

# 1: ASSESSMENT OF EXPOSURE TO SPECIFIC FRAUD RISKS - SELECTION OF APPLICANTS BY MANAGING AUTHORITIES

DESCRIPTION OF RISK						
Risk Ref	Risk Title	Risk description	Who is involved in the risk? (Managing Authority (MA) / Implementing Bodies (IP) / Certifying Authority (CA) / Beneficiaries (BF) / Third Parties (TP))	Is the risk internal (within the MA), external, or a result of collusion?	Is this risk relevant to your Managing Authority?	If you have answered NO, provide justification for your answer
SR1	Conflicts of interest within the evaluation board	Members of the MA's evaluation board intentionally influence the evaluation and selection of applicants to favour a certain applicants by providing favourable treatment to the their application in the evaluation or by exerting pressure on other panel members	Managing Authority and Beneficiaries	Internal / Collusion		
SR2	False declarations by applicants	Applicants submit false declarations in the application, misleading the evaluation board that they comply with the general and specific eligibility criteria to win an application procedure	Beneficiaries	External		
SR3	Double funding	An organisation applies for funding for the same project from several EU funds and/or Member States without declaring these applications	Beneficiaries	External		
SRX		<i>Insert description of additional risks...</i>				









## 2: ASSESSMENT OF EXPOSURE TO SPECIFIC FRAUD RISKS - IMPLEMENTATION OF PROGRAMME AND VERIFICATION OF ACTIVITIES

RISK DESCRIPTION							
Risk Ref	Risk Title	Risk description	Detailed risk description	Who is involved in the risk? (Managing Authority (MA) / Implementing Bodies (IP) / Certifying Authority (CA) / Beneficiaries (BF) / Third Parties (TP))	Is the risk internal (within the MA), external, or a result of collusion?	Is this risk relevant to your Managing Authority?	If you have answered NO, provide justification for your answer
<b>Implementation - public procurement risks for contracts tendered and managed by beneficiaries</b>							
IR1	Undisclosed conflict of interests or bribes and kickbacks	A member of staff of the beneficiary favours an applicant / tenderer because: - an undeclared conflict of interest occurred or - bribes or kickbacks were paid	1) Beneficiaries may award sub-contracts to third parties in which a member of staff has an interest, whether financial or otherwise. Similarly organisations may not fully disclose all conflicts of interest when applying for a contract or 2) Third parties that have applied for contracts may offer kickbacks or bribes to the beneficiaries in order to influence the award of contracts.	Beneficiaries and Third Parties	External		
IR2	Avoidance of required competitive procedure	A beneficiary avoids the required competitive procedure in order to favour a particular applicant in either winning or maintaining a contract by: - split purchases or - unjustified single source award or - not organising a tendering process or - irregular extension of the contract.	1) Beneficiaries may split a purchase into two or more purchase orders or contracts in order to avoid having to launch a competitive procedure or higher-level management review or 2) Beneficiaries may falsify single source acquisition justification by drafting very narrow specifications or 3) Beneficiaries may award contracts to favoured third parties without the required tendering process or 4) Beneficiaries may extend original contract lengths via a contract amendment or additional condition, in order to avoid a re-tendering process.	Beneficiaries and Third Parties	External		
IR3	Manipulation of the competitive procedure process	A member of staff of an MA favours a tenderer in a competitive procedure through: - rigged specifications or - leaking bid data or - manipulation of bids.	1) Beneficiaries may tailor requests for bids or proposals so that they contain specifications which are tailored to meet the qualifications of a particular bidder, or which only one bidder can meet. Specifications which are too narrow can be used to exclude other qualified bidders or 2) Contracting, project design or bid evaluation personnel from a beneficiary may leak confidential information to help a favoured bidder formulate a superior technical or financial proposal, such as estimated budgets, preferred solutions, or the details of competing bids or 3) Beneficiaries can manipulate bids after receipt to ensure that a favoured contractor is selected	Beneficiaries and Third Parties	External		
IR4	Collusive bidding	Bidders manipulate the competitive procedure organised by a beneficiary to win a contract by colluding with other bidders or setting up fake bidders: - collusive bidding including bidding by interlinked companies or - phantom service provider	1) Third parties in a particular geographic area or region or industry can conspire to defeat competition and raise prices through various collusive bidding schemes, such as complementary bidding, bid suppression, bid rotation and market division or 2) Third parties may set up a 'phantom' service provider to submit complementary bids in collusive bidding schemes, to inflate costs or simply to generate fictitious invoices. In addition, an employee of the beneficiary can authorise payments to a fictitious seller in order to embezzle funds.	Third parties	External		
IR5	Defective pricing	A bidder manipulates the competitive procedure by not specifying certain costs in its bid	Third parties may fail to disclose current, complete and accurate cost or pricing data in their price proposals resulting in an increased contract price.	Third Parties	External		
IR6	Manipulation of cost claims	A contractor manipulates cost claims or invoices to overcharge or recharge incurred costs. - Single contractor double claims costs or - False, inflated or duplicate invoices.	1) A third party with multiple similar work orders might charge the same personnel costs, fees or expenses to several contracts or 2) Third parties might knowingly submit false, inflated or duplicate invoices, either acting alone or in collusion with contracting personnel.	Third Parties	External		
IR7	Non-delivery or substitution of products	Contractors violate the contract conditions by non-delivery of agreed products or alterations and substitution with inferior quality - Product substitution or - Non-existence of products or operation not carried out in line with grant agreement	1) Third parties may substitute inferior quality items for those which are specified in the contract or otherwise fail to meet contract specifications and then knowingly misrepresent that they have. Beneficiaries may be complicit in this fraud or 2) Some or all products or services to be supplied as part of a contract may not be provided, or the contract was knowingly not carried out in line with the grant agreement.	Beneficiaries and Third Parties	External		
IR8	Amendment of existing contract	A beneficiary and a contractor collude to amend an existing contract with more favourable conditions for the third party to such an extent that the original procurement decision is no longer valid.	Amendment may be made to a contract after it has been agreed between a beneficiary and a third party, changing the contract terms/conditions to such an extent that the original procurement decision may no longer be valid.	Beneficiaries and Third Parties	External		

