

Challenges in reporting irregularities and cases of fraud in the EU pre-accession countries

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Republic of North Macedonia

IPA I 2007-2013 allocations (mil. €)								
Country	2007	2008	2009	2010	2011	2012	2013	2007-2013
Albania	61	71	81	94	94	95	95	591
Bosnia & Herzegovina	62	75	89	105	107	108	64	610
Croatia	141	146	151	154	157	156	94	998
Iceland	-	-	-	-	12	12	6	30
Kosovo*	68	185	106	67	69	69	71	635
Montenegro	31	33	35	34	34	35	35	236
North Macedonia	59	70	82	92	98	102	113	615
Serbia	190	191	195	198	202	202	208	1.385
Turkey	497	539	566	654	780	860	903	4.799
Multi-Beneficiary Programme	130	138	189	142	186	176	177	1.137
Total	1.239	1.446	1.494	1.539	1.739	1.814	1.766	11.037

IPA II 2014-2020 indicative allocations (mil. €)						
Country	2014	2015	2016	2017	2018-2020	TOTAL (2014 - 2020)
Albania	69	92	83	80	316	640
Bosnia & Herzegovina	76	40	47	75	315	552
Kosovo*	67	82	74	78	301	602
Montenegro	40	36	35	41	127	279
North Macedonia	82	67	65	82	313	609
Serbia	179	223	203	212	722	1.539
Turkey	614	626	620	493	1.181	3.534
Multi-country	242	347	435	403	1.552	2.980
Total	1.368	1.513	1.562	1.465	4.827	10.735

Two main systems

■ AFIS = **A**nti **F**raud **I**nformation **S**ystem

AFIS is a secured network, operated by OLAF, which provides access to applications to exchange information with and between:

- *European Commission*
- *Member States*
- *Candidate Countries*
- *Third countries*
- *International organisations*

■ IMS = **I**rregularity **M**anagement **S**ystem

- IMS is secured web-based application that is part of the AFIS-network.
- Secured implies that all communications between your browser and IMS are encrypted.
- A web based application also implies that IMS can be accessed at any time and at any place. (desktop or laptop on which the AFIS-certificate is installed, a username and a password)

Irregularity Management System



Need to know limits information access to the information that an individual requires to carry out his or her job responsibilities.

The competence to grant access to IMS belongs to:

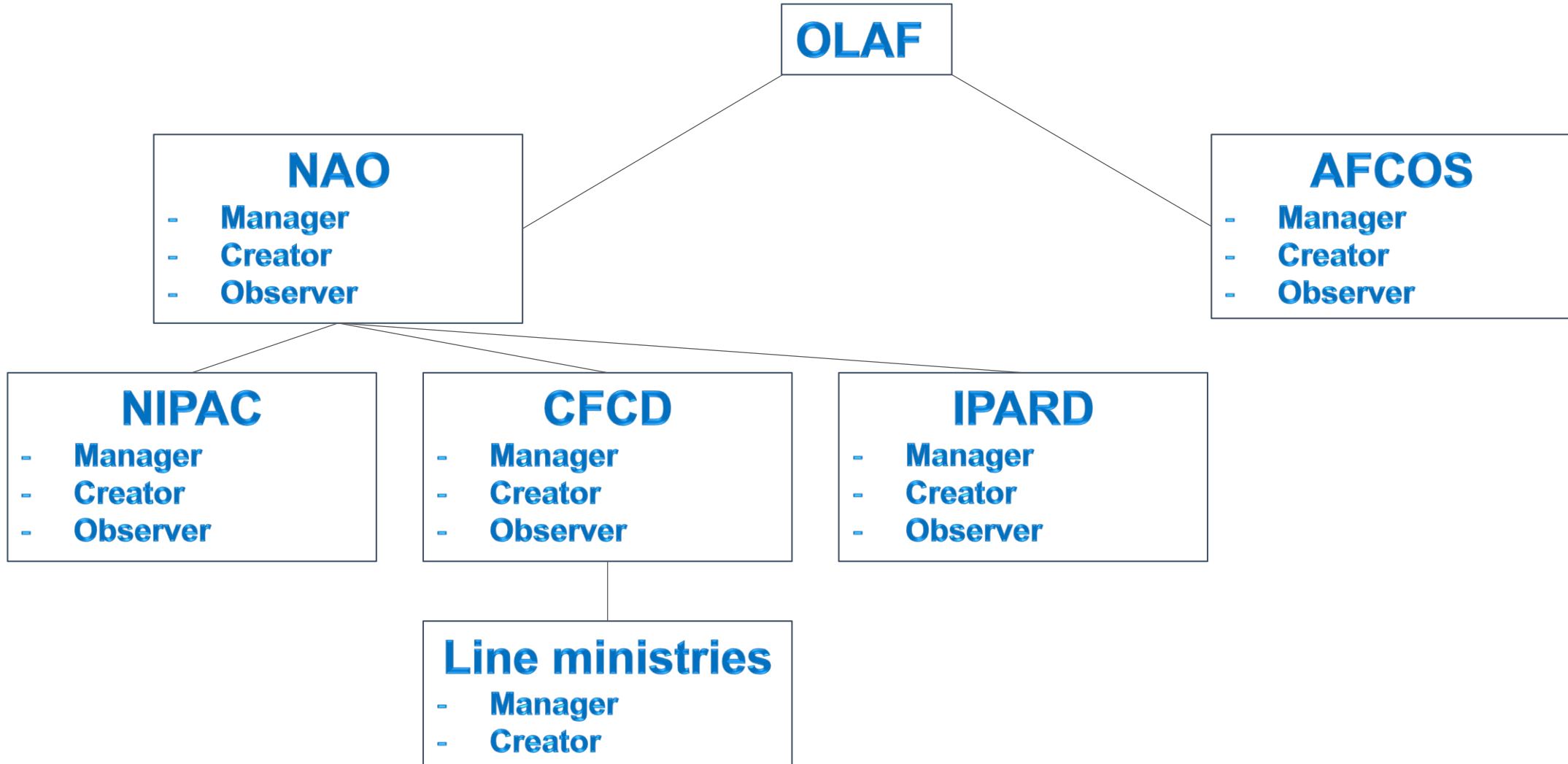
- ✓ IMS-country-officers and
- ✓ IMS-liaison-officers.

