



REPUBLIKA SLOVENIJA
MINISTRSTVO ZA FINANCE

URAD REPUBLIKE SLOVENIJE
ZA NADZOR PRORAČUNA

Prevention of Irregularities and anti-fraud role in the management of EU Funded projects

Optimized Internal Control of EU Funds (in Line Ministries),
February 19-21, 2019, CEF, Ljubljana

mag. Irena Kure, UNP-AFCOS

Content



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- introduction, legal basis (at glance)
- concept of irregularity
- definition and types of irregularities (category, classification, types)
- suspected fraud
- statistics on irregularities - the most common irregularities and fraud (CP)



Reporting obligation

- Under EU law, MS must report cases of irregularities in revenue and expenditure to the EC. Commission receives irregularity reports with regard to budget expenditure through the irregularity management system (IMS) managed by the European Anti-Fraud Office (OLAF).
- In shared implementation of the EU budget, MS are required to report detected irregularities in areas where EU provides financial support. MS must send regular reports of irregularities (including suspected and established fraud).

- Aim of reporting irregularities:

Detailed reporting has a dual purpose. It is a preventive measure to support proactive risk analysis, and it also allows administrative and judicial monitoring of action taken by MS.

In addition, it provides information to the EP, MS and EC (including OLAF) for the fight against fraud and reporting of irregularities, including suspected and established fraud and acts as a tool for sound financial management.

The concept of irregularity



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- EU regulations in various sectors require MS to report irregularities to the Commission. The concept of ‘irregularity’ must always be considered in terms of the entire legislative framework of the Union’s financial interests, which may vary depending on the field concerned

- *Legal basis*

Article 3(1) of Commission Delegated Regulation (EU) No 2015/1970, 2015/1971, 2015/1972 and 2015/1973:

Article 3 — Initial reporting

1. Member States shall report irregularities to the Commission which:

(a) affect an amount that exceeds EUR 10 000 in contribution from the funds;

(b) have been the subject of a primary administrative or judicial finding.



Legal basis :

***Article 1 (2) of Regulation 2988/95 (PIF)**

states that:

‘„Irregularity” shall mean any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure.’



Irregularities

Fraud

Specific sectoral regulations - further refined the general definition



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- For the **European Agricultural Guarantee Fund**, the definition of ‘irregularity’ in Article 2(g) of Regulation (EU) No 1306/2013 refers to that of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95.
- For the **Asylum, Migration and Integration Fund** and the instrument for financial support for police cooperation, preventing and combating crime and crisis management (**AMIF/ISF**), recital (3) of the Commission Regulation (EU) 2015/1973 refers to the definition used in Article 1(2) of Council Regulation (EC, Euratom) No 2988/95.
- For the **European Structural and Investment Funds (ESIF)** a slightly different definition is given in Article 2(36) of Regulation (EU) No 1303/2013:
“irregularity” means any breach of Union law or of national law relating to its application, resulting from an act or omission by an economic operator involved in the implementation of the Fund, which has, or would have, the effect of prejudicing an unjustified item of expenditure to the budget of the Union ’
- The same definition is given in Article 2(16) of Regulation (EU) No 223/2014 on the **Fund for European Aid to the Most Deprived (FEAD)**.



Act or omission, intentional or unintentional

- The definition (previous slide) is valid across all sectors concerned and covers all behavior, intentional or unintentional, by an economic operator which has, or would have, the effect of prejudicing the general budget of the Union.

Specifically:

- Irregularities may stem from action or lack of action (i.e. ‘an act or an omission’) and may be categorized according to whether they
 - a) are intentional or not;
 - b) are one-off or systemic;
 - c) might have an impact in other MS or non-EU countries.
- Irregularities may be detected by any competent national or EU (Commission services, OLAF, European Court of Auditor, other) authority.

Infringement of an EU provision or national law



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- In order to be considered an irregularity, the behavior must result in an infringement/breach of EU or national law.
‘Any breach of Union law or of national law relating to its application’ encompasses the whole normative framework and binding procedures relevant to EU funding; these include, on the one hand, provisions specific to EU funds, and on the other, provisions on the management of public funds in general at national or institutional level.

It has to be emphasised that ‘Union law or national law’ is to be obeyed not only in relation to the EU funds supplied by the EC, but also to co-financing (whether delivered jointly or in parallel) from the national budget (irrespective of whether it is at national, regional or municipal level), or from the resources of grant beneficiaries or final recipients (irrespective of whether they are public or private institutions).



In summary

No complete and exhaustive list can be given of what is and what is not an irregularity — decisions can only be taken with reference to particular cases, and are therefore subject to institutional judgment.

In concrete instances two questions should be asked:

a) Have rules been broken?

b) If so, might this have a negative impact on the EU budget?

Note that:



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- An irregularity may occur at any moment in the project cycle, from programming through to audit, *ex post* monitoring or evaluation. Checks at any stage may indicate that conditions to be met by a beneficiary after project completion (e.g. operation of infrastructure) are not being met.
- Certain guidance on these matters may also be consulted — for instance on:
 - a) fraud risk assessment and anti-fraud measures for the 2014-2020 programming period;
 - b) fraud indicators developed for the 2007-2013 Structural Funds;
 - c) anonymized irregularity cases related to structural actions;
 - d) practical guides on conflict of interest and forged documents.



The fact generating the obligation to report

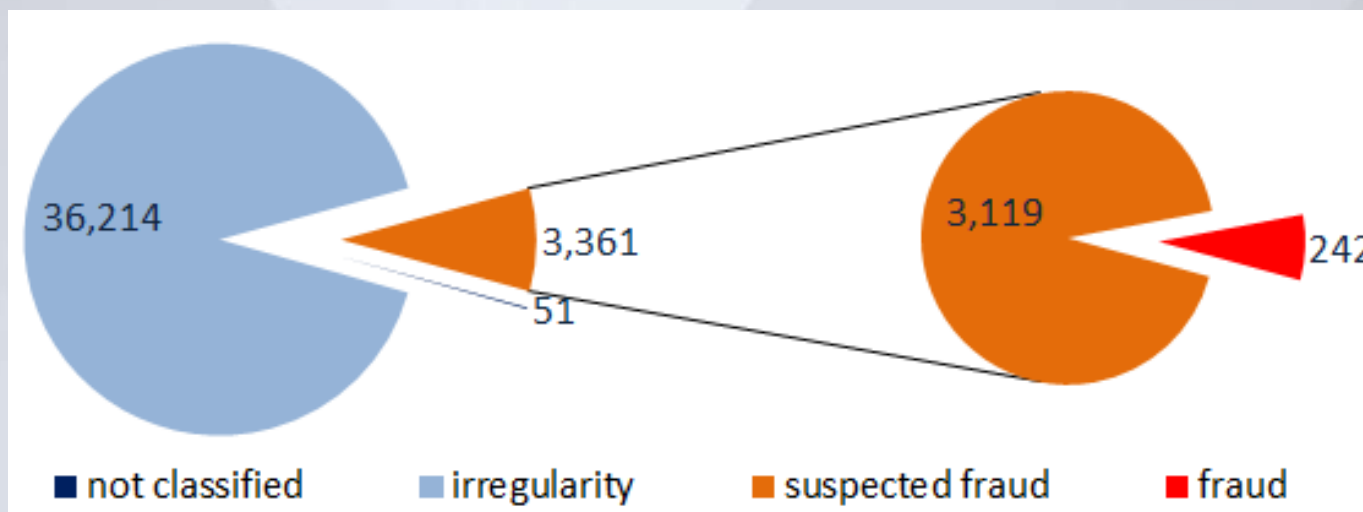
- EU legislation requires MS to report cases of irregularity and suspected fraud which have been the subject of a primary administrative or judicial finding (premier acte de constat administratif ou judiciaire — PACA)
- Initial reporting: The MS are required to send the first report on a newly established irregularity no later than two months following the end of the quarter in which the primary finding (PACA) was made (IMS allows earlier reporting).
- Notification threshold: Article 3(1)(a) of the Delegated Regulations requires MS to report to the Commission only irregularities (including ‘suspected fraud’ and ‘fraud’) that affect an amount exceeding € 10 000 in contribution to the funds.
- To split a set of operations artificially, to avoid the reporting requirement is contrary to the objectives of EU legislation. Thus an ‘irregularity’ within the meaning of EU legislation may consist of irregular or fraudulent operations which are interlinked and whose total financial impact exceeds € 10 000, even though each operation remains below the threshold.



