance with [*...insert details of relevant Data Protection/Disclosure Act...*]. Staff reporting irregularities or suspected frauds are protected from reprisals.

Anti-fraud measures

The MA has put in place proportionate anti-fraud measures based on a thorough fraud risk assessment (cf. the Commission's guidance on the implementation of Article 125.4 c)). In particular, it uses IT tools to detect risky operations (such as ARACHNE) and ensures that staff is aware of fraud risks and receives anti-fraud training. The MA carries out a vigorous and prompt review into all cases of suspected and actual fraud which have occurred with a view to improve the internal management and control system where necessary. [*...insert details of review procedures...*].

Conclusion

Fraud can manifest itself in many different ways. The MA has a zero tolerance policy to fraud and corruption, and has in place a robust control system that is designed to prevent and detect, as far as is practicable, acts of fraud and correct their impact, should they occur.

[*Delete or retain, as relevant:*] This policy and all relevant procedures and strategies are supported by the [*...insert title of oversight body who will approve the Fraud Policy e.g. a Board..*] who will proactively review and update them on a continual basis.

² International Standards for the Professional Practice of Internal Auditing, International Standards on Auditing