



SafeNet

Strengthen Anti-Fraud
European Network



The SafeNet Project Strengthen Anti Fraud European Network

Padua (IT)

February 7-9th 2017

This event is supported by the European Union Programme Hercule III (2014-2020).

This programme is implemented by the European Commission.

It was established to promote activities in the field of the protection of the financial interests of the European Union.

(for more information see http://ec.europa.eu/anti-fraud/policy/hercule_en)





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MEETING DAY

Something "About us"
Creating network opportunities

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Padua (IT), February 7th 2017

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Rural Investments Financing Agency

ROMANIA





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The Rural Investments Financing Agency – RIFA, set up in July 2014 by re-organizing the Paying Agency for Rural Development and Fisheries – PARDF, took over the duties related to the technical implementation, payment and monitoring of the National Programme for Rural Development 2007-2013, as well as the monitoring of SAPARD Programme.

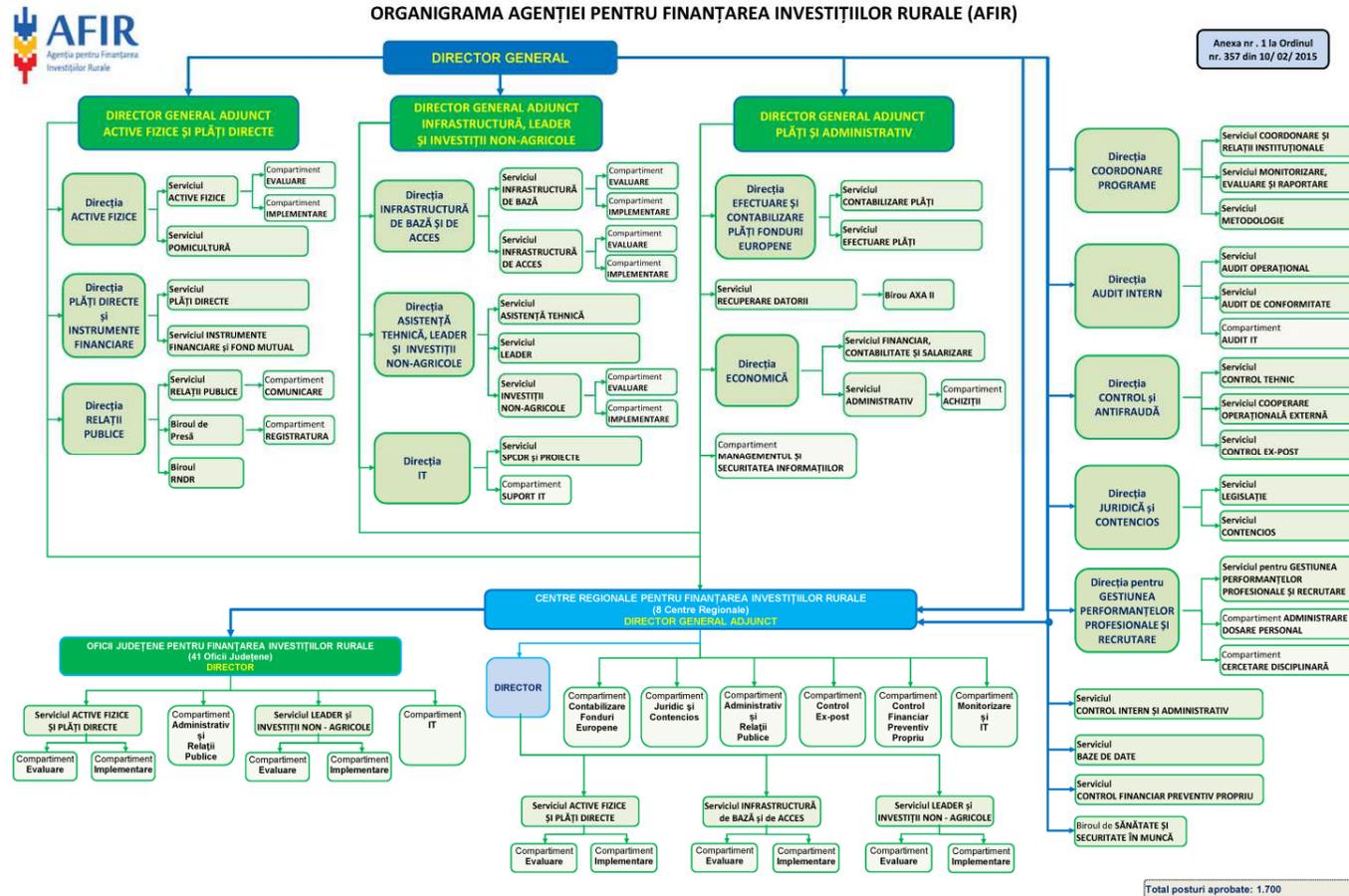
The re-organization of PARDF in RIFA was necessary in order to prepare the implementation of the European Agricultural Fund for Rural Development during the new programming period, 2014-2020.