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Classification 2013 - 2017:





Irregularity Category – Description

Irregularity Category - Description
Request
Beneficiary
Accounts and records
Documentary proof
Product, species and/or land
(Non-)action
Movement
Bankruptcy
Ethics and integrity
Public procurement (see annex Commission Decision C(2013)9527)
State aid
Other

Type of irregularities



- T13/00 Incomplete accounts
- T13/01 Incorrect accounts
- T13/02 Falsified accounts
- T13/03 Accounts not presented
- T13/04 Absence of accounts
- T13/05 Calculation errors
- T13/06 Revenues not declared
- T13/99 Other

- T19/01 Bribery - passive
- T19/02 Bribery - active
- T19/03 Corruption

- T12/00 Incorrect identity operator/beneficiary
- T12/01 Non-existent operator/beneficiary
- T12/02 Misdescription of the holding
- T12/03 Operator/beneficiary not having the required quality

- T14/00 Documents missing and/or not provided
- T14/01 Documents incomplete
- T14/02 Documents incorrect
- T14/03 Documents provided too late
- T14/04 Documents false and/or falsified
- T14/99 Other

- T17/00 Irregularities in connection with final destination (arrival at, etc.)
- T17/01 Fictitious movement
- T17/99 Other

Irregularity Type – description

Irregularity Type	Description
Incorrect or incomplete request for aid	
False or falsified request for aid	
Product, species, project and/or activity not eligible for aid	
Incompatible cumulation of aid	
Several requests for the same product, species, project and/or activity	
Other	
Incorrect identity operator/beneficiary	Irregular termination, sale or reduction
Non-existent operator/beneficiary	Absence of identification, marking, etc.
Misdescription of the holding	Refusal of control, audit, scrutiny etc.
Operator/beneficiary not having the required quality	Control, audit, scrutiny etc. not carried out in accordance with regulations, rules
Other	Infringement of rules concerned with public procurement
Incomplete accounts	Infringements with regard to the cofinancing system
Incorrect accounts	Refusal to repay not spent or unduly paid amount
Falsified accounts	Other
Accounts not presented	Irregularities in connection with final destination (change of, non arrival at, etc)
Absence of accounts	Fictitious movement
Calculation errors	Other
Revenues not declared	Legal persons - liquidation
Other	Legal persons - reorganisation to structure debt
Documents missing and/or not provided	Natural persons - repayment plan
Documents incomplete	Natural persons - repayment plan not possible
Documents incorrect	Other
Documents provided too late	Conflict of interest
Documents false and/or falsified	Bribery - passive
Other	Bribery - active
Over or under production	Corruption
Inexact composition	Corruption - passive
Inexact origin	Corruption - active
Inaccurate value	Other irregularities concerning integrity and ethics
Inexact quantity	Lack of publication of contract notice
Variation in quality or content	Artificial splitting of works/services/supplies contracts
Quantities outside permitted limits, quotas, thresholds	Non-compliance with - time limits for receipt of tenders; or - time limits for receipt
Unauthorised substitution or exchange	Insufficient time for potential tenderers/candidates to obtain tender documents
Unauthorised addition or mixture	Lack of publication of -extended time limits for receipt of tenders; or - extended
Unauthorised use	Cases not justifying the use of the negotiated procedure with prior publication
Falsification of the product	For the award of contracts in the field of defence and security falling under direct
Incorrect storage or handling	Failure to state: - the selection criteria in the contract notice; and/or - the award
Fictitious use or processing	Unlawful and/or discriminatory selection and/or award criteria laid down in the
Incorrect classification (incl. incorrect tariff heading)	Selection criteria not related and proportionate to the subject-matter
Overdeclaration and/or declaration of fictitious product, species and/or	Discriminatory technical specifications
Other	Insufficient definition of the subject-matter of the contract
Action not implemented	Modification of selection criteria after opening of tenders, resulting
Action not completed	Modification of selection criteria after opening of tenders, resulting
Operation prohibited during the measure	Evaluation of tenderers/candidates using unlawful selection or award
Failure to respect deadlines	Lack of transparency and/or equal treatment during evaluation
Irregular termination, sale or reduction	Modification of a tender during evaluation
	Negotiation during the award procedure
	Negotiated procedure with prior publication of a contract notice w
	Rejection of abnormally low tenders
	Conflict of interest
	Substantial modification of the contract elements set out in the co
	Reduction in the scope of the contract
	Award of additional works/services/supplies contracts (if such award constitutes
	Additional works or services exceeding the limit laid down in the relevant prov
	Other
	Failure to notify State Aid
	Wrong aid scheme applied
	Misapplication of the aid scheme
	Monitoring requirements not fulfilled
	Reference investment not taken into account in the applicable aid scheme
	No consideration of revenue in the applicable aid scheme
	No respect of the incentive effect of the aid
	Aid intensity not respected
	De Minimis threshold exceeded
	Other State aid
	Other irregularities (see Modus Operandi)

Classification of an irregularity



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- The term ‘irregularity’ includes — but is not limited to — ‘suspected fraud’ and ‘established fraud’. Since 2006, MS reporting irregularity cases to the EC have been required to identify whether these cases involve ‘suspected fraud’; a definition of ‘suspected fraud’ was inserted in the reporting provisions.
- The main factor in identifying ‘fraud’ is ‘deliberate intent’ to commit an irregularity.

