

Interreg



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Meuse – Rhine (NL – BE – DE)

Antifraud policy

Interreg Meuse-Rhine (NL-BE-DE)

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1. Introduction

The Interreg Meuse-Rhine (NL-BE-DE) Programme provides funding for cross-border projects through EU funds. All individuals involved in the Programme—whether programme partners, Committee members or project partners—must therefore ensure the full legality of grant funds spent under the Programme. The Programme places a strong emphasis on preventing the illegal acquisition or misuse of these financial resources.

The funds allocated via the Programme must be managed in a transparent, efficient, and compliant manner with the EU legal framework. To ensure the integrity of these funds, a proportionate anti-fraud policy is essential and required following Article 74(1)c) and Annex 11 of the Regulation (EU) Nr. 2021/1060 (CPR).

Through this policy, the Programme shows its commitment to protecting EU and public funds while upholding high legal, ethical, and moral standards. It adheres to the principles of integrity, objectivity, and honesty. With a zero-tolerance policy towards fraud and corruption, the Programme aims to demonstrate its strong opposition to these issues in all aspects of its operations (especially within project selection and implementation).

The Programme's anti-fraud policy presented in this document is grounded in the principles of sound financial management, transparency, proportionality and ethics.

This document is designed following the European Commission 2014 Guidance on “Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures” (the Commission Guidance) and European anti-fraud office (OLAF) on “Practical steps towards the drafting of a National Anti-Fraud Strategy”. The MA/JS also paid particular attention to relevant academic papers as “Implementation of Effective Measures against Fraud and Illegal Activities in Cohesion Policies” by Dr Lothar Kuhl, former head of unit and senior expert at the Directorate for Audit in Cohesion of the European Commission.

2. Fraud under EU Law – legal framework

Fraud is defined in European law, notably by 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, as **any intentional act or omission that negatively affects the financial interests of the EU**. Article 1 of this convention distinguishes two main categories of fraud, which are both considered under the scope of this policy:

- Expenditure fraud: The misuse of EU funds for purposes other than those for which they were allocated.
- Revenue fraud: The illegal reduction of revenues owed to the EU budget.

Fraud differs from irregularity¹, a broader concept which includes fraud, by the element of intentionality or omission. Fraud may, therefore, entail:

- The use or submission of false, inaccurate, or incomplete statements or documents aimed at the misappropriation or wrongful retention of EU budget funds;
- The failure to disclose information, in violation of a specific obligation, for the same purpose;
- The improper use of a legitimately obtained advantage for the same purpose;
- The misuse of EU budget funds for purposes other than those for which they were originally allocated.

The most common types of fraud in EU funded Programmes, to which the Programme therefore pays particular attention, are:

- False and/or forged documentation: submission of false documents, intentional manipulation of (financial) statements, forging technical or financial documents or altering documentation. Examples include declaring costs for activities that were not carried out, claiming expenses that were neither incurred nor eligible, or spending funds on activities outside the project scope;
- Conflict of Interest: As defined in Article 61 of the Regulation (EU) Nr. 2018/1046 (Financial Regulation), a conflict of interests arises when the impartial and objective exercise of a financial actor's or other individual's function is compromised due to factors such as family relationships, emotional connections, political or national affinity, economic interest or any other direct or indirect personal interest. Fraud can occur when a conflict of interest is not disclosed.
- Bid rigging and collusive bidding: manipulation of public tenders or collusion to circumvent public procurement rules;
- Corruption: Abuse of position for private gain. The most common form is accepting corrupt payments or other advantages, particularly in the context of public procurement;
- Misappropriation of assets: The unlawful appropriation of tangible and intangible resources intended for the programme;

¹ Following Article 2(31) of the Regulation (EU) Nr. 2021/1060 (CPR) – irregularity means any breach of applicable law, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget. The way the Programme is dealing with cases of irregularity is presented in the document “irregularities and recovering” available on the Programme website.

- Intentional double financing: Securing funding from multiple sources for the same project or activities within a project.

It is also possible that cases of fraud, such as corruption, involve members of the MA/JS, programme partners, members of programme committees, or others. For example, this could include granting unfair advantages to certain parties during project evaluation or engaging in corrupt practices. Therefore, implementing all necessary measures to prevent fraud among its members is an integral part of this policy.

