Irregularities & frauds

Przemyslaw Kniaziuk | Interact 3.10.2026 |

Porto, Portugal

Interact

Co-funded by the European Union

Interreg

Did you have irregularities in your Interreg 2014-2020?

Were there any irregularities in Interreg 2014-2020?

EUROPEAN ANTI-FRAUD OFFICE

- **Sixty-two of the 76 programmes (82%)** were affected by non-fraudulent irregularities.
- Overall **financial impact** of these irregularities was **lower** than for other operational programmes.
- On average, ETC programmes were eight times smaller than the other operational programmes, which **could lead to higher frequency of irregularities below the reporting threshold** (EUR 10 000).
- Because of their smaller size, these programmes might also be **easier to manage** and **control** and so **less at risk of unintentional irregularities**.
- For several territorial cooperation programmes, **analysis suggested that this could also be due to low performance in detection and reporting of irregularities** through the IMS.

ONLY IMS data, 37th Annual Report on the protection of the European Union's financial interests and the fight against fraud – 2025, Statistical evaluation of irregularities reported for 2025,

Did you have fraud in your Interreg 2014-2020?

Was there any fraud in Interreg 2014-2020?

EUROPEAN ANTI-FRAUD OFFICE

- **Thirteen out of the 76 territorial cooperation programmes (17%)** were affected by **fraudulent irregularities**.
- The overall **financial impact** of reported fraud over the payments received by these 76 programmes was **lower** than for other operational programmes.
- The overall **frequency of fraud** among the irregularities reported for territorial cooperation in general was **also lower** than for other operational programmes.
- when **fraudulent irregularities were detected** in relation to an ETC programme, they represented a **significant share of all irregularities** detected for that programme.

ONLY IMS data, 37th Annual Report on the protection of the European Union's financial interests and the fight against fraud – 2025, Statistical evaluation of irregularities reported for 2025,

What kind of irregularities an fraud in Interreg 2014-2020?

EUROPEAN ANTI-FRAUD OFFICE

- **The majority** of the irregularities were related to **violations of the public procurement rules**, but they were **rarely reported as fraudulent**.
- The **few fraudulent irregularities** reported in relation to public procurement concerned **conflict of interest, artificial splitting, discriminatory selection criteria and modification of the contract elements** specified in the tender documents.
- For fraudulent irregularities, **the most frequent type of violation was conflict of interest**.
- Both for fraudulent and non-fraudulent irregularities, **the second most reported category of violations was that related to the supporting documents**.

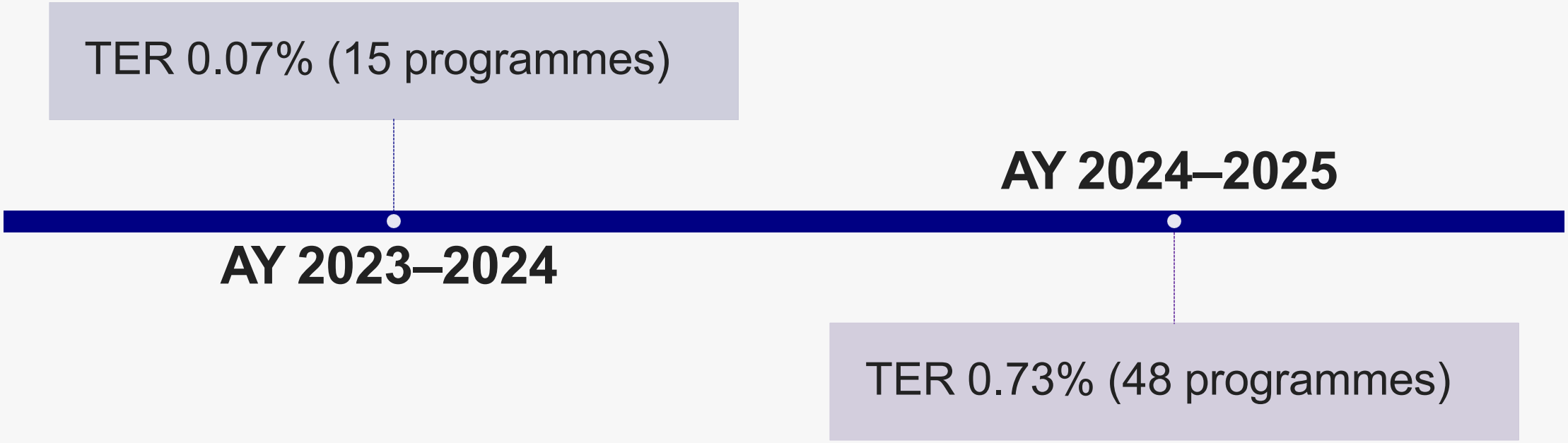
Where do we stand in Interreg 2021-2027?

3rd common sample excercise

- 5th Accounting year 2025/2026 (1 July 2025 – 30 June 2026)
- 93% of Interregs (80 out of 86) submitted the payment applications and the population for common (single) sample by 1 July / 1 August 2026
- Audits of operations running – audit reports
- Assurance package for this acc. year to be submitted by 15 February 2027