Legal basis

- *Article 3(2)(g) of the Commission Delegated Regulations (EU) No 2015/1970, 2015/1971, 2015/1972 and 2015/1973 requires Member States to state the following information:*
 - (g) where appropriate, whether the practice gives rise to suspected fraud;*
- *Article 2(a)*
 - “Suspected fraud” means an irregularity that gives rise to the initiation of administrative or judicial proceedings at national level in order to establish the presence of intentional behaviour, in particular fraud, as referred to in Article 1(1)(a) of the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European Communities’ financial interests’.*



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IMS

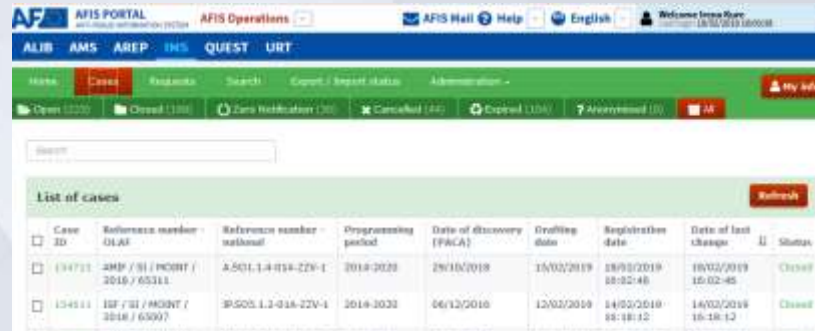


- IMS –Irregularity Management System
- protected
- web based
certificate
user name
password
- cascade
- virtual
- 3 types of user
manager
creator
observer

How to do this in IMS- irregularity classification

The irregularity management system (IMS) enables any irregularity reported to be properly classified by selecting one of these three choices in the relevant field:

- 'IRQ2 – 'Irregularity'';
- 'IRQ3 – 'Suspected fraud'';
- 'IRQ5 – 'Established fraud''.



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ALIB AMS AREP IMS QUEST URT

Home Cases Requests Search Expert / Import status Administration

Open (120) Closed (130) Data Notification (30) Cancelled (40) Expired (100) Archived (0) 18

Search

List of cases Refresh

Case ID	Reference number - OLAF	Reference number - national	Programming period	Date of discovery (PACA)	Drafting date	Registration date	Date of last change	Status
154721	AMF / 91 / MOINT / 2018 / 65311	A501.1.4-018-229-1	2014-2020	28/10/2018	15/02/2019	18/02/2019 08:02:48	18/02/2019 10:02:45	Closed
154411	IF / 31 / MOINT / 2018 / 63007	3505.1.3-018-229-1	2014-2020	06/12/2018	12/02/2019	14/02/2019 08:18:12	14/02/2019 16:18:12	Closed
	/ 51 / MOINT / / 63043	A505.1.3-028-229-1	2014-2020	17/09/2018	12/02/2019	14/02/2019 16:10:57	14/02/2019 16:10:57	Closed
	/ 51 / OOSP / / 62102	3120180000LFD/01	2007-2013	28/01/2017	01/10/2018	20/11/2018 11:48:26	20/12/2018 11:30:00	Open
	/ 51 / OOSP / / 62004	31201800001 / 35714-20/01	2014-2020	14/06/2018	12/10/2018	26/11/2018 11:42:57	20/12/2018 11:19:52	Open
	D / 10 / A / 2018 / 781	33144-0131/2013/25	2007-2013	22/10/2018	26/11/2018	26/11/2018 11:19:34	20/12/2018 11:19:34	Open
	D / 10 / A / 2018 / 129	33118-						



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URT! How Registration Tool v.2.0

Organisation Tree

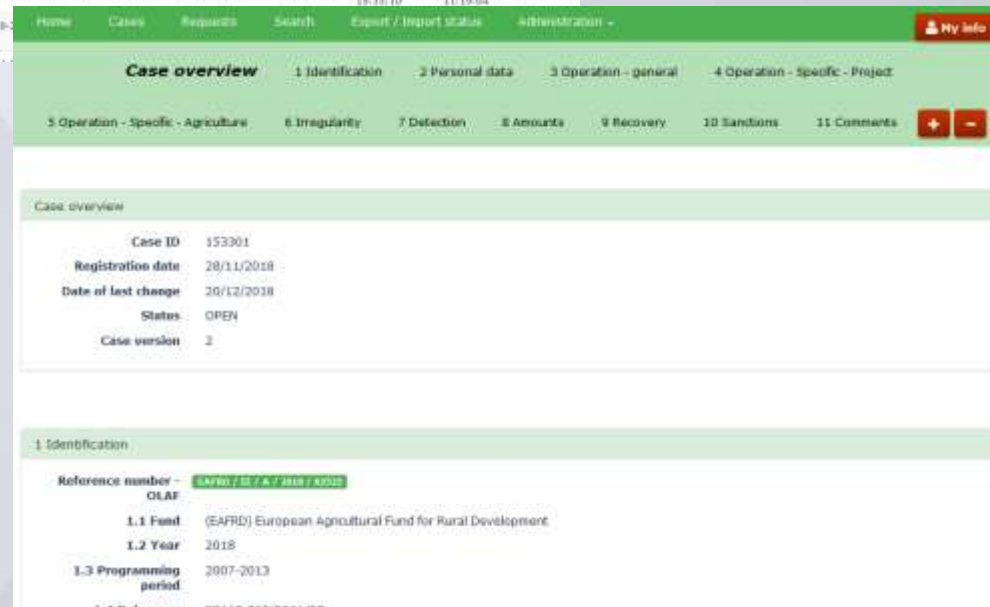
ALIB ALB Library 1.3.8

AREP AREP v.1.4.8 AREP Business Reports

IMS Irregularity Management System 1.4.3

AMS AFIS Mail System 1.1.2

QUEST QUEST v.1.4.8



Home Cases Requests Search Expert / Import status Administration My info

Case overview 1 Identification 2 Personal data 3 Operation - general 4 Operation - Specific - Project 5 Operation - Specific - Agriculture 6 Irregularity 7 Detection 8 Amounts 9 Recovery 10 Sanctions 11 Comments

Case overview

Case ID 153901
Registration date 28/11/2018
Date of last change 20/12/2018
Status OPEN
Case version 3

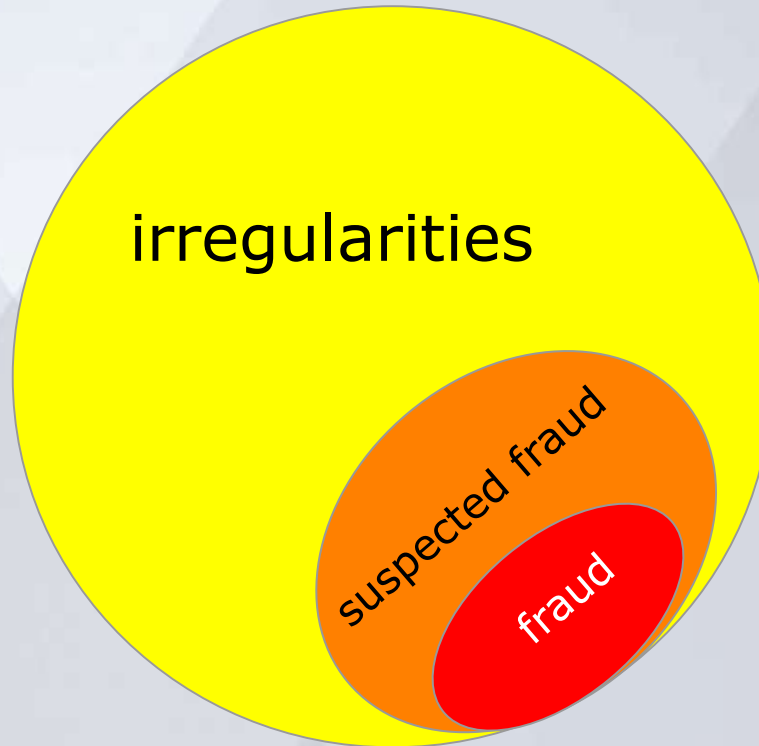
1 Identification

Reference number - **AMF / 91 / MOINT / 2018 / 65311**
OLAF
1.1 Fund (EAFRD) European Agricultural Fund for Rural Development
1.2 Year 2018
1.3 Programming period 2007-2013
1.4 Reference 33118-26/2013/25



Definition ⇒ suspected fraud

The most important element in identifying 'fraud' is the 'deliberate intent' to commit an irregularity. Therefore, a case of irregularity should always be treated as 'suspected fraud' if it is submitted to a prosecution service





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Indicative list of types of irregularity to be described as 'suspected fraud'

On the basis of MS reports, an indicative list has been drawn up of the typology used by MS in cases that should be considered as 'suspected fraud'.