To address possible fraud cases, the Programme adopts a clear, proactive, structured and targeted approach to managing the fraud risks.

The Programme's anti-fraud policy thus aims to prevent all forms of fraud by implementing **effective and proportionate anti-fraud measures and procedures** that address the risks identified through a comprehensive fraud risk assessment based on 3 major principles:

- Transparency: decision-making processes, including those related to the management of funds, must be clear, thoroughly documented, and accessible to relevant oversight authorities;
- Proportionality: anti-fraud measures must be proportional to the identified risks, ensuring they do not impose unnecessary burdens on administrative procedures;
- Cooperation and accountability: all actors involved in the Programme share responsibility for combating fraud and must actively contribute to its prevention.

An effective anti-fraud policy is built on three pillars of the **EU anti-fraud cycle**, which will be elaborated on in subsequent sections. This approach aligns with the EU Guiding Principles & Target Standards in Anti-Fraud and Corruption, as outlined throughout this document.

Those pillars and principles are presented in the table below:

Interreg Meuse-Rhine anti-fraud policy – pillars and principles			
3 pillars	Prevention and deterrence of fraud	Detection and reporting of fraud	Follow-up measures in cases of proven fraud known to the MA/JS: correction and prosecution measures
EU Guiding Principles & Target Standards in Anti-Fraud and Corruption	Zero tolerance policy fraud and corruption		
	Cost-effectiveness of anti-fraud measures and controls		
	Professional integrity and competence of the staff and sound financial management	Fight against fraud as an integral part of expenditure controls	As soon as there are indications that fraud may have occurred, quick action is required, and OLAF should be informed without delay
	Transparency on the use of funds	Fraud-proofing	recovery should begin as soon as possible
	Effective internal and external communication on the fight against fraud	Effective investigation capacity and timely exchange of information	Legal and administrative sanctions
			Good cooperation is needed between the internal and external players

3. Fraud prevention and deterrence - management by the Programme (first pillar)

Fraud prevention and deterrence is the first pillar of the Interreg Meuse-Rhine anti-fraud policy. The Programme is committed to implementing the most robust tools and procedures to effectively mitigate the risk of fraud.

The measures presented in the section below are frequently reviewed, updated, and communicated to staff to ensure that the Programme's fraud prevention framework remains well-understood and fully equipped to address the risk of fraud.

The objective of these measures is to maximise the effectiveness of fraud prevention and deter all stakeholders from any misuse of funds granted through the Programme.

3.1. Self-risk assessment

The detection of potential fraud through risk management and surveillance is key. The main goal is to assess the impact and likelihood of common fraud risks occurring.

To that end, the European Commission Guidance provides a straightforward, logical and practical fraud risk self-assessment based on five main methodological steps:

- Quantification of the risk;
- Assessment of the effectiveness of the current controls in place to mitigate the risk;
- Assessment of the residual risk after taking into account the effect of any current controls;
- Assessment of the effect of the planned mitigating controls on the net (residual) risk;
- Define the risk considered as tolerable.

To ensure that the different steps of risk management are addressed, a tool provided by the European Commission helps the Programme to quantify and qualify the risks at project and Programme levels.

The tool covers three major stages of a project lifecycle:

- During the selection phase;
- During the verification of the operation phases (the self-risk assessment is built in parallel to the RBMV approach);
- During validation of expenditures and payments.

The self-risk assessment is conducted and/or updated by a working group of five staff members. This group, responsible for the fraud self-risk assessment, reviews and updates the assessment every two years. The *working group* consists of:

- 2 persons having management tasks (Senior Programme Manager and Programme Manager);
- 1 Financial Officer;
- 1 IT Officer;
- 1 Project Manager.

The self-risk assessment will be updated every two years during the last trimester:

- October-December 2026;

- October-December 2028;
- October-December 2030.

In September of the year when the update is scheduled, the composition of the *fraud self-risk assessment working group* is finalized according to the specified allocation. The programme management – (Senior) Programme Managers – will ensure that each member is fully informed of their role and responsibilities.

The working group may seek input from other staff members (and from other clusters of the Provincie, if relevant) to enhance the accuracy of the risk assessment, particularly from those directly involved in addressing fraud cases within the Programme's implementation framework.

