

CASES OF FRAUD ALLEGATIONS IN INTERREG PROGRAMMES

MEETING ON ANTI-FRAUD INTERACT

Online, 21 -22 October 2020

INTRODUCTION

The Country: **Greece**

The Ministry: **Ministry of Development and Investments**

The Service: **Managing Authority of European Territorial
Cooperation Programmes**

The Unit: **Unit A, responsible for the Management and Control
Systems of Interreg Programmes, in which Anti-Fraud
Strategy is included**

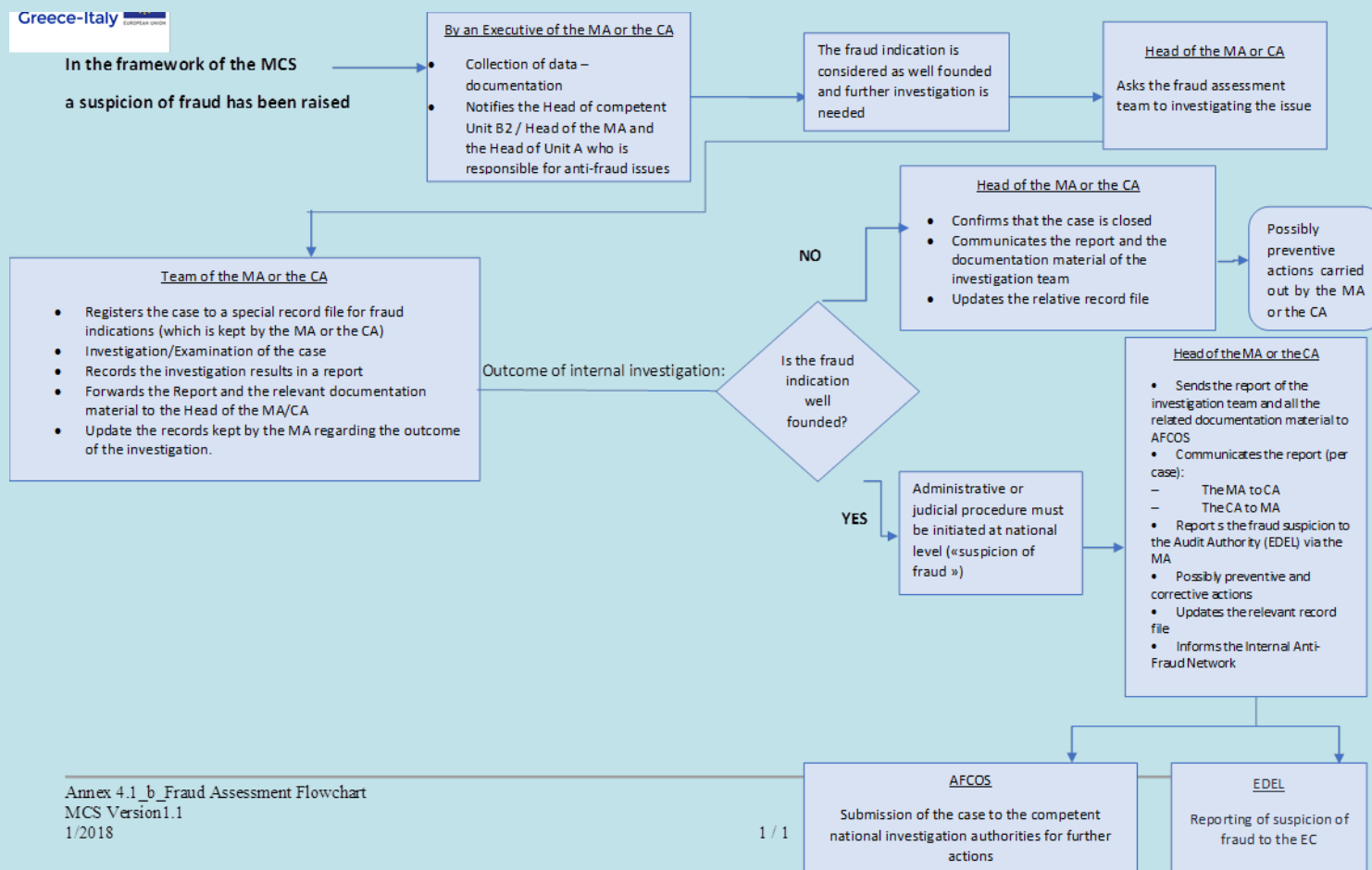
THE PROGRAMMES

- Greece holds the management of (MA and NA):
“Greece - Bulgaria”, “Greece - Cyprus”, “Greece - Italy”, “Greece - Albania”, “Greece - Republic of North Macedonia” and “Balkan - Mediterranean” (“Balkan-MED”)
- Greece participates in (NA, only):
“Mediterranean Sea Basin” (“MED-ENI”), “Black Sea Basin” (“Black Sea”), “Mediterranean Space” (“MED”), “Adriatic-Ionian” (“ADRION”) and “Interreg Europe”

REVIEW OF A REPORTED CONCERN

- Individuals may raise a concern or report suspected fraud or irregularity. Any person, inside or outside the Program structures, having any knowledge of an irregularity or fraud suspicion, may inform the management structures by using whistleblowers.
- An initial assessment of whether the fraud indication is substantial begins.
- If well-founded = The MA sends the report and all related documents to the competent AFCOS.
- If unfounded = No constitution of fraud suspicion is confirmed.
- All cases of reported irregularities or fraud suspicions are treated with confidentiality and in accordance with the programme's internal working procedures and the provisions of national legislation.