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Organizational structure – Headquarter, Bucharest



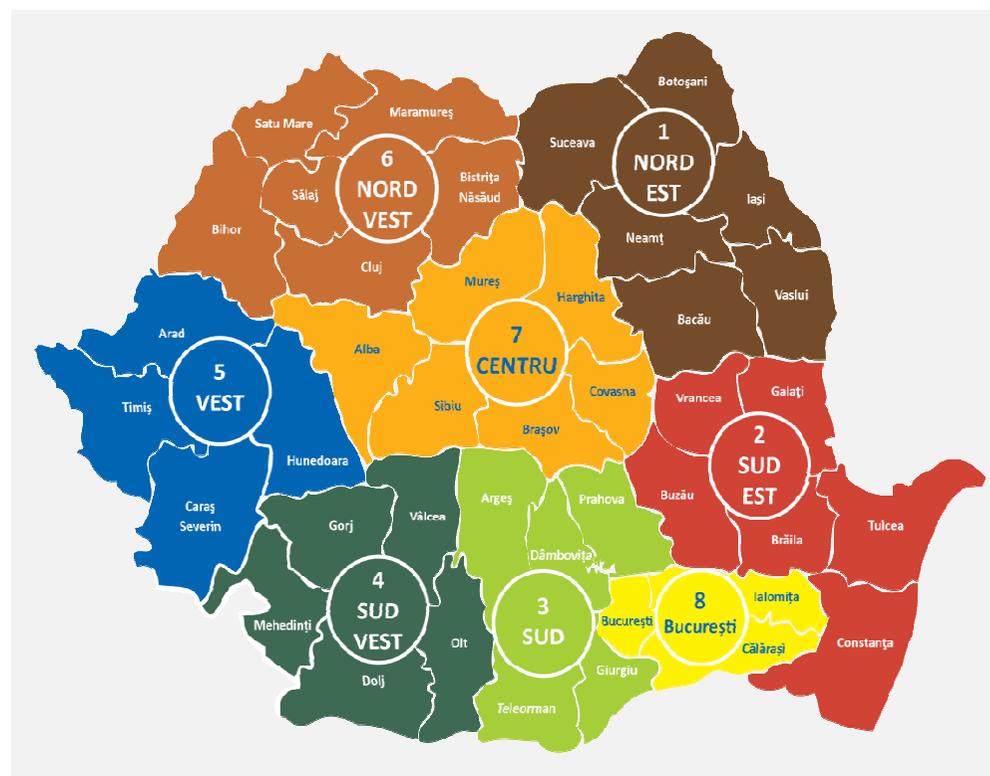


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Organizational structure – Teritorial Offices

Regional level - 8 Regional Offices
for Rural Investments Financing
(RORIF/CRFIR)

County level - 41 de County Offices
for Rural Investments Financing
(CORIF/OJFIR)



RIFA's institutional activities :

- ❖ Receiving and verifying the financing applications submitted by the applicants of non-reimbursable financing;
- ❖ Selecting and contracting the financing applications;
- ❖ Verifying the projects on-the-spot, before and after being contracted;
- ❖ Endorsing the procurement procedures;
- ❖ Verifying the payment claims (documentary and on-the-spot), authorizing and executing the payments;
- ❖ Performing verifications, whenever necessary, in order to ensure the correctness in relation to the projects' implementation and the use of non-reimbursable funds, and to protect the financial interests of the European Union in Romania and of the National Budget.





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Relevant elements of fraud prevention systems / finding and sanctioning the irregularities (I)

In order to better protect the financial interests of the European Union in Romania and the state's budget, the Control and Antifraud Directorate (CAD) has been established in RIFA, a structure which is under the direct subordination of the General Director. CAD has the following main attributions:

- ❖ Performing Ex-Ante controls, on sample (before executing the final payments), in order to prevent irregularities and /or remedy the discovered deficiencies, which are not suspicions of fraud*
- ❖ Performing Ex-Post controls, on sample (after the final payment), in order to verify the maintenance of the eligibility and selection criteria, the achievement of the financing applications' purpose, and in order to remedy the uncovered deficiencies.
- ❖ Performing controls following the requests of the criminal investigation bodies (the National Anticorruption Directorate - DNA, the County Police District), the control bodies (Fight against Fraud Department - DLAF), following the findings and recommendations of the European Commission's (ECA, DG-AGRI), audit bodies- Romanian Court of Accounts, of OLAF, as well as following the notifications, petitions, press releases, self intimations, etc.