These liaison-officers register users in the User Registration Tool (URT) and decide which role a user (country-officer, manager, creator or observer) should have.

IMS-roles

Role	Description
Observer	User in a reporting authority who has the right to consult IMS-data (requests and cases) created or received by that reporting authority.
Creator	User in a reporting authority who has : <ul style="list-style-type: none">▪ observer rights▪ the right to create requests (and to make them available to the manager to send the requests to the next reporting authority on the reporting path).
Manager	User in a reporting authority who has <ul style="list-style-type: none">▪ observer rights▪ creator rights▪ the task to perform quality checks on requests▪ the right to send requests to the next reporting authority on the reporting path.
Country Officer	IMS-manager of a Level-1-Reporting Authority of a country who has <ul style="list-style-type: none">▪ observer rights▪ creator rights▪ manager rights▪ administrator rights to manage:<ul style="list-style-type: none">○ the reporting structure of the country○ data-ownership○ the reference data

IMS – Reporting structure



NATIONAL REPORTING STRUCTURE

- **National Authorizing Officer (NAO)** keeps the overall responsibility for managing and administering the reporting system. (Country Officer should be placed in the NAOSO)
- **Anti-fraud coordination service (AFCOS)** need to identify possible weaknesses in the national systems for managing EU funds and to develop a National Anti – Fraud Strategy to protect National and EU financial interests. (Back-up Country Officer should be placed in AFCOS).