In the following scenarios, the deliberate nature of the irregularity is obvious, since it is clear that the legal/natural person/entity that committed the irregularity **was aware** that its acts or omissions would have an impact on public funds (the EU and national contribution to the relevant area of expenditure):

- The legal/natural person/entity that knowingly committed the presumed irregularity makes declarations or uses documents that do not reflect reality; the following are typical cases:
 - false / falsified accounts;
 - false / falsified documents;
 - a description of the facts, products, operations, goods, an origin or a destination that is known to be false;
 - false / falsified supporting documents;
 - the presentation of applications that are known to be false.



cont.

- The legal/natural person/entity that knowingly committed the presumed irregularity strives **to conceal or mask** the actual facts in full knowledge of those facts. The following are typical cases:
 - misappropriation of funds or goods;
 - goods imported or exported without declaration;
 - the presumed perpetrator of the irregularity invents a purely fictitious situation;
 - fictitious execution of an action, project, use or processing;
 - misrepresentation or falsification of the nature, quality or quantity of an action/project/product;
 - refusal of control by economic operator;
 - fictitious economic operator.



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cont.

- In other scenarios, intent should be checked case by case, as the economic operator might have acted in good faith or negligently. These categories might include:
 - a combination of incompatible aid;
 - failure to present accounts or supporting documents;
 - failure to complete a transaction.

Suspected fraud (untill now identified stages)



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<p>Administrative decision: the administrative authority decides, based on a type of irregularity discovered and modus operandi, that the case constitutes a suspected fraud</p>	<p>Transmission of information by the administrative authority: the authority forwards the case to the prosecution service concerning a possible infringement of EU or national provisions to the detriment of the EU's financial interests</p>	<p>Opening of a criminal investigation: a prosecutor opens a file concerning a possible infringement of EU or national provisions to the detriment of the EU's financial interests</p>	<p>Requests of indictment: a prosecutor requests the indictment of a person in relation to a possible infringement of provisions to the EU's financial interests</p>
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How to reflect this in IMS ?

IMS enables MS to specify the stage at which the case is classified as 'suspected fraud'. A 'request' to update case: by amending the relevant fields, such as:

Classification of the irregularity: change from IRQ3 to IRQ5

The sanctions (penalties) filled in.

IMS allows the uploading of the relevant documents as attachment (e.g. sentence).

Established fraud



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The definition of fraud against the EU financial interests was first introduced by Article 1(1)(a) of the Convention (drawn up on the basis of Article K.3 of the Treaty on EU, on the protection of the EC' financial interests, also known as the PIF Convention.

Legal basis

- *The PIF Convention defines fraud against the EU's financial interests as:*
- *a) In respect to expenditure, 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 EU or budgets managed by, or on behalf of, the EU,*
- *- 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;*

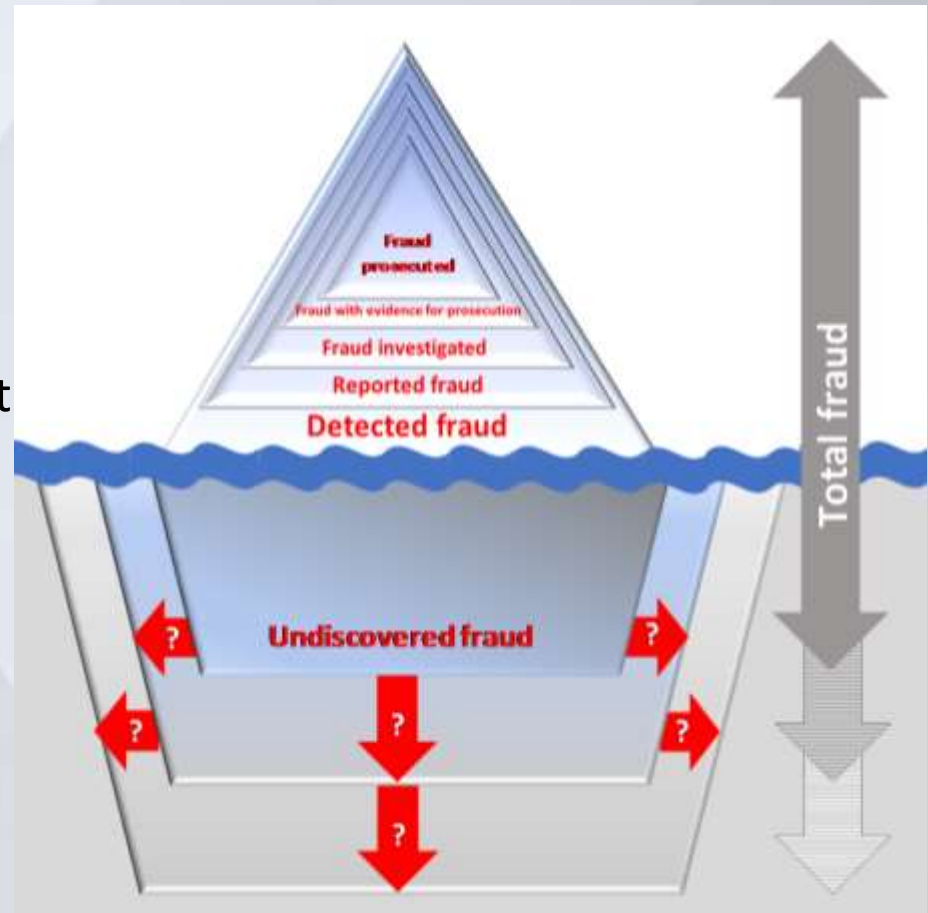


What is the level of fraud?

Fraud is a “hidden crime”. There is always a gap between detected and undetected cases where a fraudulent activity is suspected.

Because of its nature, it is very difficult to measure the level of fraud.

Established fraud describes a case of suspected fraud that has been judged to constitute 'fraud' by a definitive criminal court decision.





