

Irregularities

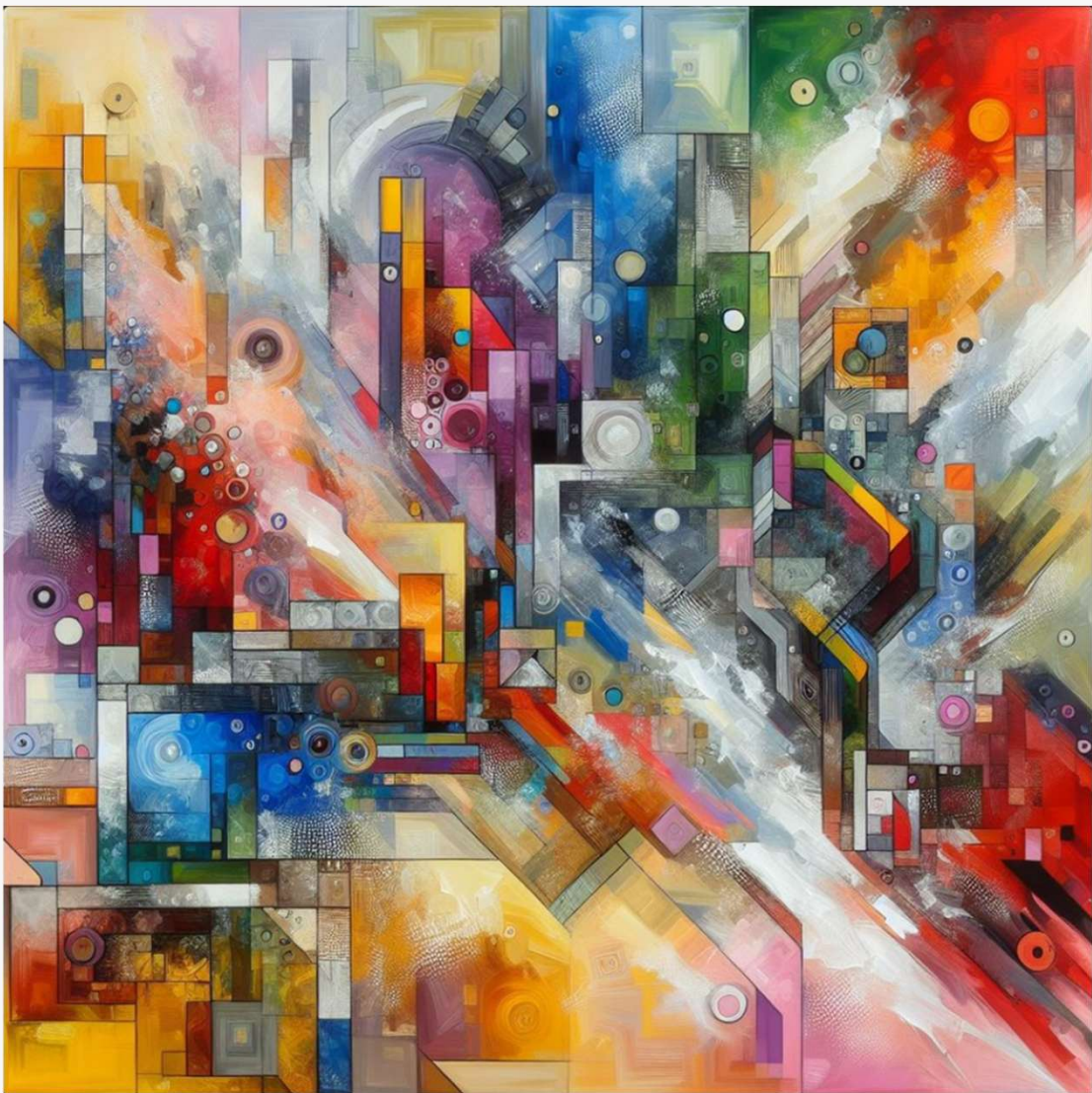
Florin Neculcea, Przemysław Kniaziuk | Interact 13.05.2025 |

Krakow, Poland

Interact



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Irregularities



Irregularities – theory

[Interact | Workshop on irregularities, fraud, and conflict of interest,](#)

11 June 2025 10:00 – 12:00

Dr Andon Tashukov - European Public Prosecutor's Office (EPPO),
registration is still open

Factsheet | Irregularity, fraud, withdrawal, deduction and financial
correction

Today, only practical experience, no theory, sorry...