Relevant elements of fraud prevention systems / finding and sanctioning the irregularities (II)

* - there is no possibility to remedy the cases of suspicion of fraud, therefore the RIFA has to notify (according to G.E.O 66/2011) the DLAF and DNA in order to perform specialized controls (administrative and respectively, judicial controls). In these cases, depending on the moment of identification of fraud suspicion, the RIFA either suspends the payments to the beneficiaries, the provisions of the Financing Contract, or enforces seizure upon the beneficiaries' goods/accounts (preventing seizure)





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Control and Antifraud Directorate – the main part of the AF system

In order to prevent, find and sanction irregularities, CAD has the following main attributions:

- ❖ Centralizing, registering and monitoring the known cases with suspicions of irregularities/fraud;
- ❖ Performing controls on all aspects related to the implementation of a project:
 - eligibility, selection, procurements, payments, financed activity carried out etc.;
- ❖ Making debts for the recovery of the unduly paid amounts/ or amounts resulting non-eligible due to irregularities;
- ❖ Settling the appeals against the debts;
- ❖ Collaborating with other State bodies (the National Fiscal Administration Agency, the Territorial Work Inspection, the Sanitary Veterinary and Foodstuff Safety Directorate, etc.) in order to gather the information necessary for performing exhaustive controls;
- ❖ Notifying DLAF (national AFCOS) and DNA (National Anticorruption Directorate) on the cases of suspicion of fraud;
- ❖ Informing the General Director on the main irregularities and suspicion of frauds uncovered, followed by proposals regarding the improvement of control and management system and preventing measures for each case





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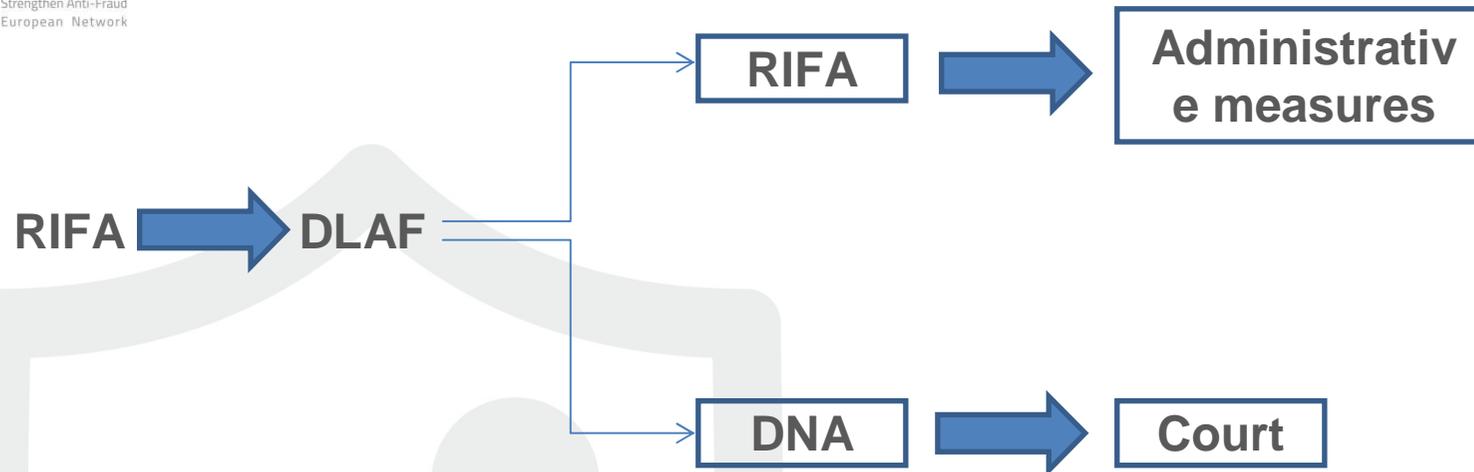
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RIFA's experience and best practices in investigating frauds (I)