FRAUD ASSESSMENT FLOWCHART



COMPLAINTS INCLUDING FRAUD ALLEGATIONS

- According to the procedure presented in the Fraud Assessment Flowchart, when a complaint for fraud reaches the MA, an initial investigation of the complaint, within the MA, begins.
- Unit A of MA proceeded to the initial investigation of 9 complaints for fraud, during the last 2,5 years approximately.
- All complaints were submitted by e-mail, most of them **anonymously**.
- Many of them were submitted to the MA via the national AFCOS, while others were submitted directly to the Programme's structures (MA/JS).

AN UNFOUNDED CASE (1)

Allegations included in the complaint

- *The company is non-existent, possesses no infrastructure, has no stuff and zero social contribution.*
- *The company is simply “a stamp”, serving exclusively its owner’s interests.*
- *All funds are administered by the owner and aim solely to his own profit.*
- *Friendly collaborators provide him with iconic invoices, without any or very little work done.*

AN UNFOUNDED CASE (2)

Investigation

- The complaint is not supported by any form of evidence. It is completely based on/referring to hearsay.
- The company has a valid legal statute.
- All the supportive documents provided under the call for proposals, are valid and legal.
- The statute shows a company that is existent and based in a town. It has an administrative board of 3 members and several other members.
- In order to secure that the company has not shown signs of “fraudulent” activity in the past, the MA asked the FLC Unit responsible for the verifications of the 2007-2013 period, to provide a list of projects checked, in which the company participated, and the results of the checks during the verifications of expenditure.

AN UNFOUNDED CASE (3)

- The table provided by the FLC Unit presents the results of administrative and on the spot checks, which took place at the company's base. The table provided did not show any evidence of fraud, but simple and common errors, which appear in most project partners who implement projects in the framework of ETC Programs.

Conclusion

- The complainant did not base his complaint on any valid proof of information and the research did not result in any form of evidence that shows signs of fraud, as indicated in the complaint.
- **The complaint is considered unfounded and no further investigation is required.**

A FOUNDED CASE (1)

Allegations included in the complaint

- *The technical and professional capacity requirements are excessive and disproportionate to the subject of the project, its complexity and its budget.*
- *The selection criteria are not relevant to the subject of the project and are not proportionate to the subject-matter of the contract.*
- *The qualitative criteria lead only to one possible candidate – contractor, known from previous competitions carried out from other beneficiaries with similar criteria, the results of which were cancelled, following anonymous complaints.*

A FOUNDED CASE (2)

Investigation

- The allegations are based on real and existing data.
- The demands of the technical and professional competences that the call asks for, are very specific and indeed narrow down the possible number of candidates that could have the technical and professional experience required.
- The call of proposals was announced for second time and again only one bid was submitted from the same candidate. A contract was offered to the same only candidate at both times.

A FOUNDED CASE (3)

Conclusion

- **The complaint is founded**, since the evidence of the investigation showed that the selection criteria were very specific and appear “particularly high”.
- This apparently resulted in the discouragement of potential candidates from submitting tenders and, therefore, in the restriction of competition.
- Indeed, a contract was awarded to the one and only bidder, who submitted an offer.
- **Suggestions**
 - FLC should be extremely cautious when verifying the particular expenditure and every other expenditure incurred by this beneficiary for the specific project and for all other projects implemented in the framework of ETCP.
 - An on the spot check of the project is strongly recommended.

A WELL-FOUNDED CASE (1)

Allegations included in the complaint

- *The technical and professional capacity requirements are excessive and disproportionate to the subject of the project, its complexity and its budget.*
- *The selection criteria have nothing to do with the subject of the project and appear to be particularly demanding and, therefore, disproportionate to the intended purpose of the project.*
- *The qualitative criteria lead only to one possible candidate – contractor.*

A WELL-FOUNDED CASE (2)

Investigation

In the Call for tenders it is stated that:

1. *The successful candidate should have been **technical consultant of the Lead Partner** for at least 1 project.*
2. *Over the past 3 years, the project manager should have coordinated **8 cross-border cooperation projects**.*
3. *The scientific project manager, in addition to the proven experience in designing a training program, should have **at least 5 years of teaching/training experience**.*

The above technical and professional competencies appear to be very specific, may be considered as excessive and might have possibly narrowed down significantly the number of potential candidates which would possess the technical and professional experience required.

A WELL-FOUNDED CASE (3)

- No tenders were submitted within the deadline of the first call.
- The beneficiary withdrew the call and launched a new call for tenders, repealing the previous one. In the new call, the selection criteria were modified and did not appear to be excessive any more, apart from the 3rd one above, which remained unmodified.
- The budget of the new call remained the same.
- 3 tenders were submitted in the new call.
- The selection procedure **resulted to the selection of the company, which the complainant had forecasted to be the contractor.**
- The other 2 tenders were rejected a) the first because “as a result of negligence, provided misleading information” and b) the second because of very poor qualifications and/or lack of some qualifications.

A WELL-FOUNDED CASE (4)

Conclusion

- The complaint is **well-founded**.
- Further investigation of the complaint is required.
- It is surprising that **both of the rejected candidates had obviously violated some basic tender rules and principles**:
 - a) By submitting a tender with misleading information, based on potentially false declarations concerning the project, and
 - b) By submitting a tender based on poor, non-existent and overall qualifications, in relation to the terms of reference.

The Initial Investigation Report showed a valid fraud suspicion and, therefore, the file was sent to the Greek AFCOS, initiating the relevant administrative/judicial procedure at national level.

UNIT A
**Planning and Monitoring of Management and Control
Systems, Horizontal Issues,
and the “Interreg Europe” Programme**

**MANAGING AUTHORITY OF EUROPEAN TERRITORIAL
COOPERATION PROGRAMMES**

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