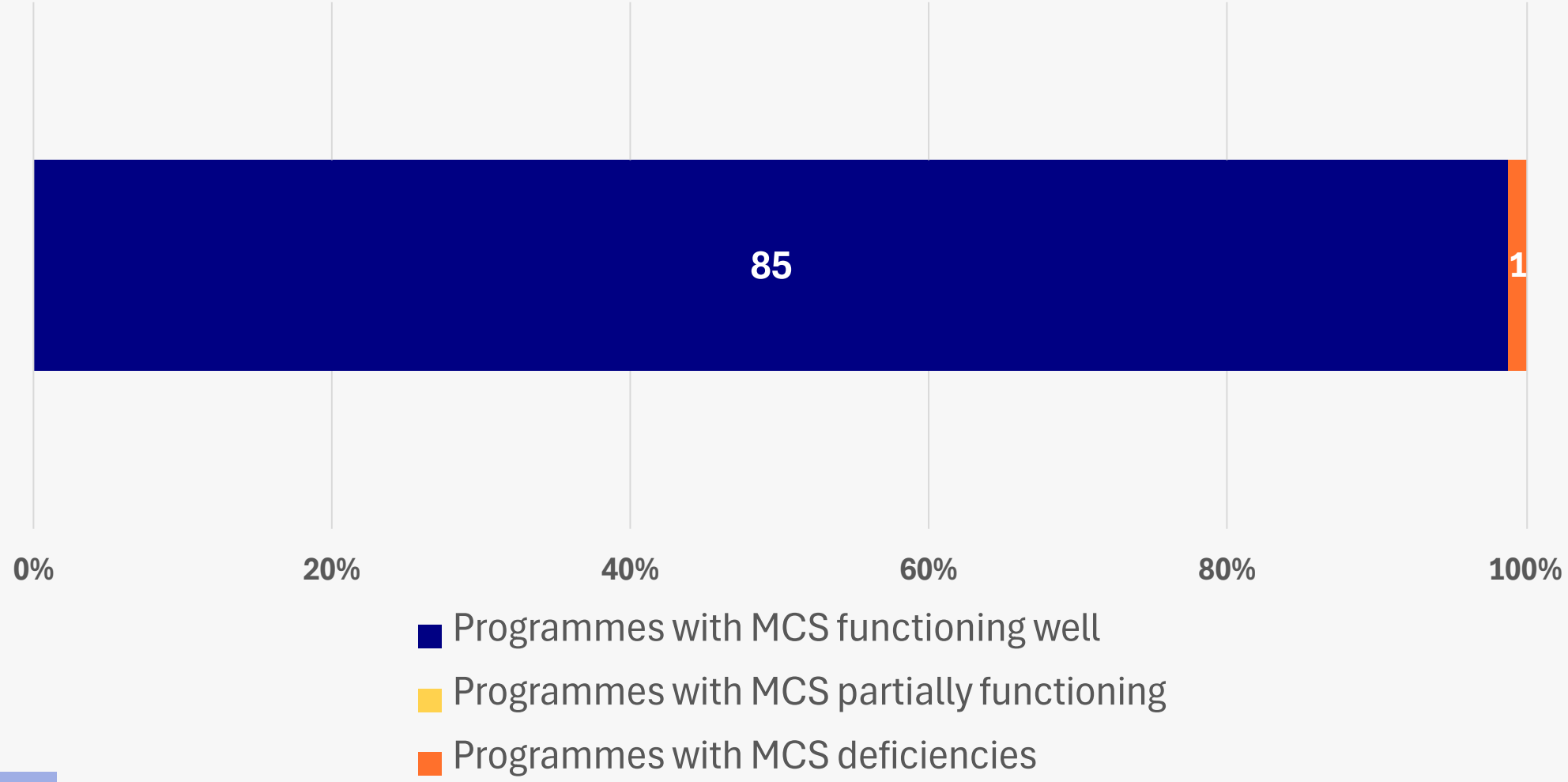
- Additionally, EC compliance audits + ECA audit on the implementation of the EU budget for the 2025 financial year (3 Interregs audited)