Name / Nationality / Programme

One irregularity from your programme:

- object**
- amount**
- how was it detected?**

Accounts

01 July 2023 – 30 June 2024

Status:

- 15 programmes submitted the assurance package
- Limited expenditure reported
- EC calculated the global extrapolated error rate for the group **0.07%**
- Well below 2% materiality level
- compliance audit in February 2025 on 8 of the 15 programmes in the common sample
- reasonable assurance that the total error rate will be confirmed well under 2%

On 20 May (09:15 – 12:30) Audit Community Forum will discuss lessons learnt from the assessment of:

- final assurance packages in view of closure
- first assurance packages in the 2021-2027 programming period

Open webcast link valid for 1 year, will be put in the community.

Which programme had the compliance audit?

What is the compliance audit?

Compliance audit

- the SCOs methodologies were assessed as expenditure was declared using SCOs
- standard DAC checklists used
- part of our normal audit work, as done in the past
- the AAs concerned are going to receive the audit report soon

How do you detect irregularities?

Which institution detected irregularities (controller, MC, MA, BAF, AA)?

By which activities?

What are the methods for prevention of irregularities that you use?

Do you use Arachne?

How do you use it?

What do you check there?

Are current red flags useful?

Any risks identified there?

Risk scoring systems (Arachne+)

Providing the data will be obligatory under the next MFF:

on the recipient, legal person

- recipient's full legal name, VAT identification number or another unique identifier established at country level
- the address
- the beneficial owner(s) of the recipient, where the recipient is not a natural person: the first name(s), last name(s), date of birth, and VAT identification number(s) or tax identification number(s) where available or another unique identifier at country level

on the recipient, natural person

- the first and last name; the date of birth;
- the region on NUTS 2 level when the recipient is a natural person and is domiciled in the Union or the country when the recipient is a natural person and is not domiciled in the Union;

Risk scoring systems (Arachne+)

on the operation:

- the amount committed and, in case of a commitment with multiple recipients, the breakdown of this amount per recipient where available;
- the nature and purpose of the measure.

Article 36, recast Financial Regulation

Risk scoring systems (Arachne+)

Annex 1: Consolidation of risk indicators

Current Arachne Risk Indicators	Arachne+ Risk Indicators
4.1.1 Lead time between publication and contract signature	4.1.1 Lead time between publication and contract signature
4.1.2 Percentage disqualified tender offers vs received	4.1.2 Percentage disqualified tender offers vs received
4.1.3 Number of valid tenders	4.1.3 Number of valid tenders
4.1.4 Contracted amounts via restricted procedures / total project cost	4.1.4 Contracted amounts via restricted procedures / total project cost
4.1.5 Number of contract addenda compared to sector average	4.1.5 Number of contract addenda compared to sector average
4.1.6 Financial correction	4.1.6 Financial correction
4.2.1 Contractors with invalid VAT number	4.2.1 Contract companies with invalid VAT number
4.2.2 SubContractors with invalid VAT number	consolidated with 4.2.1
4.2.3 Contract addenda cost vs project cost	4.2.3 Contract addenda cost vs project cost
4.2.4 Contract addenda cost vs contracted amount	4.2.4 Contract addenda cost vs contracted amount
4.2.5 Difference between final contract end date and initial contract end date	4.2.5 Difference between final contract end date and initial contract end date
4.2.6 Number of consortium members	4.2.6 Number of contract companies
4.2.7 Contract modifications	4.2.7 Contract modifications
4.2.8 Key experts change	4.2.8 Key experts change
4.2.9 Key experts linked to multiple projects	4.2.9 Key experts linked to multiple projects
4.2.10 Contracted amount vs annual turnover of the contractor	4.2.10 Contracted amount vs annual turnover of the contractor
4.2.11 External service provider	consolidated with 4.2.6
4.3.1 Project costs outside eligibility period - before start date	4.3.1 Project costs outside eligibility period
4.3.2 Project costs outside eligibility period - after end date	consolidated with 4.3.1
4.3.3 Difference between invoice and payment dates	4.3.3 Difference between invoice and payment dates
4.3.4 High percentage of cost allocated at the end of the project	4.3.4 Suspicious expense patterns
4.3.5 Expenses with round amounts	consolidated with 4.3.4

Do you use CRIF?