NAO and AFCOS should be able to report irregularities through IMS

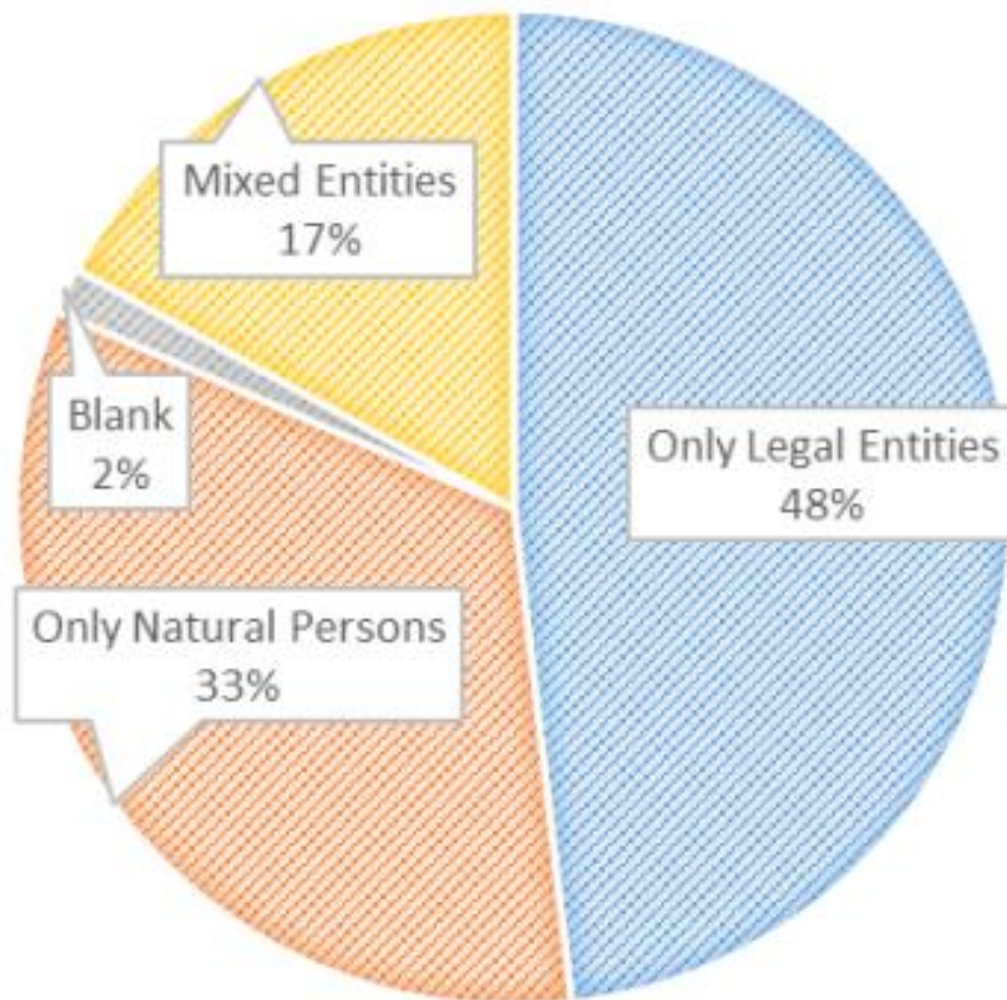
**NAO and AFCOS should cooperate closely and to have regular dialogue
in order to prevent double reporting of cases!**

Irregularities reporting (2015 – 2019)

- **721 irregularities** (worth nearly **EUR 64 million**) were reported via the *Irregularity Management System (IMS)* relating to pre-accession funds.
 - 31 related to the 2000-2006 Pre-accession assistance,
 - 594 to Instrument for Pre-Accession (IPA) I,
 - 96 to IPA II.

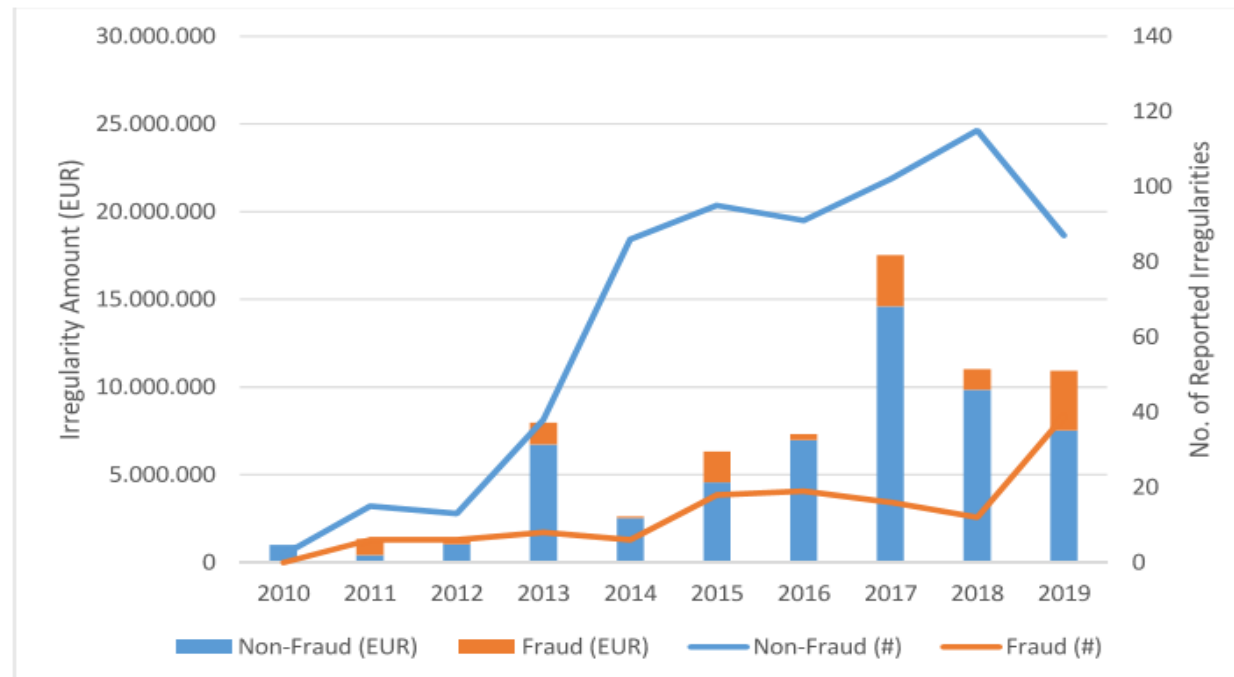
Of these, **204 irregularities** (worth about **EUR 13 million**) were reported in **2019**