First two exercises

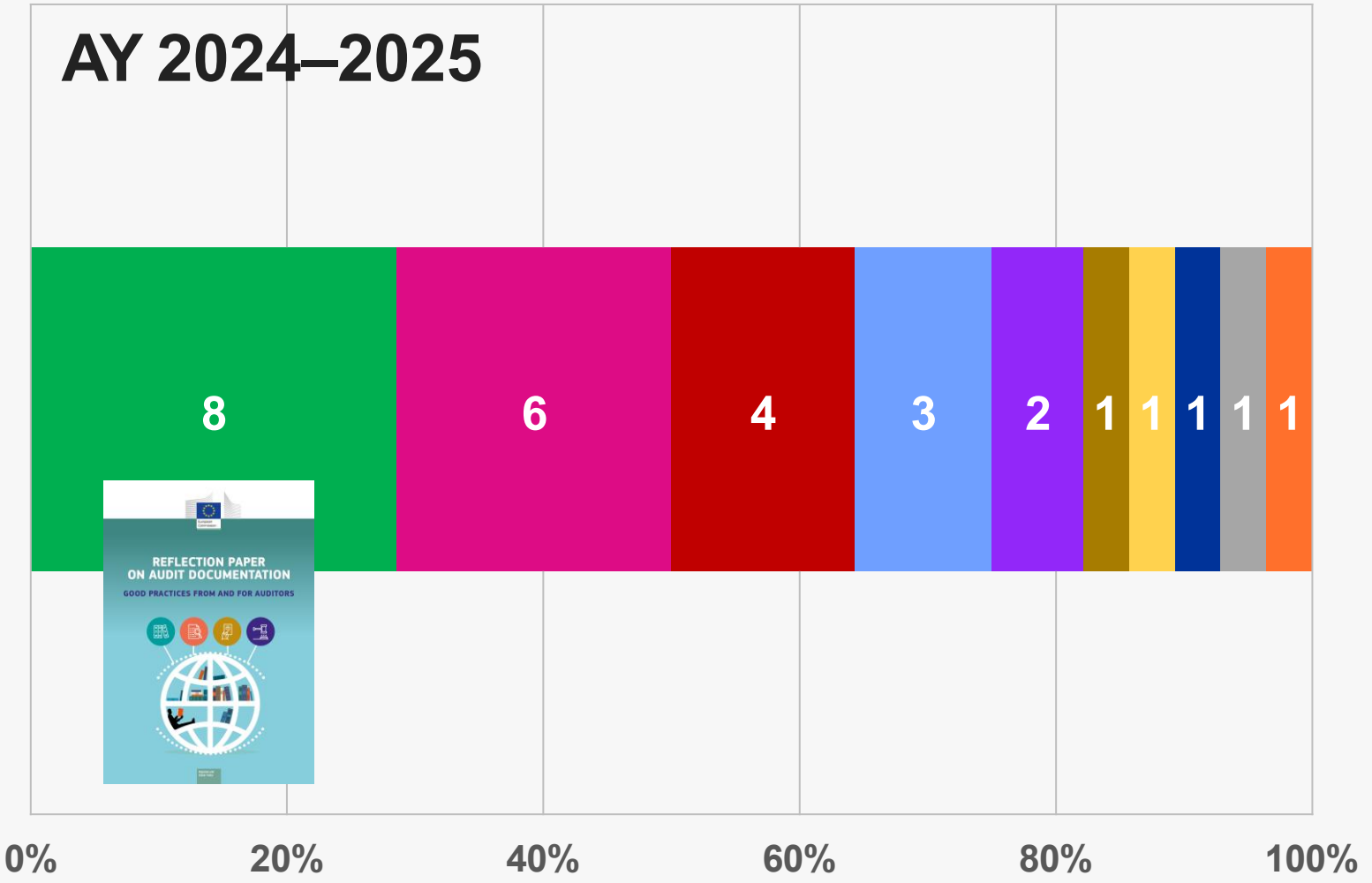


Well below 2% materiality level, but ECA claims something different …

Management and control systems - Interreg

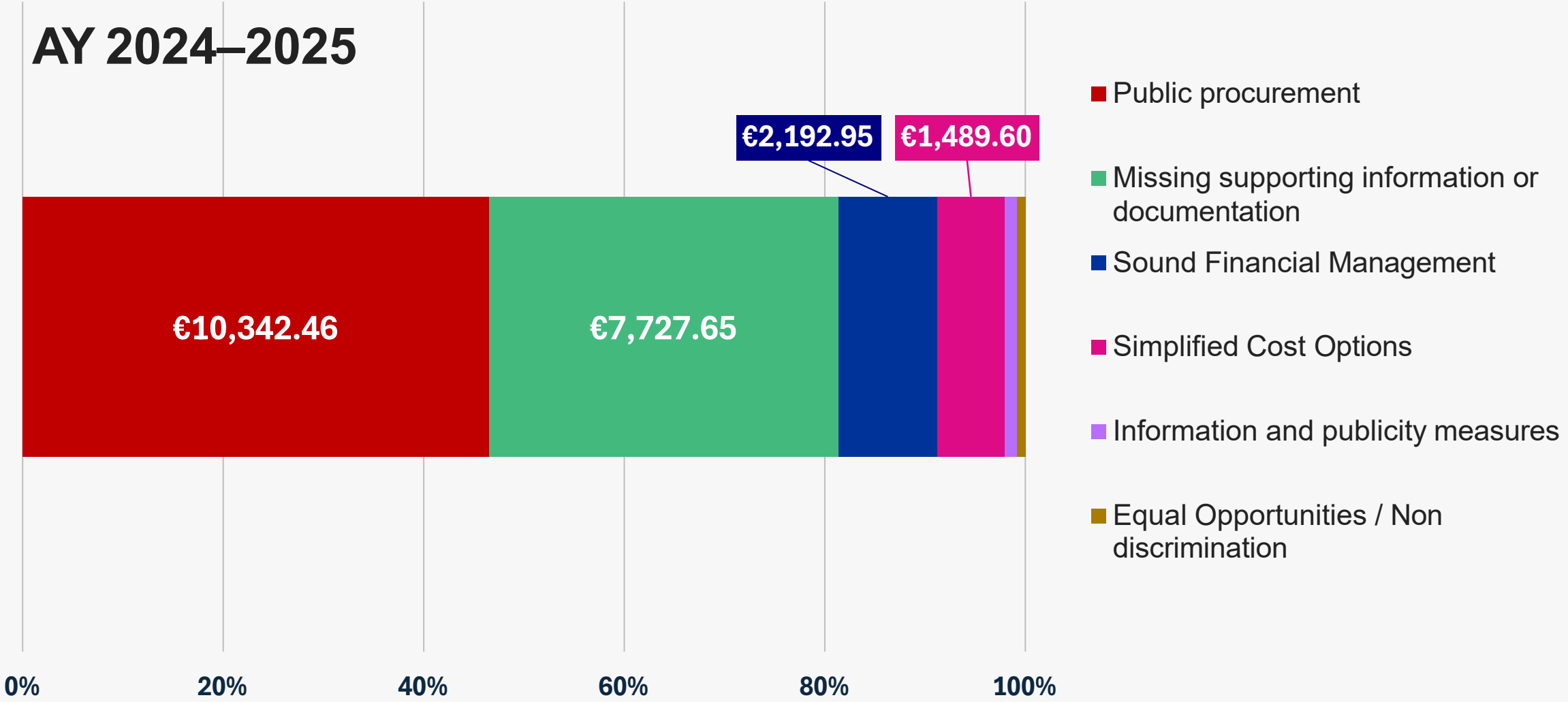


Type of irregularities (number) - Interreg



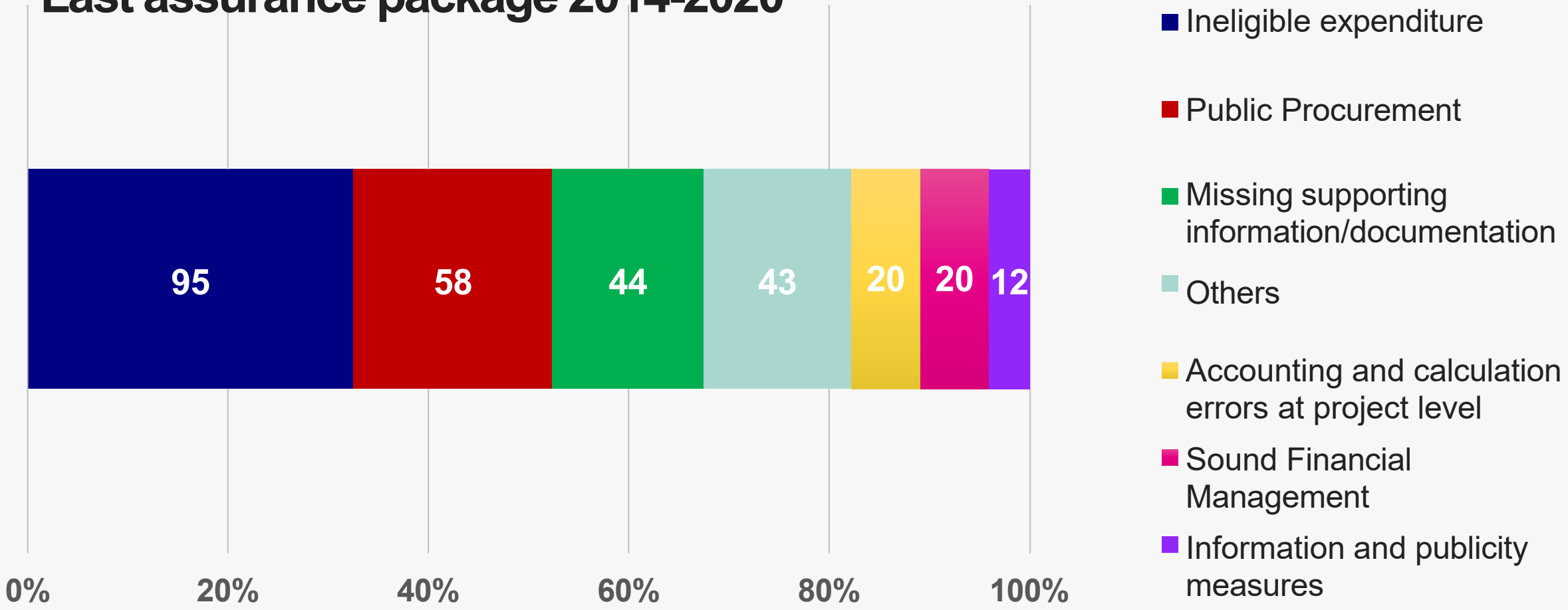
- Missing supporting information or documentation
- Sound Financial Management
- Public procurement
- Simplified Cost Options
- Information and publicity measures
- Equal Opportunities / Non discrimination
- Financial Instruments (FIs)
- Ineligible project
- Incorrect output data.
- State aid