How do you use it?

What do you check there?

Any risks identified there?

Do you use EDES?

Do you use any other data mining tool (e.g. Minerva)?

How do you detect a conflict of interest?

Do you use declarations of non-conflict of interest / declarations of conflict of interest?

At which level do you check?

**(MC/Programme/Project
level/public procurement)**

**How often do you perform this
check?**

IR Article 36 corrections
have you applied them already?
in which cases do use them,
how?

Have you had whistle blowers in your programme?

How do you protect their identity?

Is it possible to inform the programme in an anonymous way?

How? Dedicated email? Dedicated website? Any other way?

4th accounting year 1 July 2024 – 30 June 2025

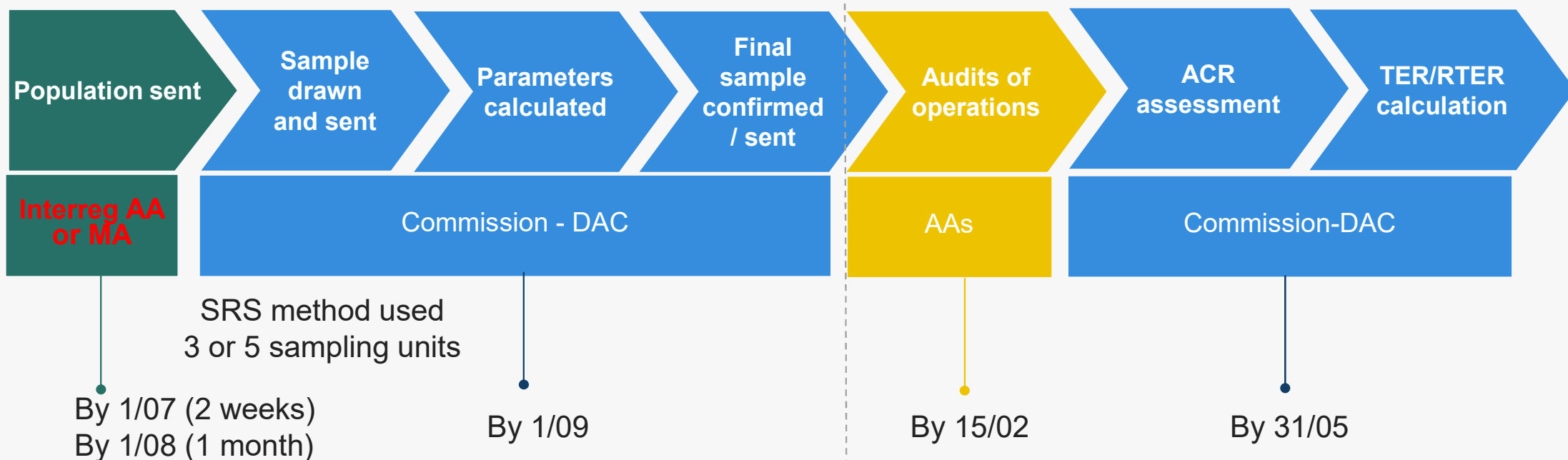
Payment applications submitted by
38 programmes

