Anti-fraud strategy of the managing authority (MA) of the INTERREG VI-A IPA Hungary Serbia Programme

The main principle is the zero tolerance against fraud, no fraud will be tolerated within the programme and during project implementation.

Therefore, special emphasis shall put on fraud prevention through creating an adequate culture in the institutions and through the establishment an operation of the internal control system.

The anti-fraud strategy of the MA adopts with the agreement of the partner country a proactive, structured and targeted approach to managing the risk of fraud. The measures put in place are effective and proportionate to risk identified and determined according to 3 pillars in order to achieve the objectives of the policy, namely to reduce the fraud risk through the internal controls and to ensure that procedures are in place to detect fraud and to take appropriate measures once a suspected case of fraud is detected.

In order to an effective combatting against frauds, it requires to elaborate strategic approach from the managing authority "tone at the top" and all programme management bodies involved in the programme implementation need to collaborate efficiently in preventing and detecting.

The programme management bodies involved within the Anti-fraud Strategy are:
- managing authority (MA);
- joint secretariat (JS);
- national authority (NA);
- controllers;
- audit authority (AA).

According to the EC Guidance, the effective anti-fraud strategy shall be based on 3 pillars that are the followings:
1. Prevention in order to mitigate risks
2. Detection
3. Correction and reporting prosecution

Proportionate implementation of the pillars could significantly reduce the fraud risk and as well as provide adequate response against fraud.

1. Preventive Controls applied in the Interreg VI-A IPA Hungary Serbia programme:

- Internal control systems

  The task of the internal control system is to counter fraud and any other illegal activities affecting the financial interests of the Union. During its operation the principles of sound financial management is taken into account.
  Risk based management verification is thorough and the associated on-the-spot controls are carried out with sufficient coverage on both sides of the programme area.
  Staff in charge of risk-based management verifications (controllers in both partner states) will be aware of the Commission guidance on fraud indicators (Information Note on Fraud Indicators for ERDF, ESF and CF COCOF 09/0003/00-EN), as the MA will inform the staff members of the document. The document provides a list of fraud schemes and related fraud indicators with the aim of raising fraud awareness so that the management and control system can be strengthened to more effectively prevent and detect fraud.

- Rules of procedures, methodologies

  The MA defines its anti-fraud policy according to the Guidance Note of the Commission “Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures EGESIF_14-0021-00” that was prepared to provide assistance and recommendations that the MA shall put in place effective and proportionate anti-fraud measures taking into account the risks identified.

  Partner states of the Programme are committed to take all required actions to prevent, detect, investigate, correct and report all irregularities including fraud that comprise the collection of information on the partners in accordance with Annex XVII of Regulation (EU) 2021/1060. The data collection of partners (“beneficial owner’s) defined by the Annex XVII of the CPR will be ensured by the INTERREG + system.

- Fraud risk assessment

  The MA completes the self-assessment tool provided by the European Commission if it is necessary according to the Guidance yearly, otherwise every second year until the end of the programming period. The occurrence of any new fraud instance or main changes in the MA procedures and/or staff will lead to the review of perceived weaknesses in the system and of relevant parts of the self-assessment.

  The MA uses the tool of the Guidance on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures provided by the Commission. By using the tool, the procedure of the MA ensures that the fraud risk assessment covers the likelihood and impact of specific and commonly recognised fraud risks particularly relevant to the key processes, as selection of applicants, implementation of the projects by the partners, focusing on public procurement and staff costs, verification of expenditures and payment.

  The most relevant actors take part in the risk assessment in order that it is as honest and accurate as possible and so that it can be done in an efficient and smooth way. The risk assessment is carried out by the coordination of the MA with the involvement of NA, JS, CA, intermediate body and controllers. The senior management has adequate oversight and involvement as detailed in the Procedures Manual of the MA. As the independent AA carries out audit on the completed risk assessment during system audits within the Key requirement No7, it does not take a direct role in deciding on the level of risk exposure.

- Development of a registration system

  Once an investigation has been concluded by the NAs, a review of any processes, procedures or controls connected to the potential or actual fraud will be conducted in the INTERREG+ monitoring system. The review will be objective and self-critical and will result in clear conclusions about perceived weaknesses and lessons learned with clear actions, responsible individuals and deadlines. This review will also feed into the subsequent review of self-assessment.

- Commitment to combat fraud:

  The MA prepares and uses anti-fraud policy as a clear mission statement, visible to all internal and external observers to be published on the programme website, that is striving to achieve the highest ethical standards that are expected from the programme management bodies and partners; the MA ensures that all actors fully understand their responsibilities and obligations, and communicates both internally and externally, towards all potential programme partners, that the organisation has a coordinated approach towards combatting fraud. The particular institutions may define further detailed rules in their internal processes.

- Training and awareness raising

  All staff will be trained on both theoretical and practical matters, both to raise awareness of the MA’s anti-fraud culture and also to assist them in identifying and responding to suspected instances of fraud. The MA has the intention to have meetings and discussions with OLAF at national level with the involvement of the NAs and controllers, the responsible body for risk

based management verifications. It might be carried out by “train the trainer” option, meaning having a trainer for the national authorities and they perform trainings for their controllers. Or it might be a training also with the controllers. Particular attention will be given to inform all staff members at national level of the latest anti-fraud guidelines of the Commission. Also, members of staff will be informed and encouraged to participate at the trainings organized by the Commission and by INTERACT about anti-fraud policy. Once a staff member participates at training, the NAs will pay attention to the lessons learnt being disseminated to other staff members. Trainings on avoidance of conflict of interests and on combatting against fraud will be at utmost importance to fraud awareness.