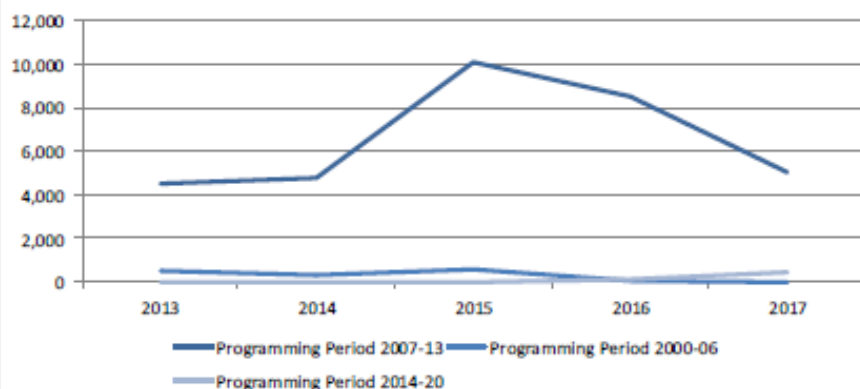
Irregularities reported (CP)

by numbers and amounts (in programming period)

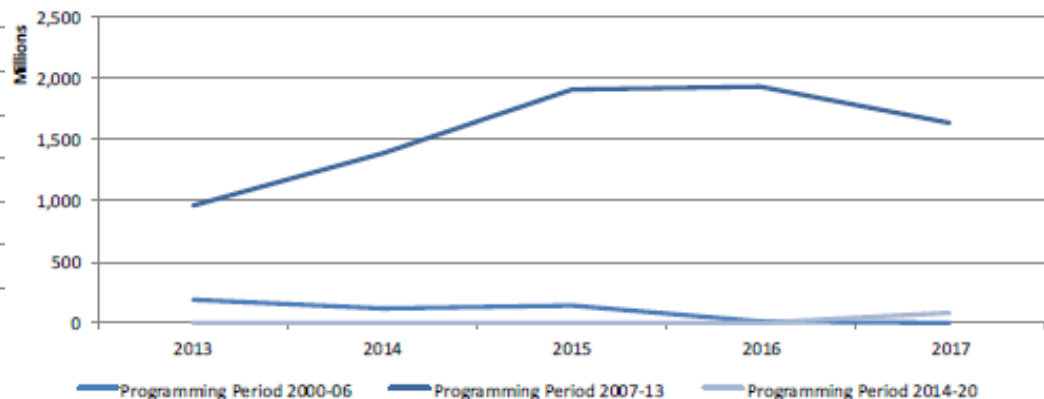
FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2013	2014	2015	2016	2017	
	N	N	N	N	N	
Programming Period 2014-20	0	0	2	119	449	570
Cohesion fund	0	0	0	2	41	43
ERDF	0	0	1	16	200	217
ESF	0	0	1	99	206	306
EMFF	0	0	0	2	3	5
Programming Period 2007-13	4,432	4,762	10,117	8,529	5,013	32,813
Cohesion fund	240	200	464	439	426	1,549
ERDF	2,069	3,066	6,009	6,412	3,612	23,967
ESF	1,239	1,339	1,463	1,411	782	6,224
EFF	144	66	191	267	193	683
Programming Period 2000-06	517	330	601	61	12	1,521
Cohesion fund	94	33	6	2	1	136
ERDF	334	196	595	49	6	1,182
ESF	43	60	10	4	4	130
EAGGF - Guidance	44	41	7	6	2	100
FIFG	2	0	1	0	0	3
Programming Period 1994-1993	1	3	1	1	0	6
Cohesion fund	1	0	0	0	0	1
ERDF	0	1	1	1	0	3
EAGGF - Guidance	0	2	0	0	0	2
TOTAL	5,010	5,095	10,721	8,710	5,474	35,010

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2013	2014	2015	2016	2017	
	EUR	EUR	EUR	EUR	EUR	
Programming Period 2014-20	0	0	166,544	5,270,899	87,801,268	93,237,911
Cohesion fund	0	0	0	671,052	40,872,003	41,543,055
ERDF	0	0	15,872	3,242,208	40,043,647	43,301,817
ESF	0	0	150,672	1,188,821	6,007,735	7,047,228
EMFF	0	0	0	167,028	277,883	445,811
Programming Period 2007-13	954,324,078	1,582,789,100	1,995,504,731	1,925,288,616	1,624,412,133	7,792,318,658
Cohesion fund	137,588,929	223,801,204	288,512,397	303,527,220	335,118,003	1,378,548,419
ERDF	697,276,512	1,045,019,240	1,490,840,000	1,367,588,519	1,170,202,801	5,730,929,804
ESF	98,038,632	105,800,508	130,910,677	144,345,197	95,820,061	574,900,735
EFF	21,418,005	8,102,082	25,240,991	20,827,674	23,200,048	107,840,700
Programming Period 2000-06	187,478,529	123,654,219	136,473,886	12,438,335	4,038,015	464,082,984
Cohesion fund	39,773,080	13,871,745	1,332,039	3,412,302	1,915,597	60,305,363
ERDF	130,502,430	99,859,400	65,155,667	5,252,772	827,740	318,598,131
ESF	13,730,583	7,042,404	48,450,535	137,001	1,228,800	71,204,470
EAGGF - Guidance	3,112,155	5,280,484	690,253	3,630,200	65,800	12,763,058
FIFG	353,681	0	857,372	0	0	1,211,053
Programming Period 1994-1993	2,035,337	223,651	474,024	6,430	0	2,805,512
Cohesion fund	2,095,397	0	0	0	0	2,095,397
ERDF	0	12,110	474,024	6,430	0	492,564
EAGGF - Guidance	0	217,551	0	0	0	217,551
TOTAL	1,143,898,004	1,506,672,980	2,042,619,185	1,943,003,480	1,716,251,416	8,352,445,065

Number of irregularities by programming period - 2013-2017



Financial amounts involved in irregularities by programming period - 2013-17



Irregularities reported as suspected fraud (CP) by numbers and amounts (in programming period)