Based on the assessment's findings, additional mitigating measures may be introduced. These could include measures from the list of recommended controls outlined in Annex II of the European Commission Guidance or an anti-fraud policy statement detailing potential measures to take.

Any annexes to the Programme's self-risk assessment must also be updated at least every two years.

The results of the fraud risk assessment and updates thereof are submitted to the relevant department within the Province of Limburg (Concerncontrol en Advies Cluster) and to the Programme Audit Authority which, after a critical analysis of the self-risk assessment, formulates an independent opinion of the results.

The fraud risk assessment aims to identify specific risks where the self-assessment determines that current measures are to reduce the likelihood or impact of potentially fraudulent activities to an acceptable level.

Based on the Programme's initiative, any necessary follow-up measures will be implemented as part of ongoing operations and documented in relevant programme documents (such as in the procedural guidelines and the funding schemes). These will be shared with the Monitoring Committee for informational purposes.

The Programme will outline the assessment results and corresponding measures in the annual report.

3.2. Other measures and tools used to mitigate risks and prevent fraud

In addition to the Programme's fraud self-risk assessment, several other fraud prevention and mitigation tools are implemented to ensure protection against fraudulent activities.

The measures outlined below are designed to enable the Programme to achieve its fraud prevention objectives, specifically fostering a consistent commitment to promoting a culture of ethics and integrity among all individuals involved in Programme implementation.

3.2.1. Project and Programme levels - Internal and external communication about fraud – deterrence of fraud – anti-fraud culture

The Programme promotes a culture which deters fraudulent activities.

Effective communication, both internal and external, is essential in deterring fraud. It should provide reassurance while actively reducing the likelihood of potential fraud cases arising.

Training sessions and awareness-raising initiatives within the team, covering individual responsibilities, form a key part of the organisation's overall risk management strategy. The goal is to foster an anti-fraud culture while equipping staff with the necessary knowledge to identify and respond to suspected cases of fraud.

At the initiative of the Programme Coordinator, an annual plan of anti-fraud activities, such as training sessions and informational workshops, is developed and shared with all staff during the first trimester of each year. The Programme management to concrete actions to further improve fraud prevention and pays particular attention to Interact and the Commission training and other supporting initiatives (see: <https://sfc.ec.europa.eu/en/2014/anti-fraud>).

The Programme informs the public on a large scale, targeting first project partners specifically about the zero-tolerance policy on fraud, particularly through the website <https://www.interregmeuserhine.eu>. The Programme Communication Officer, in collaboration with the Programme Coordinator, ensures that information about fraud prevention remains prominent and up-to-date on the Programme website.

Anti-fraud measures are seamlessly incorporated into the Programme's communication with applicants and project partners. In addition to the Programme website, the zero-tolerance policy on fraud is communicated in the Programme Manual, during the kick-off meetings of projects, and in the JEMS training sessions. These latter training sessions specifically target individuals with accounting and control responsibilities, emphasizing the importance of vigilance and a critical, risk-averse approach within the projects. This ensures that those in key financial and oversight roles are not only aware of the policy, but are sensitised to actively identify and mitigate potential fraud risks within their projects effectively.

Additionally, tools available to external parties, such as the whistleblowing procedure for reporting cases of (suspicion of) fraud, are presented (see details below).

3.2.2. Programme and project levels - Procedures and use of open-source data before the project selection

Before the final selection by the Steering Committee, projects, and in particular the applicants within the partnership, undergo substantial checks.

Solvency assessments

All project applicants² are subject to solvency checks after submitting their final project application and before the decision on final selection/rejection by the Steering Committee. These checks also apply to partners joining an existing project at a later stage. Solvency checks aim to mitigate the risk of insolvency of private partners during the project implementation.

The MA/JS conducts primarily solvency checks in *Arachne* with an in-depth analysis for every partner.

Besides, applicants – with a designated private status³ only – must upload, via JEMS, the following documents when submitting the final project:

- Financial statements for the past two years, and
- Excerpts from the national business/association register.

This information must be communicated to facilitate any possible complementary checks by the programme.

At their request or if the MA/JS considers it relevant, these documents are shared with the relevant programme partners which may also conduct solvency checks on this basis. When carrying out checks, the competent authority determines the necessary scope of the investigation to appropriately inform the MA/JS of the financial solvency of the entity applying to the programme.

