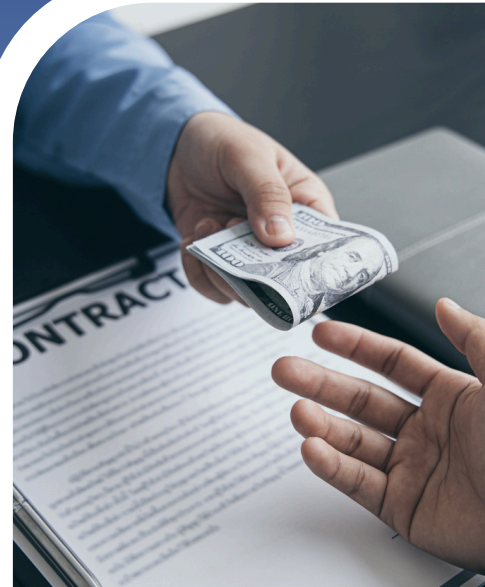


# PRACTICAL GUIDE ON FRAUD FOR APPLICANTS AND PROJECT PARTNERS



**INTERREG VI-A ROMANIA-HUNGARY PROGRAMME**

# Our principle: Zero tolerance to fraud!

*We set up a robust control system, measures and procedures in order to follow up on all suspected cases that are highlighted to us !*



**Whistleblower:**



[sesizari.proiecte@mdlpa.gov.ro](mailto:sesizari.proiecte@mdlpa.gov.ro)

[interreg@mfa.gov.hu](mailto:interreg@mfa.gov.hu)

## WHAT IS FRAUD?

Fraud is 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 or assets from the Union budget or budgets managed by the Union, or on its behalf;
- ✓ 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.



## WHO IS SUCCEPTIBLE TO FRAUD?

Everyone related to the Interreg VI-A Romania-Hungary Programme!



Staff of Managing Authority  
Staff of Joint Secretariat  
Staff of National Authority  
National control  
Applicants for funding  
Project partners

Third parties (contractors, subcontractors etc.)



The following phases in our activity are considered to be most exposed to fraud:

1	Submission of application forms
2	Selection of applicants and contracting;
3	Implementation and verification of the projects (including procurement procedures and the consequent contracts);
4	Payments (including the certification process)

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1 Submission of application forms

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*Dear Applicant,*

Please be aware when submitting the application form to observe the following principles:

- ✓ The information included into the application form is true!
- ✓ The documents attached to the application form are not false!

The members of the evaluation board of the application forms will verify the correctness of all information and documents provided by you.

If you do not observe these principles, your application form shall be rejected and the respective documentation will be forwarded to the competent bodies with purpose to be initiated investigation procedure for presence or lack of criminal act.

## When evaluating and selecting:

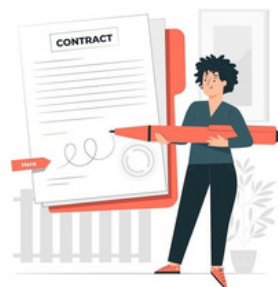
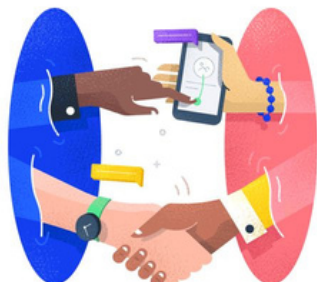
When evaluating the application forms, the evaluator:

- Shall respect the principle of equal treatment and fairness;
- Shall respect the principles of conflict of interest;
- Shall cross-check each information provided by the applicant;
- Shall use knowledge of previous fraudulent applications and other fraudulent practices of the applicant.
- You do not receive public funds for the same costs from other sources!

## When contracting

Please be aware when submitting the declarations required by contracting process to observe the following principles:

- The information included in the declarations is true!
- You do not receive public funds for the same costs from other sources!
- The representatives of the Managing Authority, National Authority, Joint Secretariat and controllers shall check each information provided by you!
- If, during any stage of project implementation a fraudulent behavior is identified and confirmed, the contract can be terminated and the unduly paid funds shall be recovered.