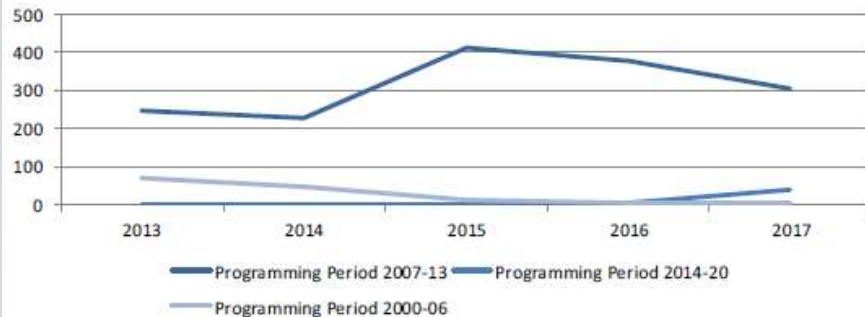


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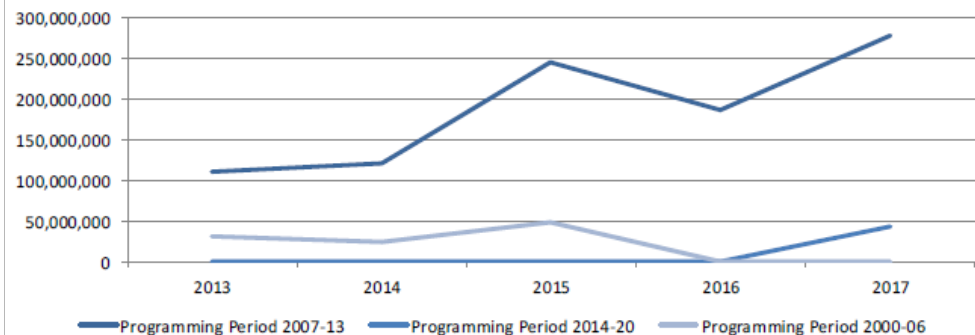
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FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD	FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2013	2014	2015	2016	2017			2013	2014	2015	2016	2017	
	N	N	N	N	N			EUR	EUR	EUR	EUR	EUR	
Programming Period 2014-20	0	0	1	2	37	40	Programming Period 2014-20	0	0	150,672	382,136	42,861,231	43,394,040
Cohesion fund	0	0	0	0	2	2	Cohesion fund	0	0	0	0	32,498,103	32,498,103
ERDF	0	0	0	0	12	12	ERDF	0	0	0	0	6,449,648	6,449,648
ESF	0	0	1	2	23	26	ESF	0	0	150,672	382,136	3,913,480	4,446,289
Programming Period 2007-13	247	225	411	375	305	1,563	Programming Period 2007-13	110,314,886	120,607,350	245,240,069	186,681,371	277,231,058	940,074,733
Cohesion fund	9	6	11	10	18	54	Cohesion fund	14,034,097	38,962,780	18,116,437	12,371,444	55,542,576	139,027,333
ERDF	146	130	266	266	228	1,036	ERDF	72,203,511	70,039,293	186,340,806	153,217,970	205,991,576	687,793,156
ESF	71	81	118	89	50	409	ESF	15,224,970	9,831,286	36,243,315	20,282,682	11,522,982	93,105,236
EFF	21	8	16	10	9	64	EFF	8,852,308	1,773,991	4,539,511	809,275	4,173,924	20,149,008
Programming Period 2000-06	68	44	10	4	3	129	Programming Period 2000-06	30,992,885	23,356,284	48,102,445	752,576	298,536	103,502,725
Cohesion fund	1	0	0	0	0	1	Cohesion fund	5,063,005	0	0	0	0	5,063,005
ERDF	27	8	2	2	0	39	ERDF	12,870,947	18,439,407	61,297	224,147	0	31,595,797
ESF	27	29	7	0	3	66	ESF	11,011,548	4,461,373	47,822,953	0	298,536	63,594,410
EAGGF - Guidance	13	7	1	2	0	23	EAGGF - Guidance	2,047,385	455,504	218,195	528,429	0	3,249,513
Programming Period 1994-99	0	1	0	0	0	1	Programming Period 1994-99	0	145,855	0	0	0	145,855
EAGGF - Guidance	0	1	0	0	0	1	EAGGF - Guidance	0	145,855	0	0	0	145,855
TOTAL	315	270	422	381	345	1,733	TOTAL	141,307,771	144,109,489	293,493,186	187,816,083	320,390,825	1,087,117,353

Number of irregularities by programming period - 2013-2017



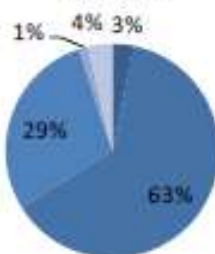
Financial amounts involved in irregularities reported as fraudulent, by programming period - 2013-2017



Distribution by fund – CP – irregularities reported as fraudulent 2013-2017 vs. Year 2017

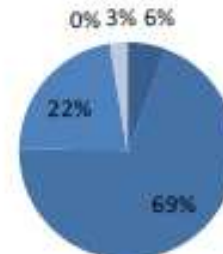
FUND	REPORTING YEAR					TOTAL PERIOD
	2013	2014	2015	2016	2017	
	EUR	EUR	EUR	EUR	EUR	
Cohesion fund	10	6	11	10	20	57
ERDF	173	138	268	268	240	1,087
ESF	98	110	126	91	76	501
EAGGF - Guidance	13	8	1	2	0	24
EFF	21	8	16	10	9	64
TOTAL	315	270	422	381	345	1,733

Irregularities reported as fraudulent 2013-2017
by fund



■ Cohesion fund ■ ERDF ■ ESF ■ EAGGF - Guidance ■ EFF

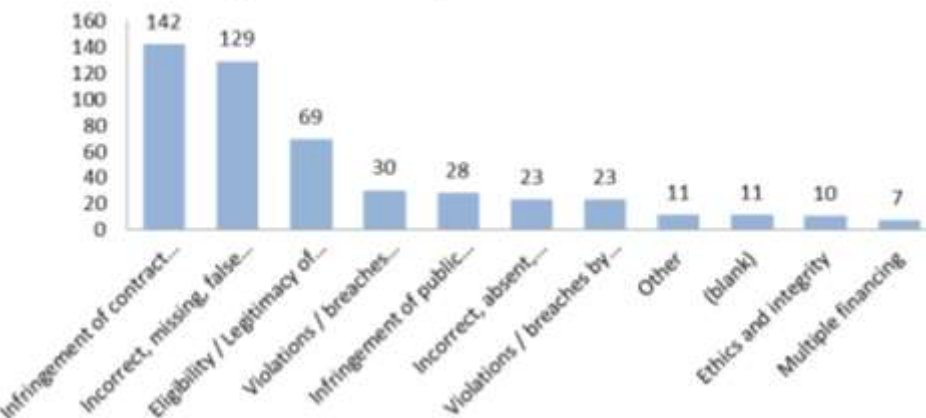
Irregularities reported as fraudulent in 2017
by fund



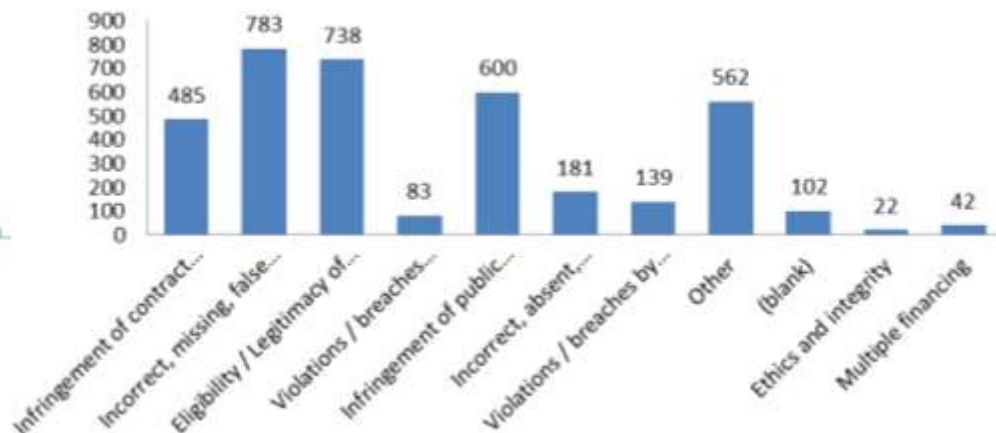
■ Cohesion fund ■ ERDF ■ ESF ■ EAGGF - Guidance ■ EFF

Specifically: Programming Period 2007-13 - Types of irregularity/Modus operandi detected (fraudulent - all)

Irregularities reported as fraudulent



All reported irregularities



	N	EUR	EUR/avg
Infringement of contract	142	139 505 570	982 434
Incorrect, missing, false	129	82 490 695	639 463
Eligibility / Legitimacy of...	69	82 688 433	1 198 383
Violations/ breaches	30	9 193 805	306 460
Infringement of public...	28	51 459 942	1 837 855
Incorrect, absent	23	6 413 021	278 827
Violations/ breaches by	23	10 848 667	471 681
other	11	8 444 452	767 677
ethics and integrity	11	947 830	86 166
multiple financing	10	22 905 360	2 290 536
	7	1 379 078	197 011