Type of irregularities (EUR) - Interreg



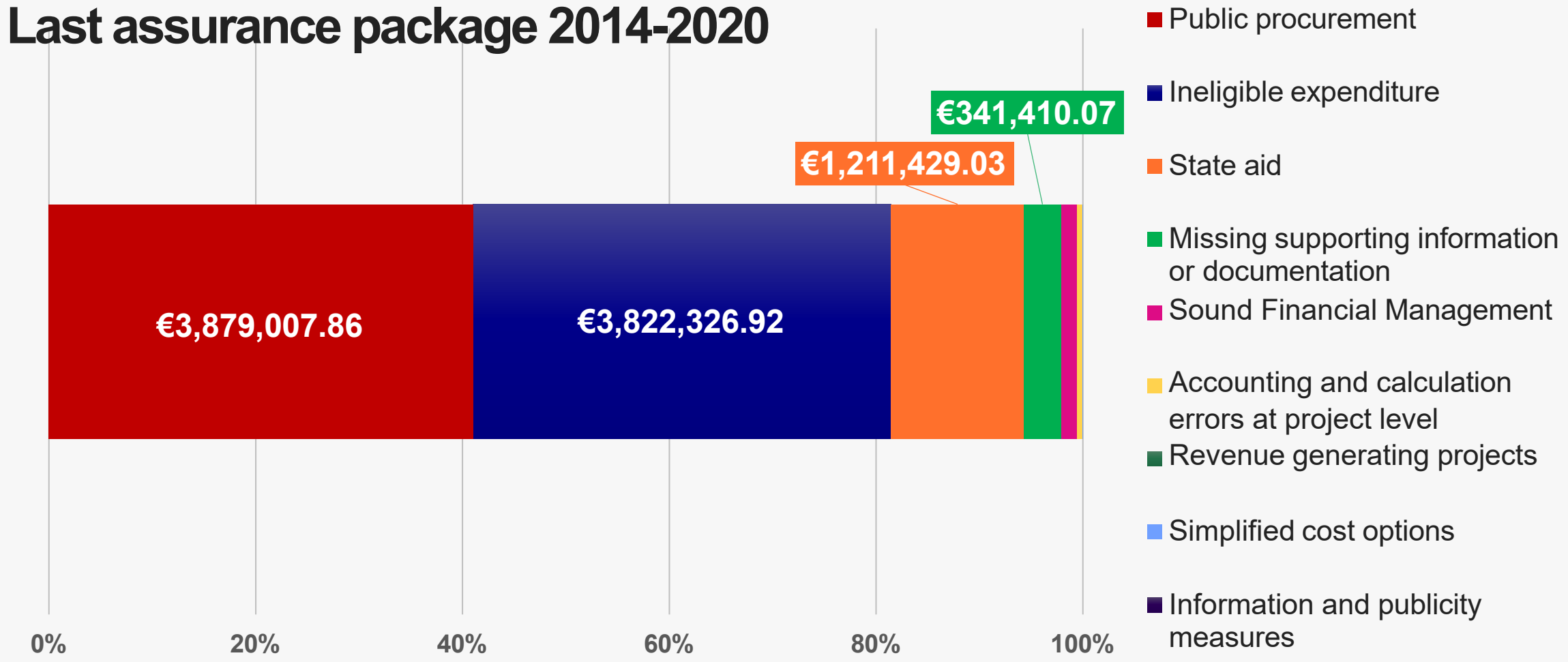
Type of irregularities (number) - Interreg

Last assurance package 2014-2020



Type of irregularities (EUR) - Interreg

Last assurance package 2014-2020



EC compliance audits (1)

Audit 2025

Accounting year 2023 / 2024

- ✓ **KR 11** (appropriate separation of functions and functional independence between the AA and other programme authorities)
- ✓ **KR 13** (appropriate audits of operations)
- ✓ **KR 15** (appropriate procedures for providing reliable audit opinion and for preparing the ACR)

Audit 2026

Accounting year 2024 / 2025

- ✓ **KR 13**
- ✓ **KR 15**

EC compliance audits (2)

Audit 2025

Accounting year 2023 / 2024

8 programmes, 8 partners in total

- ✓ Germany - The Netherlands
- ✓ Sweden – Finland - Norway (AURORA)
- ✓ North Sea
- ✓ Belgium -The Netherlands
- ✓ Central Baltic
- ✓ France Italy (ALCOTRA)
- ✓ Poland - Slovakia
- ✓ Italy - Slovenia

Audit 2026

Accounting year 2024 / 2025

3 programmes, 8 partners in total

- ✓ Czechia - Poland
- ✓ Italy - Croatia
- ✓ Atlantic Area

System findings (1)

Audit checklists & methodology

- Several elements missing from the checklists
- GoA checklists not always reviewed by the AA or completed with sufficient detail
- Audit trails were sometimes insufficiently detailed to demonstrate the work performed
- Some assessments relied mainly on yes/no responses, thus limiting the evidence supporting conclusions