Types of persons involved in irregularities reported as fraudulent in pre-accession funding (2015-2019)



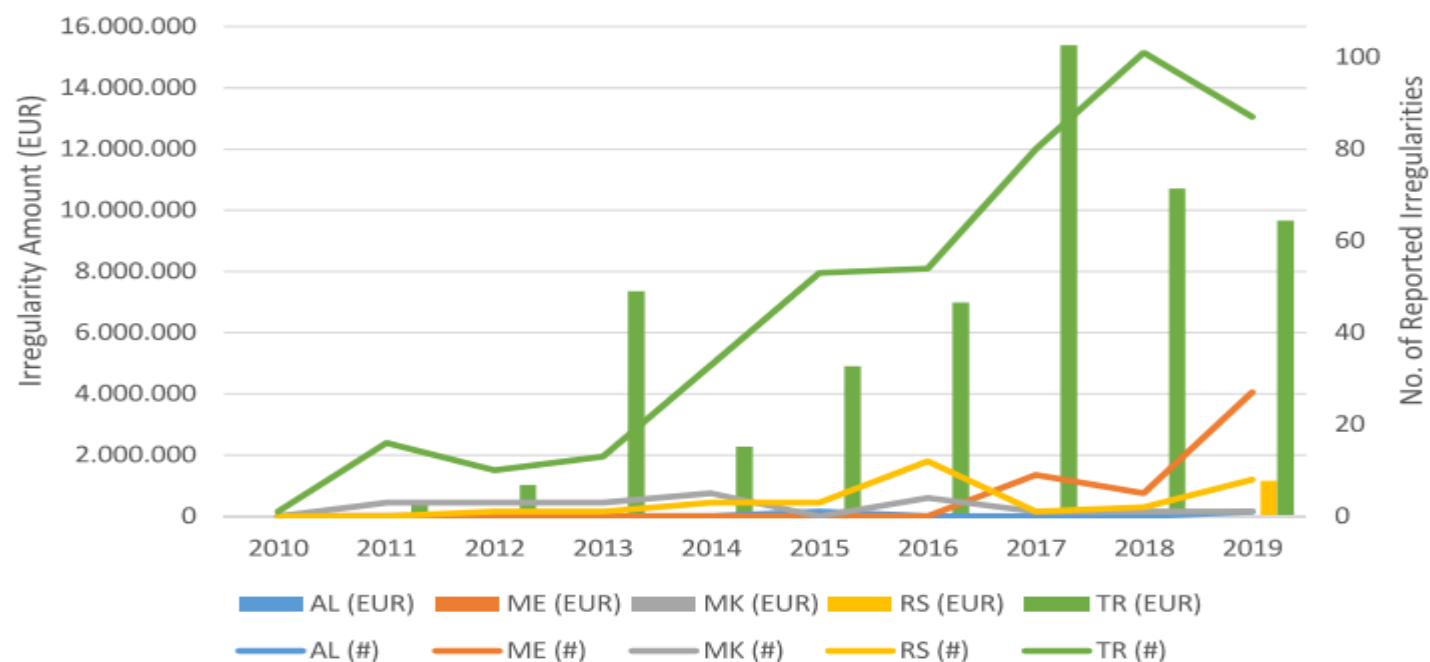
IPA I 2015-2019: Number of irregularities reported and financial amounts involved

Year	Fraudulent Irregularities		Non-Fraudulent Irregularities		Total	
	#	EUR	#	EUR	#	EUR
2015	18	1,762,705	95	4,556,377	113	6,319,082
2016	19	336,328	91	6,981,821	110	7,318,149
2017	16	2,924,965	102	14,602,871	118	17,527,835
2018	12	1,176,328	115	9,842,979	127	11,651,358
2019	39	3,402,530	87	7,519,511	126	12,099,884
Total	104	9,602,856	490	43,503,558	594	54,916,309