Data for the common sample to be
submitted by **1 July / 1 August 2025**

Assurance package for this acc. year
to be submitted by **15 February 2026**



Common sample - process overview



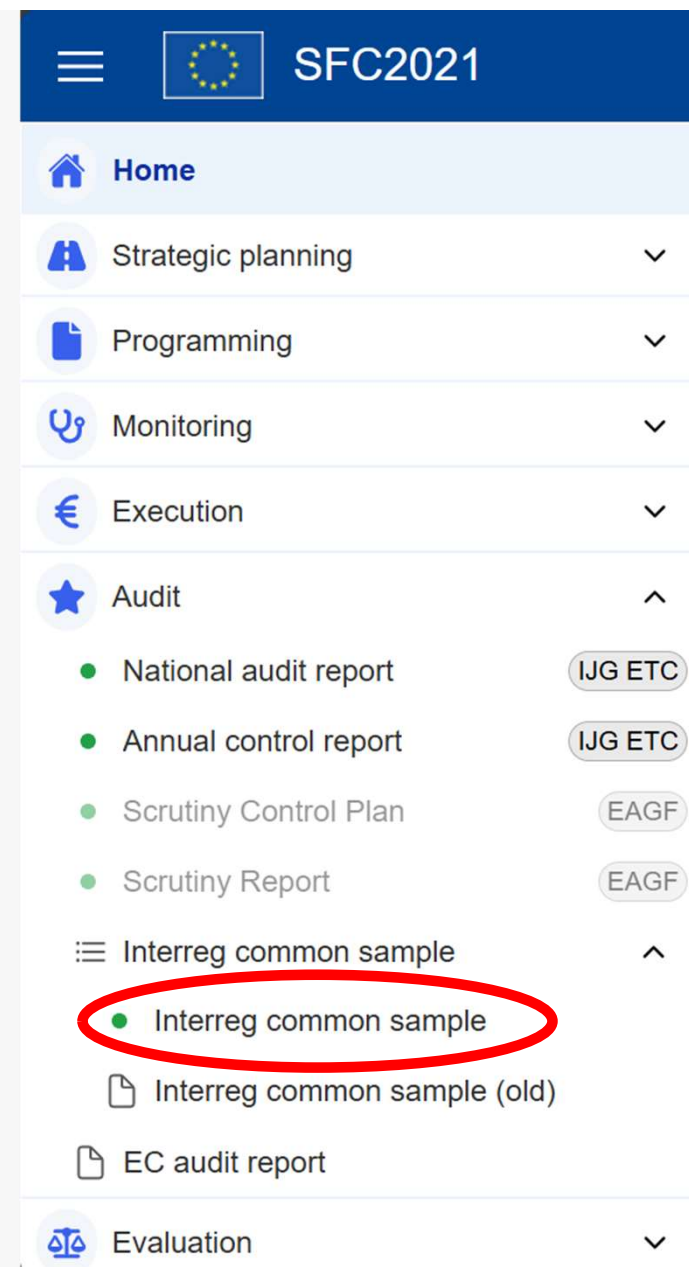
Common sample – important!

In SFC2021, **NEW** Interreg common sample module

Programmes in which MA/JS sends the population:

Add the AA to the list of officials in charge so that the AA has access to see the sample when EC sends it back!

Reconciliation of expenditure by AA – no duplicate records



Irregularities in 2021-2027

Rules for the reporting of irregularities

Report irregularities within two months following the end of each quarter from their detection or as soon as additional information on the reported irregularities becomes available.

Who reports?

The Member State in which the irregular expenditure is incurred by the beneficiary and paid in implementing the operation shall be responsible for reporting

For programmes under the European territorial cooperation goal (Interreg), the reporting Member State shall inform the managing authority and the audit authority of the programme.



Irregularities in 2021-2027

Irregularities to be reported

1. have been the subject of a first written assessment by a competent authority, either administrative or judicial
2. give rise to the initiation of administrative or judicial proceedings at national level in order to establish the presence of fraud or other criminal offences (suspected fraud)
3. preceding a bankruptcy;
4. for which the Commission submits a written request for information to the Member State following the initial reporting from a Member State

Irregularities in 2021-2027

Irregularities not to be reported

1. for an amount lower than EUR 10 000 in contribution from the Funds, BUT if interlinked and total amount > EUR 10 000 have to be reported
2. Consist solely of failure to execute an operation included in the co-financed programme owing to the non-fraudulent bankruptcy
3. cases reported to MA / BAF by the beneficiary voluntarily and before detection by either authority, whether before or after the payment of the public contribution, BUT suspected fraud YES
4. cases which are detected and corrected by the managing authority before inclusion in a payment application submitted to the Commission, BUT suspected fraud YES