Implementation - risks with labour costs incurred within beneficiaries or third parties							
IR9	Overstatement of quality or activities of personnel	A contractor intentionally overstates the quality of provided personnel or activities to claim them as eligible costs. - Inadequately qualified labour or - Inaccurate descriptions of activities completed by personnel	1) A beneficiary or third party may propose a team of adequately qualified personnel in a tender, only to implement the action with personnel that are inadequately qualified or 2) A beneficiary or third party may knowingly falsify descriptions of tasks performed by personnel in order to ensure that costs claimed are considered eligible	Beneficiaries or Third Parties	External		
IR10	False labour costs	A beneficiary claims knowingly false labour costs for activities that are not carried out or not carried out in accordance with the contract. - False labour costs or - Uncompensated overtime or - Incorrect time rates claimed or - Staff costs claimed for personnel that do not exist or - Staff costs claimed for activities that took place outside the implementation period.	1) A beneficiary or third party may knowingly claim false labour, by inflating the number of working hours completed by the trainers, or by falsifying documents supporting the existence of such events, such as the record of attendance and invoices for the renting of teaching rooms or 2) A beneficiary or third party may knowingly claim overtime where no credit for the extra hours is usually give to staff or 3) A beneficiary or third party may knowingly claim inflated rates for personnel by misrepresenting hourly rates or actual working hours 4) A beneficiary or a third party may falsify documentation in order to claim costs for personnel that are not employed, or which do not exist or 5) A beneficiary or third party may knowingly falsify documentation to ensure that costs appear to have been incurred during the relevant implementation period.	Beneficiaries or Third Parties	External		
IR11	Labour costs are apportioned incorrectly to specific projects	A beneficiary knowingly incorrectly apportions staff costs between EU projects and other sources of funding	A beneficiary may knowingly incorrectly apportion staff costs between EU projects and other sources of funding	Beneficiaries	External		
IRXX		<i>Insert description of additional risks...</i>					





