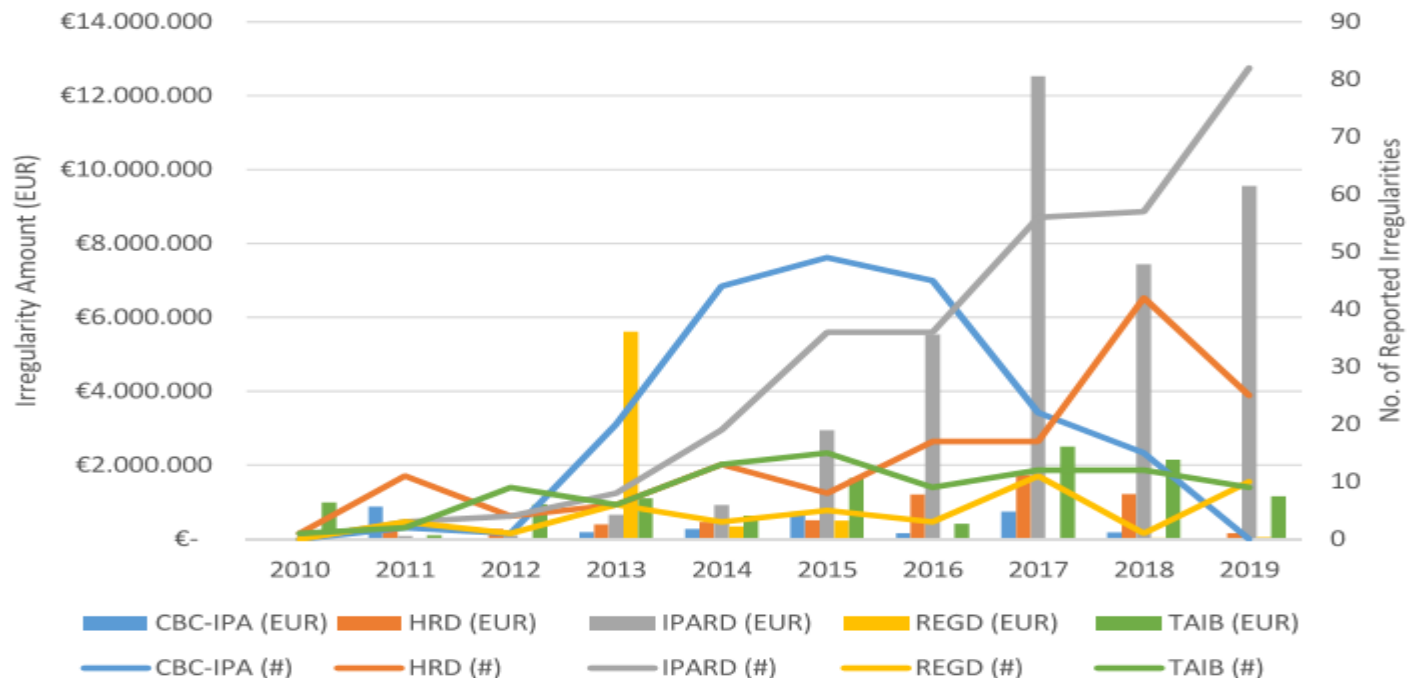
IPA I, 2015-2019: Number of irregularities and financial amounts involved by country

	Albania		Montenegro		North Macedonia		Serbia		Turkey	
	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)
2015	1	0	0	0	0	0	3	35,309	53	4,904,525
2016	0	0	0	0	4	6,500	12	71,130	54	6,989,247
2017	0	0	9	0	1	27,950	1	22,388	80	15,397,202
2018	0	0	5	36,647	1	0	2	0	101	10,707,292
2019	1	0	27	70,418	1	26,183	8	1,153,297	87	9,663,060
Total	2	0	41	107,065	7	60,633	26	1,282,124	375	47,661,326