When checks are conducted at the programme partner level, the results are communicated to the MA/JS before the project selection by the Steering Committee. If not, only the MA/JS checks will be considered.

If a risk of insolvency is identified, the Steering Committee will decide on the continued participation of the concerned partner if the project is approved, based on the provided information and may condition the issuance of the Grant Letter on a positive solvency assessment from the programme partner (before any funds are disbursed).

If a risk is identified by the MA/JS or a programme partner on a non-private operator due to the specificity of its situation (particularly a small public operator), a solvency check may be undertaken, on the same basis, parallel to the checks carried out in *Arachne*.

During the project implementation, partners are required to inform the MA/JS immediately if an insolvency situation arises. In such a case, the MA/JS reserves the right to suspend payments for any pending claims, particularly for expenses not yet reimbursed.

² All organisations that do not fall under the definition of *body governed by public law* according to the European Directive 2014/24/EU, article 2 (4) have to be considered as a private body, as long as it is still ensured that they have a legal personality. This obligation related to the legal personality derives from the definition of ‘Beneficiaries’ stipulated in Regulation (EU) 2021/1060, Article 2 (9).

³ This legal status information is obtained via a self-declaration that all project applicants are required to provide stating their legal status and assuring that they are not “an undertaking in difficulty”. Should the Programme Managing Authority, after possible consultation with the relevant programme partner, determine that a reported public status is incorrect, these documents will be requested as well.

State aid assessments

A state aid self-check is fully part of the step 2 application form and shall be completed by each project partner, via the JEMS.

This self-declaration leading to a (non) risk of State aid is analysed by the Senior Programme Manager and the Project Manager after project submission in parallel with project assessment. In case of divergence with the self-check assessment of the project partner, the MA/JS informs the project partner and the programme partner. In this case, the programme partner may conduct its own analysis and share its position with the Programme. A shared and definitive position is settled before the Steering Committee.

The Programme policy on State aid is available on the Programme website and details the management and procedures.

Double-funding assessments

Checks are also conducted in Arachne to mitigate the risk of double-funding.

Besides, the Senior Programme Manager responsible for Programme tasks contacts all neighbouring Interreg Programmes, covering part of the Programme area, before the Steering Committee's step 2⁴ (Interreg Greater Region, Vlaanderen-Nederland and Deutschland-Nederland). This process includes sharing a comprehensive table with relevant information about projects applying in step 2 to assess any potential risks of double-financing. Additionally, any other organisation or authority may be contacted if necessary to ensure thorough verification. Besides this, checks are also carried out on Keep.eu and Index, the European Commission platforms that register EU-funded approved projects.

These checks (with neighbouring Programmes and on databases) are registered by the Senior Programme Manager in the working environment (Teams – Joint Secretariat – Double funding checks).

Also, Steering Committee members play a key role thanks to their knowledge of the economic activity in their territory as well as the projects undertaken by various operators, particularly through other programmes co-financed by the EU.

3.2.3. Programme level - Relevant provisions in HR policy of the Provincie Limburg

The recruitment of staff for positions relating to each specific task takes place according to a fixed procedure.

Staff with “sensitive positions” are identified, i.e. positions in which the employee in question may harm the integrity and operation of the Programme, based on their responsibilities.

⁴ Or before the last step of selection.

For STIPP, the application is in one-step. Due to the specificity of the project, the check with other programmes may also be undertaken with neighbouring programmes which also have Grant Scheme SMEs projects. Checks in Arachne may also be relevant.

Specifically, these positions include the coordinator, the (Senior) programme managers, the accounting function and the financial officer.

The appropriate checks on the above officials are made by the coordinator. In that way, the coordinator ensures that procedures are being followed correctly in the case of more sensitive processes. The checks are controlled by the Managing Director of the Province of Limburg in the context of their supervisory role.

It should be noted that the Managing Director has no “sensitive occupation” within the framework of the Programme, as he/she does not have any responsibilities at the Programme level.

Besides, the Province of Limburg (NL), which hosts the Programme MA/JS, is fully committed to maintaining integrity within the organisation.