- Since 2002 – the first year of SAPARD's implementation, RIFA has been dealing with irregularities and suspicions of fraud. Managing these irregularities and suspicions of fraud led to continuous experience and knowledge as regards their prevention, finding and sanctioning.
- The experience gathered triggered the updating of the internal procedures as regards the controls in relation to the types of irregularities identified and an increased level of awareness of RIFA's employees involved in the projects' verification flow;
- The issuance of GO 79/2003 (abrogated) and GEO 66/2011, setting up the legal framework regarding the prevention, finding and sanctioning of irregularities occurred in obtaining and using European funds, led to standard working method for all competent authorities managing European funds;
- the RIFA's continuous implication in preventing and finding frauds led to a close collaboration with DLAF in the field – the body that coordinates the fight against fraud in Romania. At the same time, RIFA collaborates with DLAF as regards the irregularities' reporting activities and training activities;



RIFA's experience and best practices in investigating frauds (II)



If the Agency has a suspicion that a criminal offence (fraud) has occurred, it has to inform and provide all available information to the DLAF and DNA.

DLAF shall verify the information and documents provided by the RIFA, having extended competences and qualified personnel in investigating the suspicions of frauds.

Upon the completion of the verifications, DLAF provides its results to the RIFA, and if the case requires, to the National Anticorruption Directorate in view of initiating judicial proceedings.



RIFA's experience and best practices in investigating frauds (III)

The Paying Agency's reactions:

In case a fraud suspicion is detected, the PA will:

- start the debt's recovery procedure and will:
 - establish a debt (if the suspicion of fraud is doubled by an irregularity)
 - suspend the issue of the debt and apply seizure upon beneficiary's assets until a final decision regarding the fraud is established by the Court (if the irregularity strictly depends on the existence of a fraud – usually this measure is apply when falsified documents are uncovered)
- cancel the financing contract;
- notify DLAF (Romanian AFCOS) and the criminal investigation body (National Anticorruption Directorate - NAD)





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Examples of suspicion of frauds uncovered in the agricultural sector (I)

- inflated prices by requesting specific higher prices from all bidders invited to the tender;
- choosing a winner before the tendering by making arrangements with two of the bidders for providing overestimated quotations in order to advantage the preferred company;
- fictitious commercial operations by which the inflated price was shared between the beneficiary and the supplier;
- formal tenders submitted only to create the appearance of compliance with the law and procurement procedures (common elements uncovered between the companies involved, which led to the conclusion that several apparently independent companies had been coordinated by one person, the shareholders of the companies owned other companies together, former employees appointed as shareholders or managers in new companies, etc.);
- submission of the final request for payment with unfinished works (in contradiction with the minute for works completion that stated that the works are fully completed);





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Examples of suspicion of frauds uncovered in the agricultural sector (II)

- false/falsified bank letter of guarantee (submitted by the beneficiary for receiving 50% funding payment in advance)
- fictitious/falsified offers in order to award the contract to the sole authentic offer;
- submission of falsified documents apparently issued by local/national administration bodies for proving compliance with project's eligibility or the right to participate to a procurement procedure – ex: tax/fiscal certificates or false declarations (usually requested to be submitted within the application form: ex. - regarding the experience in the agricultural activity)
- other falsified documents: land lease contracts, animal's registry, public domain inventory, qualification documents for participation to a procurement procedure (similar experience, CVs, accounting documents);
- use of the advance payments for other purposes than those intended in the project;
- changing the destination of the project's objective;



Examples of suspicion of frauds uncovered in the agricultural sector (III)

- fraudulent bankruptcy (intentional business mismanagement in order to make the recovery harder);
- fraudulent use of the same money by different applicants in order to prove the co-financing capacity (deposits and withdrawals in different accounts of the same amount);
- request of funding for works executed before applying for grant (usually occurs in investments for modernisation);
- fragmentation of farms by interposing 2 or more persons in order to obtain more projects in the same time (exceeding thus the financing ceiling of the measure or breach of *de minimis rule*);
- subcontracting of works to an unsuccessful bidder.





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Best Practices

- RIFA has established an Antifraud Strategy aimed to raise awareness of all employees in regards to identifying and fighting fraud.
- an internal online platform stands as an *open library* for employees to learn about previous controls, findings, modus operandi, investigation etc., to help them in their own work;
- an online training module has been set up, that every employee has to go through, which ends with a test, also aimed to improve the capabilities and knowledge of personnel;
- Training courses are also conducted 2-3 times per year, where direct contact is taken, questions are answered and difficulties are explained.





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Training needs/staff-exchange

Topics

- Interested in learning new investigative ways
- Country specific modus operandi that could happen in Romania also
- New irregularity/fraud typologies identified in 2014-2020 programming period





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Thank you for your attention
Dan NICA
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RIFA-Romania