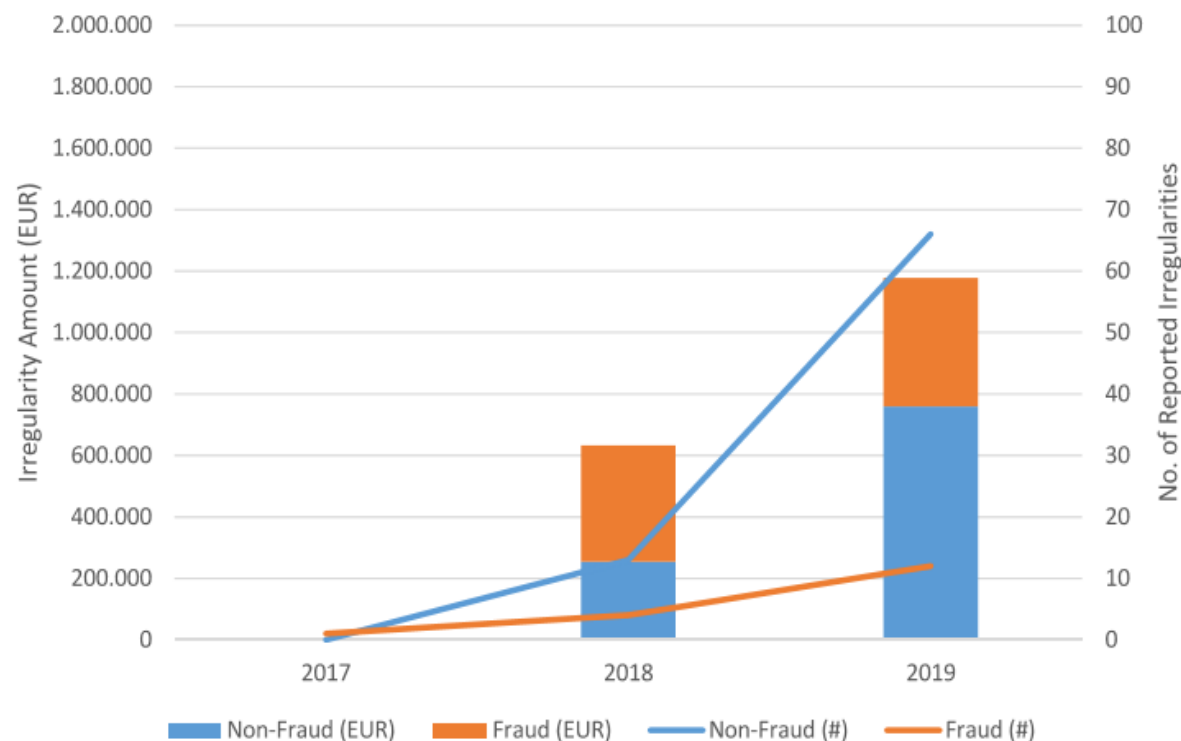
IPA I, 2015-2019: Number of irregularities and financial amounts involved by Component

	CBC-IPA		HRD		IPARD		REGD		TAIB	
	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)
2015	49	725,135	8	506,749	36	2,941,225	5	494,508	15	1,651,465
2016	45	160,700	17	1,208,999	36	5,537,483	3	0	9	410,967
2017	22	738,777	17	1,744,973	56	12,528,243	11	14,450	12	2,501,393
2018	15	181,994	42	1,219,279	57	7,437,826	1	34,000	12	2,146,209
2019	0	0	25	163,435	82	9,558,114	10	47,194	9	1,153,297
Total	131	1,806,606	109	4,843,435	267	38,002,890	30	590,152	57	7,863,331



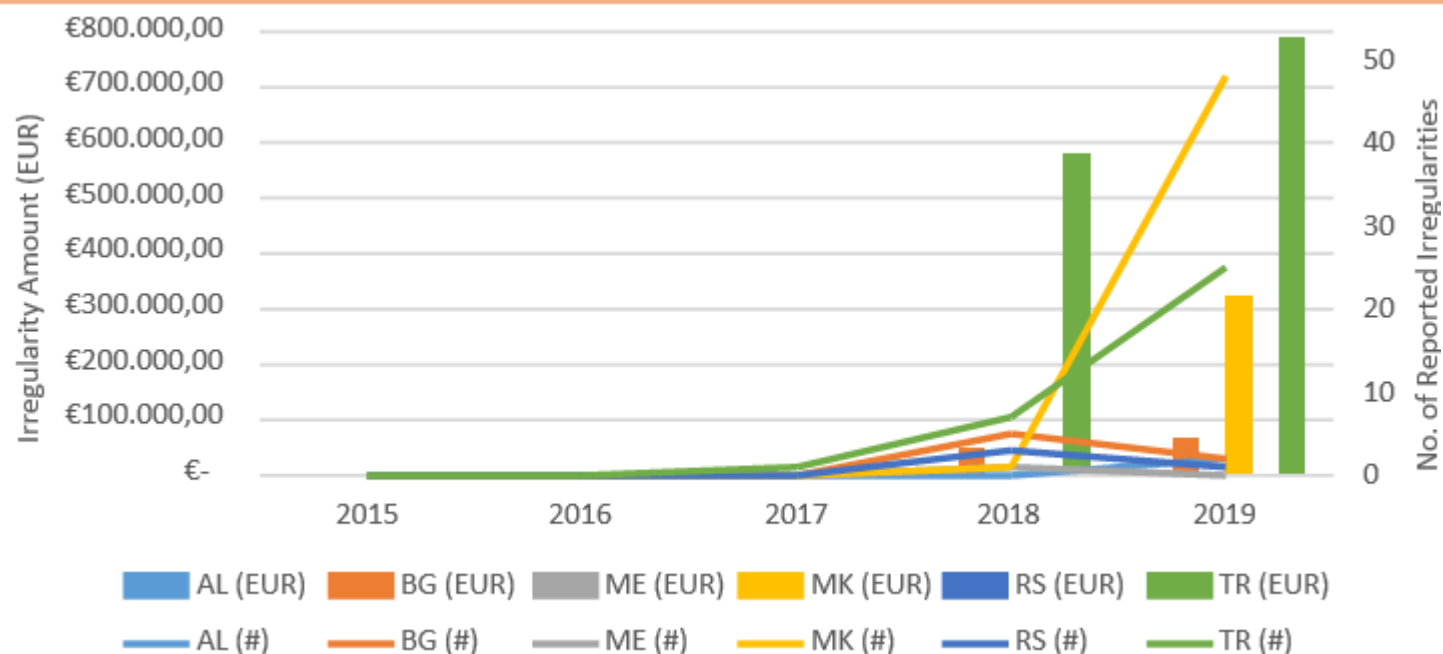
IPA II 2015-2019: Number of irregularities reported and financial amounts involved