Documentation and information about integrity and code of conduct are available on the Provincie intranet for all staff members. See for instance:

- Ambtelijke Gedragscode Provincie Limburg 2020 "Goed ambtelijk vakmanschap" | Lokale wet- en regelgeving
- Veiligheid & Integriteit – Selfservicedesk.

Also, steps are foreseen for new staff members of the Provincie to guide them through the theme of integrity:

- All job descriptions for staff contain references to integrity and responsibility regarding the detection of fraud
- Integrity is part of the introductory programme for new Dutch-speaking employees to explain the special position and responsibility of a civil servant
- new employees take the oath or affirmation to affirm or swear their integrity
- new employees sign the integriteitsverklaring
- new employees are required to hand in a certificate of good conduct (i.e. Verklaring omtrent Gedrag)

Two integriteitsmedewerkers (specific Department) are responsible for receiving and handling reports of possible integrity violations.

Specific procedures are in place for the staff of the Interreg Meuse-Rhine department, reflecting the unique nature of their roles. All staff members are required to sign an annual declaration of integrity and conflict of interest. The Programme Coordinator submit the declaration of integrity and conflict of interest to the signature of each staff member during the annual interview (“Goede gesprekt”). This declaration specifically addresses key aspects associated with working in an organisation granting EU-funds.

3.2.4. Programme level - Separation of tasks within the organisation

Project selection

The staff members who are involved in the project acquisition process, play no role in the assessment and selection process.

For each call, the various aspects of the selection procedure are detailed in clear documents. In these documents, the elements applicable to the call are described in detail: the specific conditions for the call, the roles and responsibilities of the various bodies involved, the different phases of the procedure (with duration) and the methods for assessment and advice about project applications.

As the Managing Authority is the legal granting body, the procedures are drawn up taking account of European legislation, Dutch legislation and the internal rules of the Province of Limburg.

The Managing Authority lays down the basic principles before the call for proposals is announced, and the Monitoring Committee approves these. Afterwards, the exact requirements and procedure are detailed by the Programme and officially published (after approval of the Provincial's Executive Board) in the legal text of the subsidy regulation.

The project managers and the Senior Programme Manager JS, who are in charge of project selection, assess the submitted projects based on the defined selection criteria. The MA/JS organises and guarantees a neutral, unbiased assessment of all applications based on the eligibility and quality criteria approved by the Monitoring Committee. The technical assessment of the Programme is done by several Joint Secretariat personnel, with randomness in their selection for participation in each evaluation.

For this purpose, the Programme has drawn up a standard assessment template. Every assessment round starts with a meeting to inform about the approach and to discuss attention points/learnings from the previous assessment round. Then, the assessors start their assessments, noting their findings and observations on the selection criteria in a standard assessment form. When done, they hand over their findings to a second assessor, who also writes down its findings (4-eye principle). After both individual assessments have been done, the assessors sit together and define their conclusions. These are shared/discussed with the senior programme manager for the selection process, who finishes the final assessment, balancing the findings into scores, taking into account all assessed projects within a given call (6-eye principle). Finally, the final technical assessment is sent to the members of the Steering Committee two weeks in advance of the decision meeting, including an overview of all scores given per project.

During the Steering Committee, all members of the Steering Committee are asked to confirm that they are not in a conflict of interest before project selection. If so, they are asked to leave the room.⁵ The Steering Committee determines the final scores per criterion per project, which are afterwards taken over by the Managing Authority in the form of a formal decision (step 1 selection or rejection, or step 2 selection or rejection to the lead partner).

Project control

Besides, to minimize the risk of internal fraud, the Programme ensures a clear separation of responsibilities among staff involved in (financial) management. This process involves:

- Dividing roles related to authorization, disbursement, and review of payments.

⁵ See point 7 on “conflict of interests” of the Rules of procedures of the Steering Committee approved by the Monitoring Committee on 22nd November 2023.

- Ensuring that no single individual has control over all stages of a financial transaction, reducing the potential for abuse.
- Implementing cross-checks among different departments or partners, ensuring accountability at every step.

Roles and actions in the monitoring system

The management procedures of the monitoring system are detailed and regularly updated by the Programme IT officer assisted by the Senior Programme Manager in charge of Programme tasks and the Body performing the Accounting function.

Besides, actions that result from specific events are presented in a dedicated document.

