

FUNDS & PROGRAMMES DIVISION

2014 – 2020

Anti-Fraud Policy¹

June 2016

¹ The anti-fraud policy statement, together with procedures for adequate fraud risk assessment and the putting in place of effective and proportionate anti-fraud measures through an action plan (whenever the net risk after controls is significant or critical), are key components of the managing authority's anti-fraud strategy.

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Introduction

The Managing Authority for the Rural Development and Agriculture Fund (EAFRD), the Managing Authority for the European Maritime Fisheries Fund (EMFF), the Responsible Authority for the Asylum, Migration and Integration Fund / Internal Security Fund, National Focal Point for the EEA and the Norwegian Financial Mechanisms; the National Co-ordinator of the Swiss-Maltese Cooperation Programme; the National Focal Point for the European Territorial Cooperation Programmes (ETC); the National Contact Point for the European Globalisation Fund (EGF) and the European Solidarity Fund and the National Authority for the ERASMUS+ Programme

is committed to maintain high legal, ethical and moral standards, to adhere to the principles of integrity, objectivity and honesty and wishes to be seen as opposed to fraud and corruption in the way that it conducts its business. All members of staff are expected to share this commitment in line with the Division's Value Set which demonstrates amongst other values the importance of integrity and accountability.

The objective of this policy is to promote a culture which deters fraudulent activity and to facilitate the prevention and detection of fraud and the development of procedures which will aid in the investigation of fraud and related offences and which will ensure that such cases are dealt with timely and appropriately.

A procedure is in place for the disclosure of situations of conflict of interests as stipulated in the Public Administration Act – 1st Schedule in the Code of Ethics². A conflict of interest as defined in the said Act refers to *'a situation in which a public employee has a private or personal interest sufficient to influence or appear to influence the objective exercise of his or her official duties'*.

The term fraud is commonly used to describe a wide range of misconducts including theft, corruption, embezzlement, bribery, forgery, misrepresentation, collusion, money laundering and concealment of material facts. It often involves the use of deception to make a personal gain for oneself, a connected person or a third party, or a loss for another – intention is the key element that distinguishes fraud from irregularity.

Fraud does not just have a potential financial impact, but it can cause damage to the reputation of an organisation responsible for managing funds effectively and efficiently, thus addressing fraud. This is of particular importance for a public organisation responsible for the management of EU funds. Corruption is the abuse of power for private gain. Conflict of interests exists where the impartial and objective exercise of the official functions of a person are compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with e.g. an applicant for or a recipient of EU funds.

² <http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8963&l=1>

Responsibilities

Within the MA, overall responsibility for managing the risk of fraud and corruption has been delegated to Raphael Scerri, Director General, Funds & Programmes Division who has the responsibility for:

- o Undertaking a regular review, with the help of a risk assessment team, of the fraud risk;
- o Establishing an effective anti-fraud policy and fraud response plan;
- o Ensuring fraud awareness of staff and training;
- o Ensuring that the MA refers promptly investigations to competent investigation bodies when they occur;

Heads, directors and senior managers of the MA are responsible for:

- o Ensuring any systems, procedures and internal controls communicated by the Director General are implemented to prevent, detect and minimise fraud within programmes and adopt the right tone from the top;
- o Ensuring staff understand how to identify fraud and corruption risks in their areas;
- o Staff understanding they have a formal duty to report any suspicions.

Fund Managers / Project Manager / Fund Officers / Fund Support Officers and all other supporting staff of the MA are responsible for the day-to-day management of fraud risks and action plans, as set out in the fraud risk assessment and particularly for

- o Ensuring that an adequate system of internal control exists within their area of responsibility;
- o Preventing and detecting fraud;
- o Ensuring due diligence and implementing precautionary actions in case of suspicion of fraud
- o Taking corrective measures, including any administrative penalties, as relevant.

The Certifying Authorities have a system which records and stores reliable information on each operation; they receive adequate information from the MA on the procedures and verifications carried out in relation to expenditure.

The Audit Authority has a responsibility to act in accordance within professional standards in assessing the risk of fraud and the adequacy of the control framework in place.

Reporting Fraud

The MA has procedures in place for reporting fraud, both internally and to the European Anti-Fraud Office.

The anti-fraud strategy encourages all members of staff to report any suspicion of fraud, corruption, financial malpractice or the misuse of official position. Where appropriate, an investigation is commissioned to determine the facts behind any allegation.

All reports are dealt with in the strictest of confidence and in accordance with the Data Protection Act and Whistleblower Act.

Anti-fraud measures

The MA has put in place proportionate anti-fraud measures based on a thorough fraud risk assessment. The process includes:

- Prevention
- Detection
- Investigation and Prosecution
- Reparation

In particular, the Funds & Programmes Division is committed to use appropriate IT tools to detect risky operations (such as ARACHNE) and ensure that staff is aware of fraud risks and receives anti-fraud training. It is believed that such tools help to identify red flags whilst serving as a fraud preventative instrument.

The MA shall carry out a vigorous and prompt review into all cases of suspected and actual fraud which have occurred with a view to improve the internal management and control system where necessary. On completion of each investigation the MA will be provided with a report including recommendations.

Conclusion

Fraud can manifest itself in many different ways. The MA has a zero tolerance policy to fraud and corruption, and has in place a robust control system that is designed to prevent and detect, as far as is practicable, acts of fraud and correct their impact, should they occur.