



Presentation of work of MA Irregularity Officer in the field of anti-fraud, irregularities and audits

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Annual Summary of controls for 2018

4th accounting year (1.7.2017 – 30.6.2018)

Part A: Summary of the final audit reports

I. System audits of MA/JS, CA, SI FLC and HU FLC

- The audit established that the established systems set up within the programme bodies works while some improvements are still needed
- Follow-ups carried out in December of 2018 with final reports delivered in April and May of 2019 with some improvements still needed

II. Audit of operations

- Audit of two projects (Green Exercise and TA1 MA/JS)
- Two cases of irregularities found for TA1 in the amount of 209,58 EUR



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Part B: Summary of the controls carried out on expenditure - administrative verifications

- 108 partner reports certified by FLC
- 4 projects started with the implementation, 20 projects were already running and implementing objectives
- No financial corrections made as a result of controls carried out on expenditure during the 4th accounting year
- Majority of errors detected by the FLC categorized as *Incorrect public procurement* (45%) followed by *Other ineligible expenditure* (mostly related to staff expenses, 27%) and *Incomplete audit trail* (13%)
- In all cases the respective project partners were informed about the error detected and instructed how to avoid such errors in next reporting periods.



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Part C: Summary of the controls carried out on expenditure - on-the-spot verification

- **8 on-the-spot verification by FLC carried out (3 for SI partners and 5 for HU partners)**
 - To check the physical existence of equipment, perform checks on public procurement and financial progress on submitted partner reports
- **2 site visits by JS carried out (Green Exercise and Right Profession II)**
 - To check the physical existence of equipment, infrastructure in project implementation, publication and target groups
- **No findings with financial impact**



Self-assessment of fraud risk for cooperational programmes SI-HU, SI-AT and SI-HR

Maribor, 22nd March 2019

- Carried out by the Head of Managing Authority, Deputy Head of Managing Authority, Programme managers, Heads of Joint Secretariats and Managing Authority Irregularity Officer
- 15 fraud risks under 4 risk categories were identified
- Additional category added for this year - *Programming of the post-2020 programmes*
- Considering the controls set in place or planned new controls, all of the risks are considered to be at an acceptable level
- This self-assessment “exercise“ is carried out annually – next one in planned in March of 2020



Risk categories with specific risks identified during the self-assessment

1) Selection of applicants by the MC members

- Conflicts of interest within the MC and assessment
- False data and declarations by applicants
- Double funding
- Conflicts of interest among the applicants and assessors/MC
- Influence of politicians on selection process

2) Verification of expenditures

- Fraud in public procurement at the level of beneficiaries
- Non-delivery or substitution of products and services
- Amendment of existing contract
- Double funding
- Incomplete / inadequate management verification process
- Final beneficiary of EU funding is not the beneficiary from the Subsidy contract

3) Anti-fraud culture

- Lack of anti-fraud culture at the level of beneficiaries and MC members
- Lack of anti-fraud culture and inadequate training of programme bodies on anti-fraud measures

4) Programming of the post-2020 programmes

- Conflict of interest among the TF members and possible future applicants
- Influence of politicians on the programming process



Annual Summary of Controls for 2019

- **Part A: Most of the final audit reports for projects received – some irregularities discovered**
- **Part B:**
 - 3 projects approved in this accounting year
 - 193 reports certified by the FLCs
 - 5.357.720,08 declared by the beneficiaries
 - 4.981.181,48 confirmed by the FLCs (92,97% of declared amount)
 - A case of confirmed amount exceeding of total partner budget discovered, correction under way
- **Part C:**
 - Two cases of expenditure being reported and confirmed under wrong budget line was discovered during the OTSC





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