System findings (2)

Audit trail and documentation

- Working papers were not always sufficiently comprehensive to support the audit trail
- Verification steps and calculations were not always fully traceable

Common sample

- Internal procedures: Responsibilities for common sample data transmission were not always clearly defined

SCOs

- Schemes that are not updated for the 2021-2027 programming period

Project findings (1)

SCOs & expenditure verifications

- Inconsistency in the 21-27 SCO methodology for staff costs
- Accounting and calculation errors in staff costs; Minor differences were occasionally identified between declared amounts and supporting documentation
  - Verification against primary supporting evidence remains an important element of audit assurance
  - Complete and traceable supporting documentation facilitates expenditure verification

Project findings (2)

Visibility & publicity

- Not complying with publicity measures
- Limited visibility of EU support

Cross-cutting observations

- Missing supporting information and documentation

ECA report 2025 (1)



Annual activity reports and other governance arrangements	**6.40.-6.58.**
Commission's 2025 assessment	6.40.-6.51.
Member states' management and control systems did not function well for some programmes	6.40.-6.41.
Material level of irregular expenditure in accounts accepted	6.42.-6.49.
Low risk assessment for Interreg programmes – not confirmed by our findings	6.50.-6.51.
Closure of 2014-2020 programmes	6.52.-6.55.
2021-2027 programming period	6.56.-6.58.
Conclusion and recommendations	**6.59.-6.62.**
Conclusion	6.59.-6.60.
Recommendations	6.61.-6.62.

ECA report 2025 (2)

- **3 Interregs** Interreg VI-B North Sea, Interreg V-A France-United Kingdom and Interreg V-A Belgium-The Netherlands.
- ECA audited **a higher number (12)** of Interreg projects than usual (no Interregs in 2024 ECA's sample)
- seven cases of non-compliance, out of which quantified five. As a result, **ECA does not confirm the Commission's risk assessment.**
- EC considers Interreg as low risk and groups all programmes together to draw a single audit sample, but ECA's does not confirm
- DAC: the risk of errors in Interreg programmes and the need to ensure that they receive **appropriate audit attention**. AAs should pay attention to this and be vigilant.
- **After receiving the results of the next (and third) exercise, the Commission will take stock thereof and decide if supplementary audit work is required.**

ECA report 2025 (3)

- error ECA found most frequently related **to ineligible costs or projects**
  - neither the programme authorities nor the beneficiaries **could provide ECA with documents** they considered essential to demonstrate compliance with the eligibility conditions and other requirements
- non-compliance with **EU or national public procurement rules**
  - contracting authorities accepted substantial modifications made by the contractor to the original contract - EU directives and national public procurement rules must be followed
- **State aid** being granted at a higher rate than provided for in the GBER.
  - while this is an error, ECA did not quantify it because it did not affect the eligibility of the expenditure declared.

ECA report 2025 (4)

An example of good practice from Interreg!

- the managing authority had drawn up **a comprehensive checklist** covering **all applicable state aid requirements** and **performed checks at all levels**
- including on beneficiaries receiving EU funding and end recipients benefiting from EU-financed activities
- the managing authority assessed **compliance with state aid rules not once**, but throughout the life of the project, **at each amendment of the grant agreement**.
- this ensured continued compliance with the rules.



Conflict of interest

Definition of Conflict of Interest

"where the **impartial** and **objective exercise of the functions** … is **compromised** for reasons involving **family**, **emotional life**, **political** or **national affinity**, **economic interest** or any other direct or indirect personal interest."

Article 61, FR 2018

Unaddressed CoI - consequences

- Unresolved conflict of interest is considered an irregularity
- Corrective measures necessary (recoveries, penalties …)
- **“100 % CORRECTION – GOOD DETERRENT EFFECT”**
- CoI is not a suspected fraud directly, but false statements are -> declarations of impartiality

- Legal acts may contain additional clauses to address irregularities

CoI Summary 1

- MC/programme/project level/public procurement contractor/subcontractor/controller/MA/BAF/auditor
- Systematic risk analysis
- Use of declarations of impartiality/declarations of conflict of interest - CoI can pop up unexpectedly and needs to be reported
- System of declaration of impartiality exists at all levels of verification
- Declarations of impartiality checked against hard evidence
- Potential conflict is sufficient – the negative effect does not have to be justified

CoI Summary 2

- Obligation to notify a risk of CoI to a hierarchical superior
- Use of Arachne / national court and business registers / beneficial owners registers
- Proper reporting (Document all the checks you do, screenshots)
- Red flags: the same surname and the same address
- What about small communities where people can be in family relations?
- Awareness-raising on CoI
- Protection of whistle blowers – no repercussions

Conflict of interest

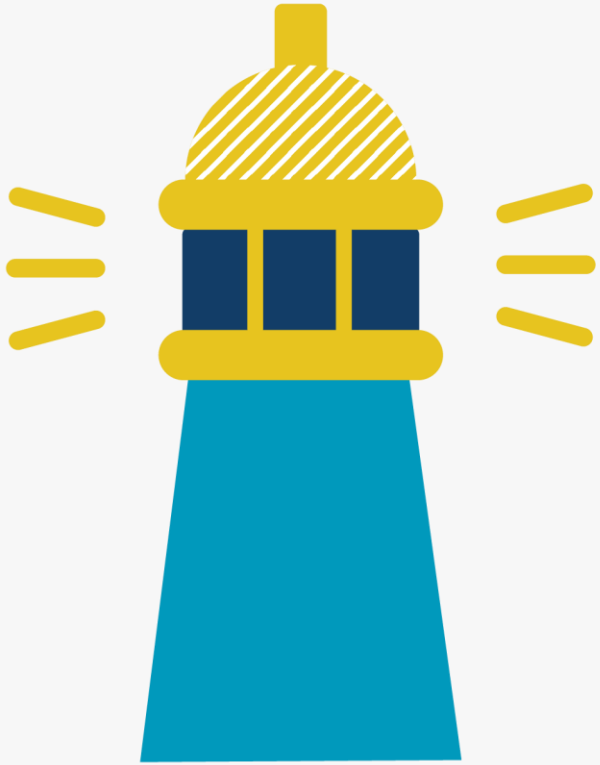
DG Budget's Webinar on Conflict of Interest, 08.06.2023
Webstreaming + presentations