	N	EUR	EUR/avg
	485	389 801 023	803 713
	783	198 649 358	253 703
	738	339 522 108	460 057
	83	51 046 452	615 017
	600	356 232 003	593 720
	181	42 315 608	233 788
	139	42 513 317	305 851
	562	289 643 036	515 379
	102	38 381 835	376 293
	22	24 924 570	1 132 935
	42	85 783 119	2 042 455

Number of Irregularities reported as fraudulent

(amounts and fraud detection rate by MS (programming period 2007-13))



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Member State	Irregularities reported as fraudulent PP 2007-13		Payments PP 2007-2013 EUR	Fraud detection rate %
	Reported N	Involved amounts EUR		
	AT	8	1,554,144	1,120,099,482
BE	6	437,725	1,998,516,738	0.02
BG	37	7,758,774	6,325,558,580	0.12
CY	10	1,052,437	601,298,020	0.18
CZ	171	221,615,505	25,132,381,832	0.88
DE	230	33,387,259	24,618,869,733	0.14
DK	2	234,251	631,974,458	0.04
EE	21	11,184,525	3,316,509,753	0.34
ES	131	17,534,266	33,700,535,994	0.05
FI	1	26,786	1,626,153,860	0.00
FR	6	2,886,409	13,046,284,044	0.02
EL	60	13,729,274	20,357,127,810	0.07
HR	3	2,184,460	703,687,186	0.31
HU	85	8,278,944	23,130,387,246	0.04
IE	2	15,672	772,685,912	0.00
IT	83	104,250,575	26,063,663,360	0.40
LT	15	1,859,994	6,541,258,484	0.03
LV	67	37,152,942	4,457,884,217	0.83
MT	16	305,510	812,125,083	0.04
NL	15	4,324,984	1,674,894,731	0.26
PL	312	409,592,342	66,484,533,073	0.62
PT	57	119,805,392	21,057,286,061	0.57
RO	302	188,521,567	17,134,694,028	1.10
SE	4	66,797	1,620,376,667	0.00
SI	28	28,662,772	3,915,978,900	0.73
SK	214	233,276,610	10,918,995,796	2.14
UK	48	11,531,701	9,520,567,090	0.12
CB*	40	8,585,647	7,880,387,723	0.11
TOTAL	1,934	1,461,231,517	334,964,715,638	0.44



Type of Irregularity- stable amounts, same pattern

Type of irregularity 2013-2017	Irregularities not reported as fraudulent (frequency %)		Irregularities reported as fraudulent (frequency %)	
	Amount	Number	Amount	Number
Amount ineligible	53.2	73,0	66.6	53.3
Beneficiary	2.6	2.2	5.4	4.6
Documents missing	9.3	9.5	10.2	22.9
Double funding	6.9	1.2	3.5	5,0
Profit	0.4	0.4	3.6	2.9
Public procurement rules not respected	6.8	2.5	1.5	2.1
Under-performance / non-performance	19.4	9.1	6.5	8.3
(blank)	1.4	2.1	2.7	0.8



Irregularities – by Source of detection

Source of detection 2013-2017	Irregularities not reported as fraudulent		Irregularities reported as fraudulent	
	EUR million	N	EUR million	N
Ex-ante controls	129.80	1 809	0.71	8
Ex-post controls	186.53	4 675	5.83	71
Other controls (ECA)	15.72	76	0.02	1
Other controls (Member States)	3.85	13	0.00	0
Other controls (OLAF)	4.17	26	14.50	118
Other controls (To identify) and n.a.	55.95	1 276	0.49	8
TOTAL	396.02	7 875	21.54	206



Irregularities reported as fraudulent by Priority

Table CP 15: PP2007-13 - Irregularities reported as fraudulent by Priority

Priority	Irregularities reported as fraudulent					
	Total	Amounts involved	Average amount	FFL	FAL	FDR (1)
	N	EUR	EUR	%	%	%
Research and technological development (R&TD), innovation and entrepreneurship	398	296,396,254	744,714	8.0%	16.8%	0.44
Improving access to employment and sustainability	138	14,554,174	105,465	9.0%	10.0%	0.06
Increasing the adaptability of workers and firms, enterprises	154	30,226,795	196,278	9.6%	20.2%	0.25
Investment in social infrastructure	118	68,916,970	584,042	6.7%	23.9%	0.49
Tourism	121	61,755,963	510,380	11.7%	32.8%	1.08
Improving human capital	84	11,487,069	136,751	5.3%	12.2%	0.04
Environment protection and risk prevention	70	81,417,376	1,163,105	2.8%	13.1%	0.17
Urban and rural regeneration	80	93,217,060	1,165,213	6.4%	39.9%	0.93
Improving the social inclusion of less-favoured persons	44	4,676,531	106,285	6.4%	13.0%	0.05
Transport	41	321,930,625	7,851,966	2.3%	18.7%	0.42
Strengthening institutional capacity at national, regional and local level	32	3,815,391	119,231	9.7%	11.6%	0.17
Information society	34	54,416,308	1,600,480	2.7%	16.7%	0.39
Energy	28	11,927,526	425,983	5.7%	13.0%	0.10
Technical assistance Fishery	11	11,106,242	1,009,658	5.4%	26.3%	NA
Culture	4	2,373,804	593,451	1.2%	4.9%	0.04
Technical assistance	2	53,023	26,512	0.6%	0.1%	0.00
Measures of common interest - fishery	4	159,333	39,833	9.5%	0.3%	NA
(blank)	501	371,892,616	742,301	2.9%	11.8%	NA
TOTAL	1,864	1,440,323,060	772,706	4.8%	16.0%	0.42



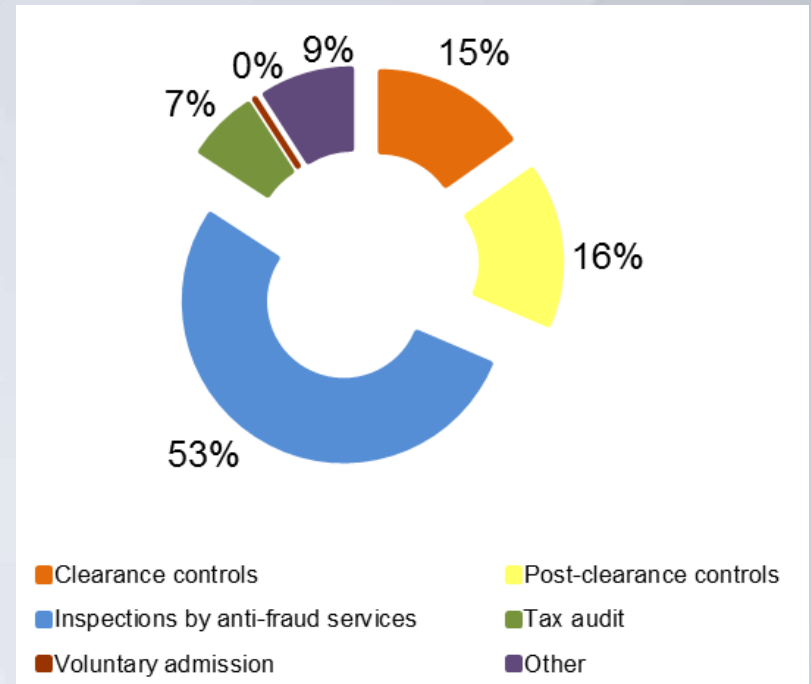
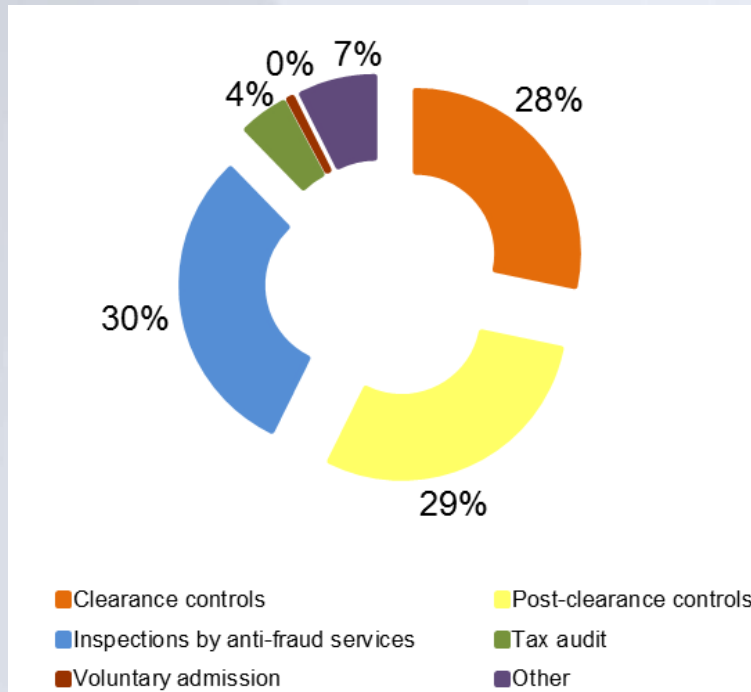
Cases that could be considered as ‘suspected fraud’ – situations of conflict of interests

