THINK TANK

RISCO DE FRAUDE
RECURSOS FINANCEIROS DA UE

Critical analysis of the Recovery and Resilience Plan's model of governance in the context of the Multi-annual Financial Framework 2021-2027

Recommendations / possible fraud prevention measures

The Think Tank reflected on the Recovery and Resilience Plan's governance model (RRP), in the context of the 2021-2027 multi-annual financial framework, relating to the information available in October 2020, not affected by the update resulting from the 19.01.2021 meeting.

Among other aspects, it is noted that there are operations that, once subject to the formal control system, are not flagged as irregular, but turn out to be fraudulent when subject to criminal investigations. It is not possible to ascertain that such cases are to be considered as a result of a failure of such a control system, but this finding indicates that such system offers weaknesses in the detection of cases of fraud.

It is clear that these verification results are detrimental to the protection of the EU's financial interests, all the more as the recovery of assets in this area is difficult to achieve.

With a view to preventively safeguarding the protection of the financial interests of the European Union and national interests, the Think Tank has identified a number of situations which could lead to negative impacts and points to possible fraud prevention measures, as shown in the table below.

Anticipated situations	Anticipated impacts	Fraud-prevention measures
1. Significant additional financial resources to be used in a short period of time.	Increasing pressure on management and control systems, weakening them.	i. Adoption of anti-fraud measures, in all the entities involved, with particular focus on the prevention of conflicts of interest; ii. Specification of Technical Coordination functions and its corresponding responsibilities; iii. Specification of the various levels of responsibility for the implementation and control of the financial resources made available, with particular focus on safeguarding the segregation of functions.
2. Coexistence of various financing instruments supported by various non-integrated information systems.	Possibility of overlapping financial grants in similar operations and difficulty in obtaining information in a timely manner.	i. Clearly defining the frontiers between the various financial instruments;

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		ii. Specification of the objectives and targets of the investments to be approved and definition of the corresponding indicators; iii. Interoperability of the information systems of the various financing instruments; iv. Transparent and up-to-date reporting of funds used and results achieved.
3. Lack of human resources.	A large number of operations to be managed and controlled per staff member, determines the quality of the work done. Replacement of on-the-spot checks by remote checks with greater difficulty in detecting irregularities / fraud on time.	i. Updating skills due to new ways of allocating and controlling grants - the importance of adequately defining indicators *versus* assessing expenditure documents is highlighted; ii. Appropriate use of IT tools as an aid to administrative control; iii. Strengthening of physical checks within the limits of health safety rules. iv. Increase the human resources of the entities intervening in the management and control system.

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4. Absence of evaluation of the impacts of the financial resources allocated.	Difficulty / impossibility of measuring the effectiveness of the financed operations and the implementation of the corresponding public policies.	i. Re-thinking the size of the National Monitoring Commission, explaining and specifying the evaluation functions; ii. Monitoring the real impacts of the use of these public resources on the implementation of public policies rather than simply monitoring the implementation of programs.