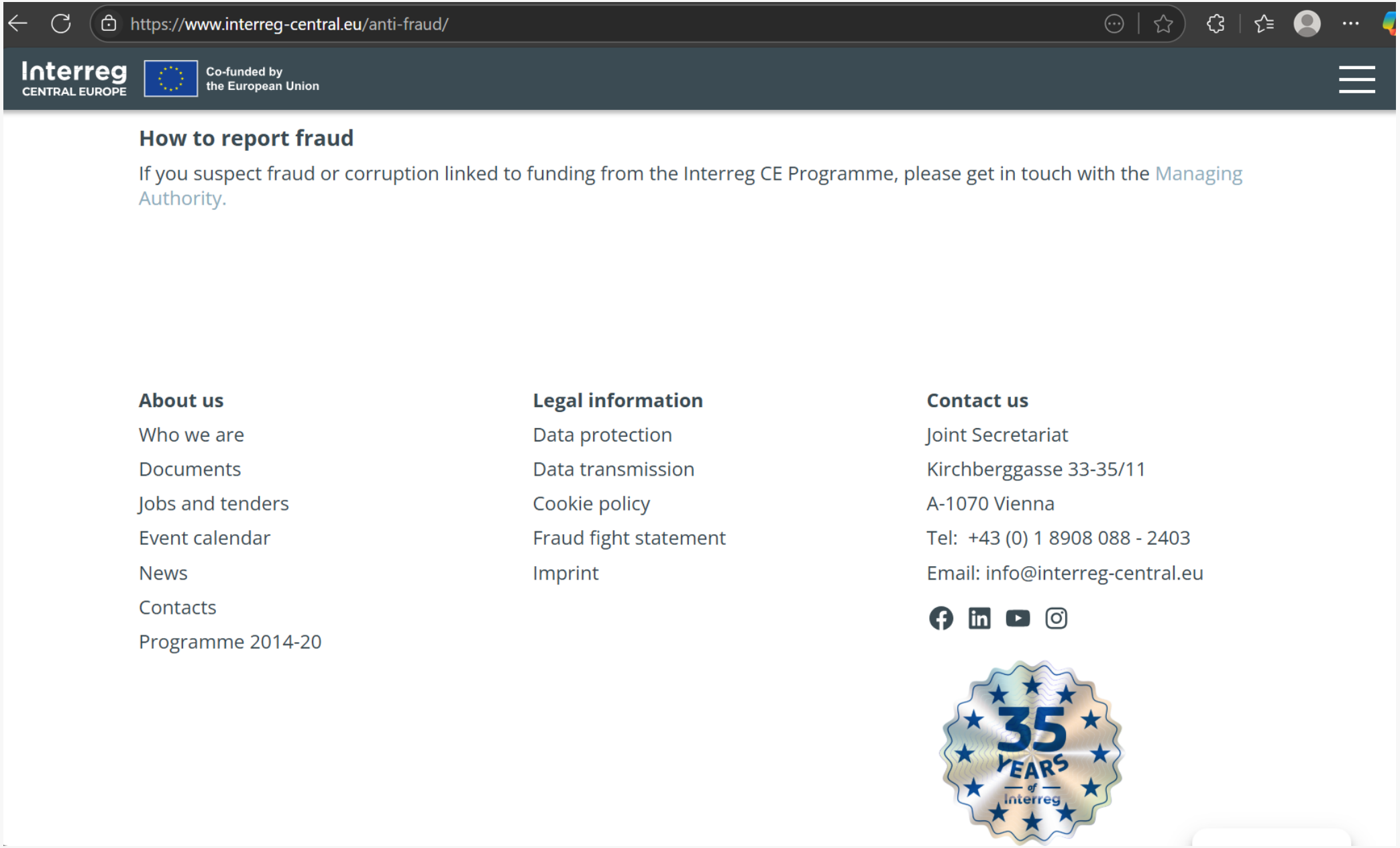
Conflict of Interest guidelines

Best Practices to Prevent and Manage Conflicts of Interests

Whistle-blowers

One whistle-blower can be 100 times more effective than 100 of hours spent on data-mining




https://www.interreg-central.eu/anti-fraud/
Interreg
CENTRAL EUROPE
Co-funded by
the European Union
How to report fraud
If you suspect fraud or corruption linked to funding from the Interreg CE Programme, please get in touch with the Managing Authority.
About us
Who we are
Documents
Jobs and tenders
Event calendar
News
Contacts
Programme 2014-20
Legal information
Data protection
Data transmission
Cookie policy
Fraud fight statement
Imprint
Contact us
Joint Secretariat
Kirchberggasse 33-35/11
A-1070 Vienna
Tel: +43 (0) 1 8908 088 - 2403
Email: info@interreg-central.eu
35 YEARS of Interreg

External Whistleblowing Policy and Reporting (Suspected) Fraud Cases Procedure

The Interreg Meuse-Rhine (NL-BE-DE) Programme is committed to protecting EU and public funds while upholding high legal, ethical, and moral standards. It adheres to the principles of integrity, objectivity, and honesty.

With a zero-tolerance policy towards fraud and corruption, the Programme aims to demonstrate its strong opposition to fraud issues in all aspects of its operations. All individuals involved in the Programme must ensure the full legality of grant funds spent under the Programme. The Programme places a strong emphasis on preventing the illegal acquisition or misuse of these financial resources.

The funds allocated via the Programme must indeed be managed in a transparent, efficient, and compliant manner with the EU legal framework. To ensure the integrity of these funds, a proportionate anti-fraud policy is essential and required following Article 74(1)c) and Annex 11 of the Regulation (EU) Nr. 2021/1060 (CPR).

Double funding

Grants shall be subject to the principles of:
(d) non-cumulative award and no double financing;

FR, Article 188

- "In no circumstances shall **the same costs** be financed twice **by the budget**."

FR, Article 191(3)

Double funding



Ref. Ares(2025)5441786 - 07/07/2025

OLAF
EUROPEAN ANTI-FRAUD OFFICE
ANTI-FRAUD KNOWLEDGE CENTRE

DOUBLE FUNDING IN EU-FUNDED PROJECTS

The Experience of Member States

OLAF Anti-fraud Knowledge Centre

July 2025

OLAF fights against fraud, corruption and any other illegal activity affecting the financial interests of the EU. Besides carrying out investigations, OLAF develops knowledge to inform sound anti-fraud policies, both at the EU and Member States level.