Year	Fraudulent Irregularities		Non-Fraudulent Irregularities		Total	
	#	EUR	#	EUR	#	EUR
2015	0	0	0	0	0	0
2016	0	0	0	0	0	0
2017	1	0	0	0	1	0
2018	4	377,249	13	254,801	17	632,051
2019	12	417,899	66	759,945	78	1,177,844
Total	17	795,148	79	1,014,746	96	1,809,895



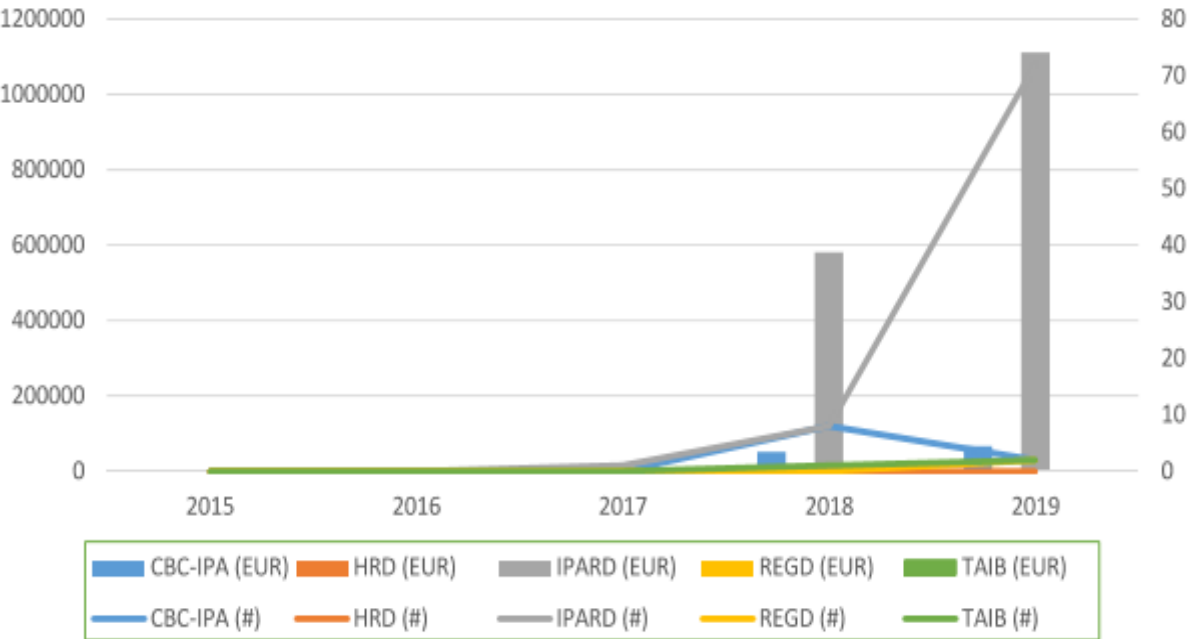
IPA II, 2015-2019: Number of irregularities and financial amounts involved by Country

	Albania		Bulgaria		Montenegro		North Macedonia		Serbia		Turkey	
	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)
2015	0	0	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0	1	0
2018	0	0	5	51,409	1	0	1	0	3	0	7	580,642
2019	2	0	2	66,186	0	0	48	323,459	1	0	25	788,199
Total	2	0	7	117,595	1	0	49	323,459	4	0	33	1,368,841