Check on the segregation of roles on the JEMS to ensure a proper follow-up of the actions performed in the system regarding the use of roles and privileges (who does what in the system). This technical review is made on a yearly basis with a 6-eyes principle (IT officer, Senior Programme Manager and Body performing the Accounting function) and following the accounting year, to have a match with the audit periods.

4. Detection and reporting (second pillar)

The Programme intends to respond appropriately to any suspicion or discovery of fraud, conducting thorough investigations and applying sanctions when necessary. A key aspect of combating fraud in the Interreg Programme is thus establishing effective reporting mechanisms. These mechanisms ensure that any suspicion or occurrence of fraud is promptly reported and addressed.

Reporting mechanisms are designed to provide clear, accessible, and safe pathways for individuals to report suspected fraud or irregularities. The goal is to create a secure environment where any stakeholder, whether internal or external to the programme, can report potentially fraudulent activities without fear of retaliation.

4.1. Internal reporting

In the context of their daily activities (e.g. following working visits or project meetings), all staff are obliged to report (suspicion of) irregularities, including cases of fraud. Any programme staff member who detects suspected or established fraud at any stage of the project lifecycle has to report the case through a specific template (see Annex) to the Programme Coordinator and Accounting Function.

All staff members are obliged to report suspected cases of fraud when they have reasonable grounds to believe that such actions have occurred. Reports should include clear and factual information about the suspected activity, the individuals or entities involved, and any available supporting evidence. To facilitate the reporting process, a Fraud Report Form is made available.

This detection can especially arise when controlling expenditures through management verification or second-level control. But this opportunity is made available for detection by the staff of the Programme in any circumstance.

The reporting procedures are based on customary practice and experience within the Province of Limburg. The provincial whistle-blowers' scheme (klokkenluidersregeling) can also be used and may be privileged if the case reported directly incriminates a staff member of the Programme.

The Programme commits to investigating all reports of suspected fraud promptly, impartially, and confidentially. The investigations leading to the potential correction of fraud or prosecution are detailed later in this document.

4.2. External reporting - Whistleblowing

The possibility to report suspected fraud is facilitated through a report form available on the Programme website.

A dedicated whistleblowing system is therefore available to all stakeholders involved in the Programme. This system allows for the anonymous or identified reporting of any suspected fraud.

Any report is received by the Programme at a dedicated email address (interregmr.fraud@prvlimburg.nl). Two persons from the staff organisation have access to this email address.

Those persons must be fully informed of their roles and responsibilities. Each year, or whenever vacancies arise, these roles are reassessed by the Programme Coordinator in collaboration with the two individuals involved.

This report is then submitted to the Coordinator if the reported case does not directly incriminate the Programme staff.

If the reported case concerns any member of the Programme staff, then the case is directly reported to the Head of the Audit Unit within the Provincie (Teammanager Concern control en advise).

The Programme commits to investigating all reports of suspected fraud promptly, impartially, and confidentially. The investigations leading to the potential correction of fraud or prosecution are detailed later in this document.

Any person can also inform the European Anti-Fraud Office (OLAF) about suspicions of fraud and irregularities affecting the EU's financial interests. Online via the Fraud Notification System (anonymous, with secured document transmission): <https://fns.olaf.europa.eu/> or by post European Commission - European Anti-Fraud Office (OLAF) 1049 Brussels Belgium.

4.3. Use of financial and non-financial data during projects implementation

4.3.1. Control and checks of expenditures – Monitoring system and RBMV

Fighting against fraud is an integral part of expenditure controls through the Programme Monitoring System, JEMS.

During project implementation, periodic controls of expenditures, goals achieved, and deliverables provided are undertaken.

Based on article 74 (a) of Regulation (EU) 2021/1060, the Managing Authority shall carry out management verifications to verify that the (ERDF) co-financed products and services have been delivered, that the operation complies with applicable law, the programme and the conditions for support of the operation. These management verifications shall be risk-based and proportionate to the risks identified ex-ante and in writing. Management verifications shall include administrative verifications in respect of payment claims made by beneficiaries and on-the-spot verifications of operations. Those verifications shall be carried out before submission of the accounts to the European Commission.

Elements in performing management verifications include the requirement that they are risk-based and proportionate to the identified risks. Also, the risk assessment should be done ex-ante and in writing, addressing how proportionality will be put into practice. To meet these requirements, MA/JS has developed a risk-assessment tool.