Member States' experts, coordinated by OLAF under the umbrella of the COCOLAF Fraud Prevention group, have contributed to this document, based on their national experience and know-how.

***DISCLAIMER:** This document is intended to feed into fraud prevention and detection activities of the competent authorities in the Member States. It does not represent an official position of the European Commission. The document is therefore not binding on the Member States and does not create any new rules or obligations for national authorities.*



EN 2024

22

Special report

Double funding from the EU budget

Control systems lack essential elements to mitigate the increased risk resulting from the RRF model of financing not linked to costs

CURIA RATIONIUM

EUROPEAN COURT OF AUDITORS

Double funding

Demarcation

- a timing criterion (RRF, 2014-2020, 2021-2027)
- a theme criterion (eligible themes covered)
- a beneficiary criterion (specific types of beneficiary)
- a territory criterion

Delination

- different implementation phases
- breaking down different cost items and attributing

Risk scoring systems (Arachne+)

- Arachne+ deployment phase finished in June 2026
- DG Employment –> DG Budget
- Provision of (basic) data will be obligatory in 2028-2034
- Use of Arachne – reconsideration in 2027
- Auditors use Arachne e.g. for COI checks + automatic checks
- DG Budget's Arachne Academy (SharePoint) + guidance + videos + trainings

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

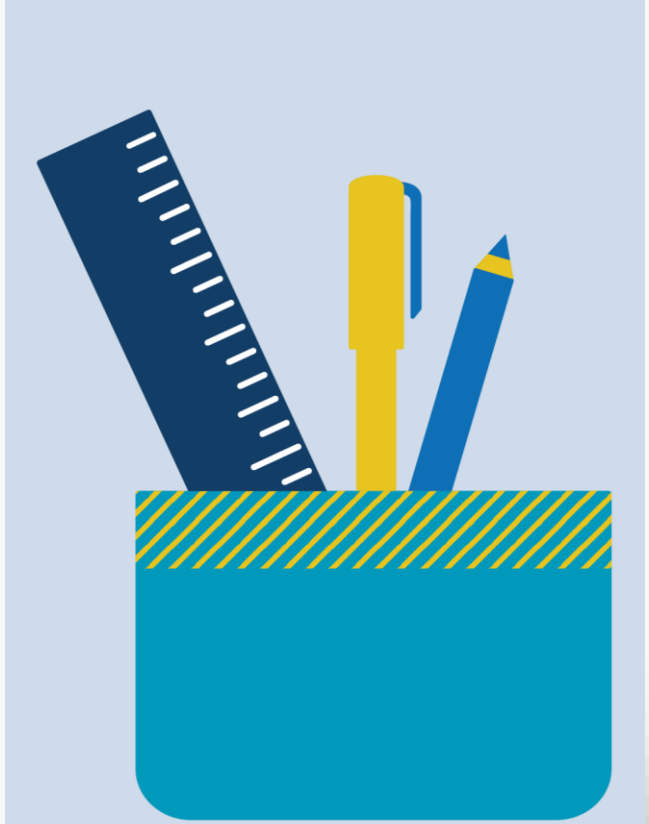
EDES

- Information on cases of early detection, exclusion and/or financial penalties
- Info about entities, in certain cases of fraud or conflict of interest confirmed by a final judgement or administrative decisions and reported by MS
- all persons and entities involved in budget implementation shall enforce such decisions with regard to the person or entity applying for or selected to implement Union funds;
- EC to grant access to EDES (second tier) to “all persons and entities involved in budget implementation”
- As of 2028 EDES applies also to programes managed in shared management and to funds disbursed in direct management with Member States

Article 144, recast Financial Regulation 2024

EDES

- the authorising officer responsible will be able **to exclude participants and recipients of funds** in shared management, where they are found guilty of the most serious misconducts: **fraud, corruption**, criminal organisation, money laundering, terrorism, child labour, human trafficking, and **breach of conflict of interest**
- Member States authorities must send to the Commission, through any official channel, such as the IMS, information on facts and findings established in the context of final judgments or final administrative decisions as soon as they become aware of the relevant information



Irregularities and financial corrections

Irregularity

Definition for the funds covered by the Common Provisions Regulation (CPR) (including Interreg)

- An irregularity means:
- 1. any infringement of a provision of applicable law;
- 2. resulting from an act or omission;
- 3. by an economic operator;
- 4. which has, or would have, the effect of 'prejudicing the budget of the Union by charging unjustified expenditure to that budget'.
- **Irregularities may be committed intentionally or unintentionally -** action or lack of action by an economic operator
- **Irregularities can be one-off or systemic -** recurring nature

Withdrawals and deductions in 2021-2027

Withdrawals financial corrections for irregular expenditure corrected (withdrawn) in the next payment application

- Applicable to the current or previous accounting years

Deductions financial corrections for irregular expenditure corrected (deducted) in the accounts

- Applicable only to the current accounting year
- Always negative amounts

Financial corrections

Article 103 corrections

Financial corrections by Member States

Member States shall protect the Union budget and apply financial corrections by cancelling all or part of the support from the Funds to an operation or programme **where expenditure declared to the Commission is found to be irregular**. (…)

The support from the Funds cancelled **may be reused** by the Member State within the programme concerned **except for an operation that was subject of that correction** or, where a financial correction is made for a systemic irregularity, for any operation affected by the systemic irregularity.

Article 104 corrections

Financial corrections by the Commission

In 2021-2027 all irregularities (irrespective of the amount) contained in accepted accounts, and which were not detected and reported first by the MS but are **identified by EC or ECA audits or OLAF investigations will lead to net financial corrections** except for:

1.the MS removes the amounts from the accounts before their submission or acceptance;

2.the MS detected (and reported) the irregularity first even if the irregularity was not correctly treated in the accounts.

Fraud

Irregularities which have intentional character or are due to intentional omission are called **frauds.**

The intentional character must be first verified in the administrative or judicial proceedings. Until then we deal with a **suspected fraud.**

When the intentional character is confirmed we deal with an **established fraud.**

Intentional character

1. Presented declarations or documents do not reflect reality

- false/falsified **accounts**;
- false/falsified **documents** (e.g. invoices) or supporting documents;
- a description of the **facts, products, operations, goods, an origin, or a destination** known to be false (e.g. material which the beneficiary claimed to have purchased for the implementation of the EU-funded project, but which was already in its possession and used for another project);
- the presentation of **funding applications** that are known to be false.