**3: ASSESSMENT OF EXPOSURE TO SPECIFIC FRAUD RISKS - CERTIFICATION AND PAYMENTS**

RISK DESCRIPTION						
Risk Ref	Risk Title	Risk description	Who is involved in the risk? (Managing Authority (MA) / Implementing Bodies (IP) / Certifying Authority (CA) / Beneficiaries (BF) / Third Parties (TP))	Is the risk internal (within the MA), external, or a result of collusion?	Is the Managing Authority exposed to this risk?	If NO, provide justification
CR1	Incomplete / inadequate management verification process	Management verifications may not give adequate assurance for absence of fraud, due to a lack of the necessary skills or resources at the MA.	Managing Authority	Internal		
CR2	Incomplete / inadequate expenditure certification process	Expenditure certifications may not give adequate assurance for absence of fraud, due to a lack of the necessary skills or resources at the CA.	Certifying Authority	External		
CR3	Conflicts of interest within the MA	Members of the MA may have conflicts of interest which have undue influence on the approval of payments for certain beneficiaries.	Managing Authority and Beneficiaries	Internal / Collusion		
CR4	Conflicts of interest within the Certifying Authority	Expenditure may be certified by a Certifying Authority that has a connection to the beneficiary.	Certifying Authority and Beneficiaries	External		
CRXX		<i>Insert description of additional risks...</i>				













#### 4: ASSESSMENT OF EXPOSURE TO SPECIFIC FRAUD RISKS - DIRECT PROCUREMENT BY MANAGING AUTHORITIES

DESCRIPTION OF RISK							
Risk Ref	Risk Title	Risk description	Detailed risk description	Who is involved in the risk? (Managing Authority (MA) / Implementing Bodies (IP) / Certifying Authority (CA) / Beneficiaries (BF) / Third Parties (TP))	Is the risk internal (within the MA), external, or a result of collusion?	Is the Managing Authority exposed to this risk?	If NO, provide justification
PR1	Avoidance of required competitive procedure	A member of staff of the MA avoids the required competitive procedure in order to favour a particular tenderer in either winning or maintaining a contract by: not organising a tender process or: - split purchases or - unjustified single source award or - irregular extension of the contract.	1) A member of MA may split a purchase into two or more purchase orders or contracts in order to avoid having to launch a competitive procedure or higher-level management review or 2) A member of MA may falsify single source acquisition justification by drafting very narrow specifications or 3) A member of MA may award contracts to favoured third parties without the required tendering process or 4) A member of MA may extend original contract lengths via a contract amendment or additional condition, in order to avoid a re-tendering process.	Managing Authorities and Third Parties	Internal / Collusion		
PR2	Manipulation of the competitive procedure process	A member of staff of an MA favours an tenderer in a competitive procedure through: - rigged specifications or - leaking bid data or - manipulation of bids.	1) A member of MA may tailor requests for bids or proposals so that they contain specifications which are tailored to meet the qualifications of a particular bidder, or which only one bidder can meet. Specifications which are too narrow can be used to exclude other qualified bidders or 2) Contracting, project design or bid evaluation personnel from MA may leak confidential information to help a favoured bidder formulate a superior technical or financial proposal, such as estimated budgets, preferred solutions, or the details of competing bids or 3) A member of MA can manipulate bids after receipt to ensure that a favoured contractor is selected	Managing Authorities and Third parties	Collusion		
PR3	Undisclosed conflict of interests or bribes and kickbacks	A member of staff of an MA favours an applicant / tenderer because: - an undeclared conflict of interest occurred or - bribes or kickbacks were paid	1) A contract may be awarded to a beneficiary in which a member of staff has an interest, whether financial or otherwise. Similarly organisations may not fully disclose all conflicts of interest when applying for a contract or 2) Beneficiaries that have applied for contracts may offer kickbacks or bribes in order to influence the award of contracts.	Managing Authorities and Third parties	Collusion		
PRX		<i>Insert description of additional risks...</i>					







