

**Interreg**  
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EUROPEAN UNION

**Partners and FLC Info day**

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# Fraud and conflict of Interest



# Fraud and conflict of interest

- ✓ Definitions
- ✓ Prevention & sensibilisation
- ✓ Detection
- ✓ Reporting
- ✓ Correction

# Conflict of interest (CI) – Definition

*A situation where the impartial and objective exercise of the functions of a player in the implementation of the budget [...] is comprised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary*

## **At programme level :**

- Mechanism to limit and prevent Conflict of interest inside to the Programme
- Internal mechanism of (self) declaration and follow-up
- ARACHNE

## **At project level :**

- Prevention mechanism (independence and qualifications of FLCer)
- No contract between partners or with associated partners
- Dedicated space on the checklist to declare any suspicion or prevented situation of Conflict of interest

**A conflict of interest from which an interest is obtained became immediately a case of FRAUD.**

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# Fraud - Definition

Article K.3 of the Treaty on European Union on the protection of the EC financial interest defines fraud as any:

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 EC (...);
- ✓ 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.

# Fraud identified cases

Main risks identified based on the tool included in the EC guidance « Fraud risk assessment and effective and proportionate anti-fraud measures » :



- Staff costs reported do not correspond to the reality (« false labour costs »)
- Public procurement (conflict of interests, favouritism, corruption)
- Double financing

*-COCOF 09/0003/00 of 18.2.2009 – Information note on fraud indicators for ERDF, ESF and CF*  
*-OLAF compendium on anonymised cases – structural funds actions*  
*-OLAF practical guide on conflict of interests*  
*-OLAF practical guide on forged documents*



# Fraud/CI risks – prevention and sensibilisation

Fraud/CI suspicion may appears to any actor/authority of the Programme, concerning:

- the beneficiary staff/activities
- the external contractors
- collusion between the two
- JS / FLC staff (conflict of interest, corruption...)



« appropriate scepticism » = “an attitude that includes a questioning mind and a critical assessment of audit evidence”  
(COCOF 09/0003/00)

# Fraud/CI risks - detection

To prevent and detect fraud, FLC should:

- Be aware of the potential risks of fraud and related indicators
- Check the partners' reports and supporting documents with "appropriate scepticism"
- Answer in a conscious way all sections of the FLC checklist reading carefully all guidelines provided by the JS





# Fraud detection

Fraud  
**Intentional aspect**

Follow up measures

Managed at **national level**  
Investigation & sanctions  
Correction  
Reporting to OLAF (if  
irregularity above EUR 10,000  
ERDF)

Irregularity  
mistakes/ bad management

Follow up measures

Managed at **Programme level** (FLC, JS, CA, AA)  
Correction  
Measures (a national and  
programme level) to correct  
the mistakes

**Protection of whistleblower** from very first  
step (limited people informed about Fraud or CI  
issues)



# Fraud Risks - Reporting of suspected or established cases

- Whistleblower procedure for general public (contact and information on the Programme Manual):  
**[alert\\_med@regionpaca.fr](mailto:alert_med@regionpaca.fr)**
- Specific section of the FLC certificate for CI
- Follow-up/investigation to be done at national level
- Information of all programme authorities (AA, CA, Group of auditors) and of the concerned whistleblower
- Reporting to OLAF by competent national authority (if irregularity above EUR 10,000 ERDF)

**ALERT**



# Whistle-blower and treatment of the suspicion of fraud

Actor implicated (whatever be the participating state )	Fraud Referent person for the whistleblower	Other programme authority/ies informed	Person in charge of the fraud investigation
Beneficiary (Lead Partner or Partner)	Joint Secretariat alert_med@regionpaca.fr	National responsible*	National responsible*
First Level Controller	Joint Secretariat alert_med@regionpaca.fr or FLC certificate	National responsible*	National responsible*
National Authority	Joint Secretariat alert_med@regionpaca.fr	OLAF/AFCOS responsible	OLAF/AFCOS responsible
Joint Secretariat	Managing Authority		DGS (PACA)
Managing Authority	Joint Secretariat alert_med@regionpaca.fr		DGS (PACA)
Other Authority (CA, Auditor, GOA member..)	Joint Secretariat alert_med@regionpaca.fr	National responsible*	National responsible*

*\*National responsible: to be identified by each participating State*

# ARACHNE in Interreg MED

During project's execution (mid term) from 2018 on:

- All private partners (NGO, enterprises, etc.) with a budget <50K€
  - Check of financial insolvability
- All public and private partners with public procurement < 200K€
  - Contracts checked in order to identify eventual conflict of interests
- All private partners (enterprises) having declared state aid relevant activities
  - Check of eventual false statement (link with other firm etc.)

Use of conclusions: information to National competent authority + modification of the programme internal risk/fraud mapping + review of the on the spot checks planning by MA/S



# Thank you!!

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