Intentional character

2. The person/body strives to conceal or mask the facts in full knowledge of those facts

- inventing a purely fictitious situation;
- falsely claiming to have carried out an action, project, or processing (e.g. the beneficiary claiming to have received **three offers from different suppliers under a tendering procedure whereas in reality the offers had been prepared by the same person**);
- misrepresenting or falsifying **the nature, quality or quantity** of an action/project/product;

Intentional character

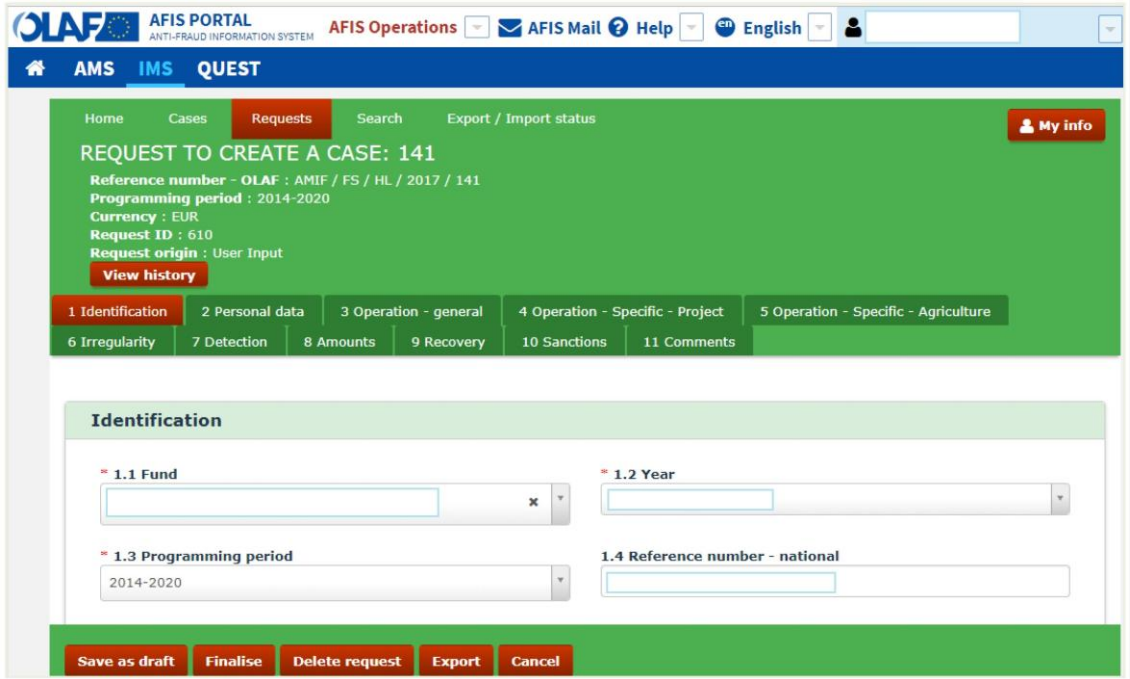
2. The person/body strives to conceal or mask the facts in full knowledge of those facts

- economic operators **refusing to allow checks** by e.g. the Managing Authority;
- **creating a fictitious economic operator** (or creating a new company in order to receive additional subsidies when the aid ceiling has already been reached under an existing company).

In other scenarios, the intent to commit an irregularity should be evaluated **case by case**, as the person/body **might** have acted **in good faith or negligently**. For example, the failure to present supporting documents might be a simple oversight or it could be an attempt to hide a potentially problematic situation.

Reporting in IMS

Template for electronic reporting via the Irregularity Management System (IMS) – Annex XII to CPR + Reporting irregularities in shared management 2025



IMS access usually coordinated by national Anti-Fraud Coordination Service (AFCOS)

IMS used in 35 countries (EU+IPA)

Non fraudulent / fraudulent irregularities

Reporting in IMS

Irregularities to be reported

1. have been the subject of a first written assessment by a competent authority, either administrative or judicial (PACA) - primary administrative or judicial finding
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

Reporting in IMS

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**

Interlinked irregularities

1. irregularities (even of different kinds) committed **by the same person/economic operator** (or group of persons/economic operators) and **concerning the same operation** (project, contract, action or group of projects);
2. irregularities (even of different kinds) **committed by the same economic operator** (or group of persons/economic operators) and **concerning different operations** (project, contract, action or group of projects);
3. irregularities committed by **different persons/economic operators** and **concerning the same operation** (project, contract, action or group of projects).

Irregularities in 2021-2027

When to report?

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.

immediately report irregularities if other Member State is concerned or repercussions outside MS territory.

Reporting in IMS does not institute any legal proceedings!

Suspected fraud reported without delay to prosecutor / police / OLAF / EPPO depending on the national provisions!

Irregularities in 2021-2027

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

Rules for the reporting of irregularities

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Documents meeting PACA definition (open catalogue)

- management verification or control report (setting out the results of the verifications/control) by a Managing Authority, Intermediate Body or Paying Agency
- decision to reject the application of the funding, to refuse to sign the co-financing contract, to refuse the reimbursement of expenses, to refuse to settle expenses within the advance payment, to reduce funding, to withdraw unduly paid funding, to terminate the co-financing agreement
- audit reports (by the national audit authority, certifying body, supreme audit institutions)
- (audit) report by the European Commission

Documents meeting PACA definition (open catalogue)

- investigation report by the European Anti-Fraud Office (OLAF)
- report by the European Court of Auditors
- investigation report by the European Public Prosecutor’s Office (EPPO)
- report, resolution, decision or agreement to initiate the recovery procedure
- recovery order
- report by an investigative body

Documents meeting PACA definition (open catalogue)

- other reports or memoranda issued by public bodies (internal audit, management reports, etc.) indicating the occurrence of irregularities
- transmission document to the public prosecutor
- (decision to initiate an investigation by public prosecution or law enforcement authorities)
- (request or decision of) indictment
- sentence, judgment (court verdict)
- etc.