The risk-assessment tool is intended to help identify, assess and prioritise risks on the impact and likelihood of certain risks occurring. Based on the risk identification and assessment, a heatmap is constructed, auto-populating risks based on the entries for impact and likelihood. Thus, the heatmap gives an overview of the key-priority risks at a certain moment in time for a certain partner, providing the ex-ante basis for further management verifications.

For each partner report within a project, the JS Project Manager determines the risk profile based on the risk tool for reporting. The first input is the risk tool filled in by the partner for the second or consecutive partner reports. The second input is the JS Project Manager's own assessment of the partner (report), also taking into account the findings after checking the first partner report. The result is summarised and displayed in the sheet "Heatmap" in "Risk tool for Reporting".

JS project managers will be regularly trained in applying and distinguishing the different risk categories, consisting of very low/low/moderate/high/very high. So as to attain a uniform method/approach to classify a specific risk in terms of likelihood and impact. In case of doubt between two categories, the category with the higher risk profile will be selected.

The highest risk categories are identified:

1. Missing documents in any cost categories (including incomplete audit trails and/or missing evidence),
2. Mistakes in time registration and in the application of the SCO method in order to determine the applicable hourly rate for staff costs under cost options 1, 2 and 3,
3. Incorrect public procurement (missing documents, wrong procedure, artificial splitting of contracts). Special attention is drawn to public procurement irregularities with dedicated trainings where risks, specific detection (red flags like single bidding, artificial splitting,...) and actual legal framework are presented.
4. Specific types of partners, being infrastructure and public service providers, interest groups including NGOs, EGTC and SMEs.

Besides, on-the-spot verifications will be performed at least once every six months of a project's duration. The partner (or lead partner) that will be checked on-the-spot is selected based on the identified risk profile at a certain moment in time or on the quality and findings of the last partner report. Also, other factors, like the progress of the activities, the depletion of the budget, or being checked before or not, might be factors to influence the selection. Partners with a high-risk profile have a higher probability of being selected for the on-the-spot check.

As most projects have a duration of 3 years, every project will be checked on-the-spot at least 6 times. At every on-the-spot check visit, the selected partner and the lead partner are expected to be represented.

4.3.2. Use of open source data during projects' implementation

The Programme uses Arachne, which provides access to valuable information on companies, land, insolvency, immovable and movable property, tax registration and others. If their use is important before the selection of projects, it is also the case during project implementation to detect fraud cases.

During project implementation, at the initiative of a Project Manager or the Senior Programme Manager responsible for project selection and implementation, an assessment may be conducted for any reason in Arachne. If risks are detected, the Programme promptly informs the relevant programme partner to enable any necessary investigations and confirm the financial soundness of the private partner concerned.

Hence, the Programme may verify project partners or external contractors, especially through Arachne or administrative actions at regional or national levels.

If a new private partner joins an ongoing project, an analysis similar to the pre-selection assessment is conducted by the Senior Programme Manager responsible for project selection and implementation to evaluate the financial soundness of the new partner.

5. Correction, prosecution and follow-up measures (third pillar)

In line with the EU Guiding Principles & Target Standards in Anti-Fraud and Corruption, when a fraud case is detected, as soon as there are indications that fraud may have occurred, quick action is essential.

To that aim, the Programme put a strong emphasis on effectively handling investigations in an appropriate and timely manner thanks to good cooperation with all the relevant external actors and authorities to impose swift corrections that include a recovery of defrauded funds (both by legal and administrative paths when necessary).

When a fraud case is reported to the Programme or detected by a Programme's staff member, the case should be reported to the Programme Coordinator if the reported case does not directly incriminate the Programme staff. If the reported case concerns any member of the Programme staff, then the case is directly reported to the Head of the Audit Unit within the Provincie (Teammanager Concern control en advise). In light of the principle of proportionality which guides the Programme antifraud policy, the case is then reported by the Programme Coordinator to the appropriate level according to the gravity and the urgency:

- the Directeur Bedrijfsvoering en Financiën of the Provincie Limburg, which hosts the Managing Authority;
- the European Commission via the Programme Desk Officer and the Irregularity Management System (IMS) operated under the Anti-Fraud Information System (AFIS). Indeed, to protect the EU's financial interests, EU legislation requires reporting irregularities to the Commission (including suspected and established fraud), they have detected in areas where the EU provides financial support.
- the European Anti-Fraud Office (OLAF) via the Fraud Notification System. If fraud involves a potential breach of EU financial interests, it must be reported directly to the OLAF;⁶
- European Public Prosecutor's Office (EPPO);
- report to the Police.