IPA II, 2015-2019: Number of irregularities and financial amounts involved by Component

	CBC-IPA		HRD		IPARD		REGD		TAIB	
	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)	(#)	(EUR)
2015	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	1	0	0	0	0	0
2018	8	51,409	0	0	8	580,642	0	0	1	0
2019	2	66,186	0	0	72	1,111,658	2	0	2	0
Total	10	117,595	0	0	81	1,692,300	2	0	3	0



Challenge : Creation, review and approval

Creator : puts the data in IMS

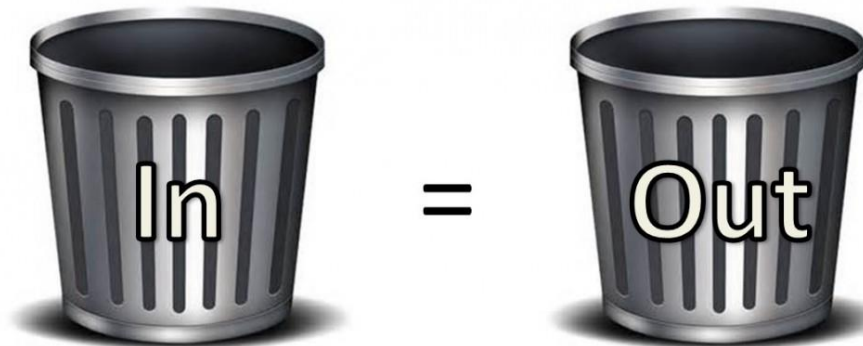
thus "creates" the case

Manager : checks / reviews



- approves or rejects

- sends forward or back



if you put into the machine wrong data, will the right answers come out?

Challenge: Creation, review and approval (four-eyes-principle)

- In the IMS context, the four eyes require approval from both:
 - IMS-creator (by finalising the request), and
 - IMS-manager (by sending it to the next level).
- **The creator**, by pushing the button FINALISE approves the request created implying that he has checked and approved the request created.
- **The manager** checks the request on reliability, completeness and compliance with the reporting obligations before approving it by pushing the button SEND and submitting to the next level.

Challenges in reporting irregularities and cases of fraud in the EU pre-accession countries

- IMS structure is not properly designed and functioning (setting up a reporting structure, functions)
- Lack of cooperation between the different authorities involved in the process “reporting of irregularities”.
(Better coordination between IMS Country Officer and the AFCOS)
- Data in IMS is not entered on regular bases (delays)
- Not appropriate training to IMS staff (lack of knowledge)

Challenges in reporting irregularities and cases of fraud in the EU pre-accession countries

- Irregularity / possible fraud cases are not reported by project recipients (responsibility, awareness)
- IMS reporting of irregularities should be made without delay.
- IMS registered cases should be accurate, precise and complete. *(each case should be registered with all relevant fields adequately completed.)*
- Preparation / regular update of the National Antifraud Strategy and Action plan

Challenges in reporting irregularities and cases of fraud in the EU pre-accession countries

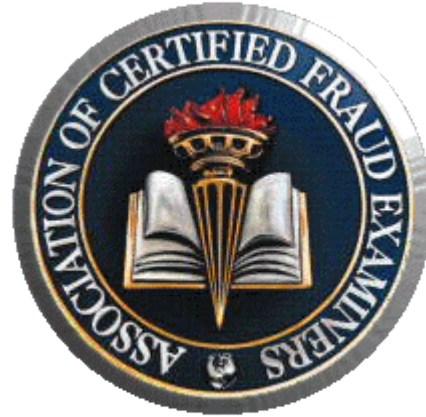
- The “field workers” (auditors, investigators) are competent to detect and report irregularities, but that due to:
 - lack of cooperation,
 - lack of willingness to share information,
 - fear to report,
 - internal struggling and fights,
 - distrust etc.,

not much info is made available and only a limited number of cases are reported.

Future challenges

- It is very important to strengthen continuously our capacities in identifying, preventing and protection fraud
- Proper staffing and training (more certified fraud investigators, cyber protection certifications,...)
- Increase absorption capacities according EU rules and procedures
- Increase efficiency of proper project implementation
- Increase efficiency in fight fraud and irregularities
- Decrease cases of bad governance and corruption

Thank you for your attention



THANK YOU FOR ORGANIZING THIS CONFERENCE

that gives us opportunity for networking,

practical experience sharing and really added value

in the process of identifying, preventing and protection from fraud