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3 Implementation and verification of the projects (including procurement procedures and the consequent contracts);

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### General recommendations

✓ *When implementing the project financed under Interreg VI-A Romania-Hungary Programme, we recommend you to observe the following recommendations:*

✓ All your actions related to the project implementation must be ethical.

✓ The smooth implementation of the project outweighs any personal interest you may have.



We recommend you to have an internal code of conduct and a conflict of interest policy relating to projects funded from European funds, which is known by all your employees involved in the project (e.g. you can make sure they receive and read the information we supply). You may take into consideration the EU guides or other national documents on these issues, (for example the European Commission guide Identifying conflicts of interests in public procurement procedures for structural actions - A practical guide for managers elaborated by a group of Member States' experts coordinated by OLAF's unit D2 - <http://ec.europa.eu/sfc/en/2014/anti-fraud>)

✓ Particular attention should be paid to procurement procedure (by all project partners), as this is one of the most susceptible field to fraud.

✓ Particular attention should be given to the guides and the documents provided by the managing structures on different issues (as Manual of Project Implementation , Manual of Visual Identity, etc.).

✓ Particular attention should be given to the documents submitted to the controllers. Presentation of forged documents may have consequences, including financial, on the whole project or on a part of it.

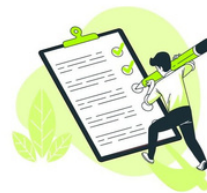


## Procurement procedures

- ▶ The project partner don't have the right to divide the procurement contract into several separate contracts of lower value, or to use calculation methods that may lead to the underestimation of the estimated values of the procurement contract, with the purpose of avoiding the application of the provisions of public procurement rules/procurement rules.
- ▶ Therefore, please observe the national and the Programme rules regarding the procurement process.
- ▶ The controllers shall verify the procurement procedure!
- ▶ If, during any stage of this verification a fraudulent behavior is identified and confirmed, the unduly paid funds shall be recovered.



**Verify!**



- For each case on the award public procurement you should verify whether the main principles for equal treatment, non-discrimination as well as fair and loyal competition (laid down in the EC Public Procurement Directives) are observed and respected.





## Procurement procedures

**One of the most susceptible field to fraud is the procurement process, thus a special attention should be given to procurement procedures.**

For reducing the risk of fraud within the procurement procedures, please find bellow some indications that can help you prevent fraud:

- ✓ Observe “the four eyes principle“ for all the documents.
- ✓ The personal involved in the procurement procedure must observe the conflict of interest.

*E.g. The representative of the project partners staff has personal interests in the winning bidder.*

- ✓ Observe the provisions of the Project Implementation Manual.
- ✓ Observe the national provisions regarding the procurement process.
- ✓ Try avoiding the bid rigging and the receiving kickbacks.

*E.g. The contract is ‘promised’ to one contractor, with or without the consent of responsible staff issuing the tender. Bid rigging takes the form of bid suppression, complementary offers, bid rotation and subcontracting.*

*E.g. the project partner demands, or is open to, a bribe which will be accounted for in the tendering process, including administrative processes.*

- ✓ Try avoiding deliberate mismanagement or ignorance within procurement procedure.

*E.g. the project partners staff has not properly carried out checks or followed procedures where this is required and/or tolerates/ ignores over deliberate mismanagement by a colleague.*



## Procurement procedures

✓ Observe the principle of transparency and competitiveness for all procurement procedures

*E.g. The procurement procedures are made public to all bidders (for instance: documents published on the national electronic systems site, on the project partner site etc.).*

✓ Ensure the adequate security arrangements for unopened tenders and a transparent bid opening process

*E.g. Ensure a safe place for receiving and keeping the unopened tenders (for example: a safe cabinet).*

*E.g. All the members of board evaluation should attend the opening process of tenders. The opening process can be opened to the bidders.*

✓ Use the right expert on the right job

*E.g. The project partners selects the members of the evaluation board of the bids that have knowledge of the marketplace (prices, companies, alliances and understanding between them etc.) taking into consideration their experience, the field of the contract, etc.*