Definition of conflict of interests Conflict of interests means where the impartial and objective exercise of the functions of a financial actor or other person is compromised for reasons:

- involving family,
- emotional life,
- political or national affinity,
- economic interest or
- any other shared interest with a recipient



Method of detection 2016 – Cases reported as fraudulent – by number of cases (left) by established amounts (right)



In monetary terms, of the EUR 83 million estimated or established in fraudulent cases registered for 2016, around 53 % were discovered during an inspection by anti-fraud services, 16 % during a post-clearance control, 15 % during a control at the time of clearance of goods.

Follow up reports



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- MS have a duty to provide information in follow-up reports on:
 - the initiation, conclusion or abandonment of any procedures for imposing administrative measures, administrative penalties or criminal penalties, and on the outcome of those procedures. The follow-up reports should be sent as soon as possible after the reporting authority of the MS obtains the relevant information on the follow-up of the case.
- In particular, with regard to irregularities for which penalties have been imposed, MS must also indicate:
 - (a) whether the penalties are of an administrative or a criminal nature;
 - (b) whether the penalties result from a breach of Union or national law, and details of the penalties;
 - (c) whether fraud was established.

Closure of the case

After finalizing any proceedings and informing the EC of their outcome, MS should complete and finalize the reporting and close the case.

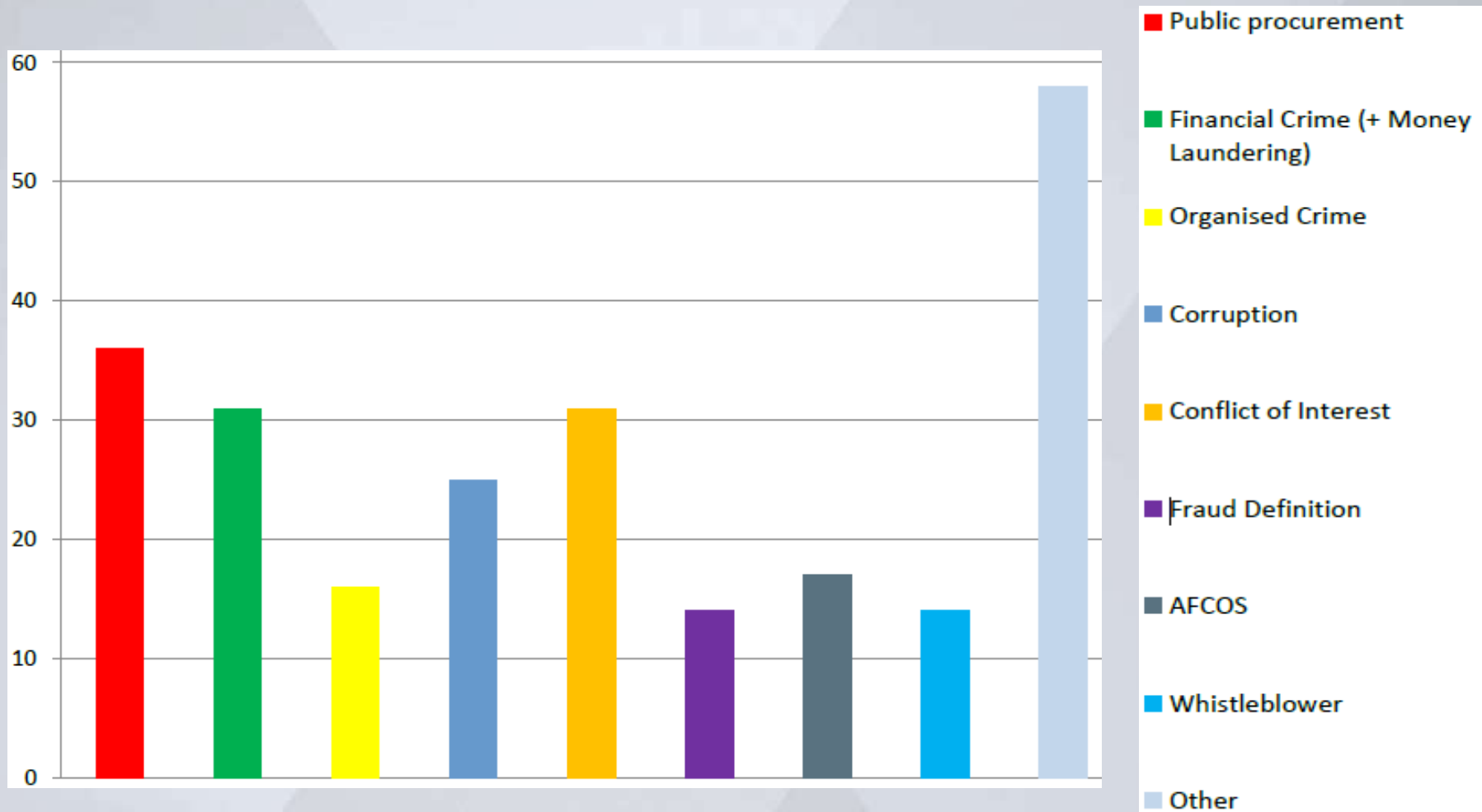
- For the 2007-2013 programming period, MS concerned closes the cases in IMS when all procedures have been concluded at national level, including the reimbursement of the amount concerned to the EU budget.
- Other examples of closing a case after finalization the procedures could be:
 - the beneficiary fulfils an obligation, in a case where the irregularity was non-fulfilment of the obligation;
 - the financial correction procedure is finalized;
 - the beneficiary is removed from the trade register;
 - the managing authority discovers the irregularity before payment and the funding agreement is cancelled or the beneficiary agrees to cover the financial consequences of the irregularity.

Measures in MS (one or package of measures)



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- Questions ?
- Thank you