The Programme conducts thorough and independent investigations. This process involves gathering all relevant information and collaborating with national authorities.

If the detected fraud case does not concern the Programme staff member, the Coordinator will form an investigation team on an ad-hoc basis, consisting of at least two people. The composition of the investigation team depends on the complexity of the report. The team will be formed with due care to ensure its members are sufficiently independent of the organisation, project, or person involved. If possible, the provincial staff will be involved in this process.

In cases where the report concerns a staff member (e.g., MA, JS, RA, etc.), the investigation team will be composed of staff from other clusters of the Provincie Limburg on an ad hoc basis.

⁶ See Programme document on irregularity, recovery and liabilities which present the reporting process.

If the team concludes that the suspicion of fraud is unjustified and the matter does not require further reporting to higher entities, all members of the team must confirm their agreement with this conclusion in writing.

It is possible that the Coordinator, after investigating the report, may determine that an irregularity exists but that it does not constitute a fraud suspicion. For example, there may have been an unjustified claim for reimbursement from ERDF, but without fraudulent intent. In those circumstances, the case is treated as any case of irregularity (no intention) following the Programme's guidelines on corrections of irregularities.

At any stage, the Programme Coordinator may ask for the support of the specialised Department within the Provincie (Control and Audit).

Once the MA/JS have gathered sufficient concrete facts leading to the suspicion/establishment of fraud (the partner concerned, the type of fraud suspected, the reasons to suspect fraud, the total amount of expenditure, and the project concerned) an email is sent to the Monitoring Committee member who represents the Region where the project partner is located.

In the meantime, other Programme authorities, including the accounting function, the Audit Authority, and the group of auditors from the concerned Region, are also informed. To that end, a report is made to the Audit Authority, relevant investigative authorities in the member states (coordination with the national central anti-fraud service – AFCOS), the European Commission, and OLAF, in accordance with the descriptions in the management and control systems. Criminal prosecution will be pursued (or not) by the relevant authorities.

When informed, the concerned programme partner undertakes appropriate investigations, among which the collection of information on the partners following Annex XVII of Regulation EU 2021/1060 and informs the MA/JS about potential adequate and proportional measures to be applied, such as:

- suspension of payment;
- non-inclusion of the concerned paid amounts in payment applications to the EC;
- exclusion of costs;
- correction of amounts already certified to the EC and application, which should be recovered following the recovery chain stated in Article 52 of Regulation 2021/1059 (ETC Regulation);
- reduction of the subsidy;
- termination of the contract;
- any other appropriate measures.

Effective measures could further include the exclusion from funding unreliable partners as well as judicial prosecution in cooperation with the European Public Prosecutor's Office (EPPO) in cases of criminal offences perpetrated against the EU's financial interests.

The MA/JS should agree on the proposed sanction/measure and remain informed about further developments. Any updates will also be communicated to the relevant authorities (accounting function, the Audit Authority and the Group of auditors members of the concerned Region).

Additionally, the concerned programme partner shall report the case of suspected fraud to OLAF, following Article 69 of Regulation 2021/1060 (CPR) and its Annex XII. The notification is sent to the Programme Coordinator who forwards it to the concerned authorities (accounting function, the Audit Authority and the Group of auditors member of the concerned Region).⁷

Once a fraud investigation has been concluded by competent authorities or handed over to the relevant authorities for pursuit, a review of any processes, procedures or controls connected to the potential or actual fraud should be conducted. If necessary, the fraud risk mapping will be adjusted based on the results of detected cases of suspected or established fraud and their impact on the Programme. Any required measures to prevent such fraud cases will be implemented, including modifications to the Programme's Management and Control System (MCS).

If the report was made non-anonymously, the reporter will be provided with information about the follow-up once the procedure is complete. The reporter is then free to take further steps, such as making a formal criminal complaint.

⁷ See Programme document on irregularity, recovery and liabilities which present the reporting process.