*E.g. The project partners selects the experts of the implementation team with relevant experience on the contract field.*

✓ Make best use of the evaluation board of the bids

*E.g. When evaluating the bids, the members of evaluation board should use all the available tools (e.g. internet verifications of bidders, IT databases, information from other institutions/organizations etc.).*

*E.g. The members of evaluation board should check the bidders for identifying secret understandings between bidders, indications of prior knowledge of bid information, collusive bidding, etc.*



## Procurement procedures

**Knowledge is everything!**



**Keep you updated with new information regarding the procurement procedures and the market and economic operators!**

**(e.g. You should systematically check our website, read documents regarding the conflict of interest, fraud indicators, market information, alliances etc.).**

**This will help you prevent fraud in procurement procedures!**

### **Some hints that can help the evaluation board to identify collusive bidding!**



- *Apparent connections between bidders, e.g. common addresses, personnel, phone numbers etc.;*
- *Contractor includes subcontractors in its bid which are competing for the same procurement procedure;*
- *Qualified contractors fail to bid and become subcontractors or low bidder withdraws and becomes a subcontractor;*
- *Certain companies always bid against each other, others never do;*
- *Losing bidders cannot be located in the Internet, business directories, have no address etc. (in other words they are fictitious);*
- *Correspondence or other indications that contractors exchange pricing information, divide territories, or otherwise enter informal agreements.*



If you have an internal audit unit, do not hesitate to use it to control the procurement process.

We recommend you to audit the procurement process!

## Contract implementation



- ✓ Ensure the transparency of the contract information that is not publicly sensitive (e.g. on your site)

*E.g. The name of the provider, the contract value, the type of procurement procedure used, the contract object etc.*

- ✓ Ensure a proper implementation, monitoring and control of the contract. Therefore, use the right experts.

### **Hints for success!**

*E.g. Perform periodical reviews on the quality of the activities performed by the provider.*

*E.g. Review activity reports, if they were required within the contract.*

*E.g. Review outputs for evidence of costs and request additional evidence in support. All the reports shall be approved by you.*

*E.g. Perform a review of invoices submitted by the contractor for duplication (i.e. multiple invoices for the same amount, invoice number, same signature, same pan used for more invoices etc.) or falsification. Use your financial expert!*



- ✓ Ensure prior authorization to contractors for significant changes of personnel (if you have evaluated the personnel within evaluation and selection of tenders).

- ✓ Perform a rigorous check on the quality of the products/services/works purchased/performed against the specifications.





**When submitting the request for national control and the reimbursement claim, make sure that:**

- *You observe all the indications provided by the Programme,*
- *All the information and documents are true,*
- *You are not requesting reimbursement for the same expenditure from more sources.*

The national controllers shall check each information and document provided by you!

If, during any stage of project implementation a fraudulent behavior is identified and confirmed, the unduly paid funds shall be recovered.

***We commit ourselves to observe the following principles in relation to you and your project:***

- ✓ *We shall act ethically in our relation with you!*
- ✓ *We shall observe the principal of conflict of interest!*
- ✓ *We shall be fair with you!*
- ✓ *We shall support you without discrimination!*
- ✓ *We are opened to discuss and help you. Just ask for our help!*

## INTERREG VI-A ROMANIA-HUNGARY PROGRAMME

**IF YOU HAVE ANY KNOWLEDGE OF A FRAUD SUSPICION RELATED TO THE PROGRAMME,**

**IT IS YOUR RESPONSIBILITY TO ANNOUNCE THE MANAGEMENT STRUCTURES,**

**BY USING THE WHISTLEBLOWER:**

**FOR ROMANIAN BENEFICIARIES: [SESIZARI.PROIECTE@MDLPA.GOV.RO](mailto:SESIZARI.PROIECTE@MDLPA.GOV.RO)**

**FOR HUNGARIAN BENEFICIARIES: [INTERREG@MFA.GOV.HU](mailto:INTERREG@MFA.GOV.HU)**