Communication and training with staff about reporting mechanism will ensure that they:

- understand where they should report suspicions of fraudulent behaviour or control,
- are confident that these suspicions are acted upon by the national authorities,
- are confident that they can report in confidence and that the MA does not tolerate retaliation against any staff member who reports suspicions.

- Creation of an anti-fraud culture

The MA understands that the creation of an anti-fraud culture has a key role both in deterring potential fraudsters and also in maximising the commitment of staff to combat fraud within the MA and together with the partner country and is also expected from the programme management bodies and partners. This culture will be created by the following actions:

- Tone at the top – the MA prepares written communication that the highest standard of ethical behaviour is expected from staff and partners; that can also be implemented in the grant letters and contracts;
- Code of conduct – the MA use an unambiguous code of ethics that all staff -including the partner country- must routinely declare adherence to, covering such things as:
  - Conflicts of interest – explanation and requirements and procedures for declaring them;
  - Gifts and hospitality policy – explanation and responsibilities of staff for compliance;
  - Confidential information – explanation and responsibilities of staff;
  - Requirements for reporting suspected fraud.

Partner country signs code of ethics and conduct which is an annex of the NA internal procedures covering the same issues.

The MA of the programme - together with the partner country - has a clear statement towards conflict of interest - in accordance with the Art 61 of Financial Regulation - that actors and other persons, including national authorities at any level, involved in budget implementation under direct, indirect and shared management, including acts preparatory thereto, audit or control, shall not take any action which may bring their own interests into conflict with those of the Union. They shall also take appropriate measures to prevent a conflict of interests from arising in the functions under their responsibility and to address situations which may objectively be perceived as a conflict of interests.

Where there is a risk of a conflict of interests involving a member of staff of a national authority in the given partner state, the person in question shall refer the matter to his or her hierarchical superior. Where such a risk exists for staff covered by the Staff Regulations, the person in question shall refer the matter to the relevant authorising officer by delegation. The relevant hierarchical superior or the authorising officer by delegation shall confirm in writing whether a conflict of interests is found to exist. Where a conflict of interests is found to exist, the appointing authority or the relevant national authority shall ensure that the person in question ceases all activity in the matter. The relevant authorising officer by delegation or the relevant national authority shall ensure that any further appropriate action is taken in accordance with the applicable law.

A conflict of interests exists where the impartial and objective exercise of the functions of a financial actor or other person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest.

At programme level impartiality and conflict of interest are also regulated in the rules of procedure of the monitoring committee. Furthermore, the MA in cooperation with the JS ensures the avoidance of conflict of interest and verification of the double financing at different levels through its internal controls.

- Cooperation between bodies carrying out anti-fraud activities

The Programme management bodies are committed to cooperate with other national level and EU institutions to prevent and combat against fraud and corruption.
The MA cooperates also with the OLAF Coordination Office of the National Tax and Customs Office of Hungary, which helps the authorities responsible for managing EU funds to understand fraud types, trends, threats and risks, and to protect the EU's financial interests by preventing fraud of all kinds.
The Directorate General for Audit of European Funds' (DGAEF) carries out audit authority tasks regarding EU and other international funds determined by the Government. In terms of professional activity, the DGAEF is independent from the MA, NA, JS, CA, intermediate body, controllers, and from the partners. When planning its activity, selecting methods and implementing its audit strategy, the Directorate General acts independently; it compiles the reports on the findings, conclusions and recommendations free from outside influence, for the content of which it bears responsibility.
Full cooperation with investigative, law enforcement or judicial authorities is ensured together with the partner country, in particular by keeping files concerning fraud cases in safe places and ensuring a proper handover in case of staff mobility.

2. <u>Detective Controls:</u>

- Operating a notification system, notification safety regulation or monitor whether the notification system operates in the given country

The Hungarian Government portal http://www.anti-lop.hu was created with the aim of the correct and transparent use of the resources from the European Union. The portal offers the opportunity and right to inform of irregularities, fraud or wrongdoings furthermore submit any suspicious related to conflict of interest.

In Serbia, irregularities can be reported to the Irregularity officer or to the bodies listed on the portal of the Ministry of finance: https://www.mfin.gov.rs/kontrola-javnih-sredstava/kontrola-javnih-sredstava-prijave-nepravilnosti

Also, partners will be made aware of how they can approach their OLAF office at national level with any information they may have.

- Anti-fraud guides and practical guides

The MA will widely publicise the following documents amongst all staff who are in positions in which they could detect fraudulent behaviour:

  - Detection of forged documents in the field of structural actions, a practical guide for managing authorities

The anti-fraud policy adopted by the MA aims at supporting the investigation of fraud and related offenses, in order to address such cases in a timely, transparent and appropriate manner.

Reporting to the Commission on the results of effective anti-fraud measures and any suspected instances of fraud will be taken into account in the management declaration issued by MA and will be part of the annual control report. The annual control report of the AA will also comprise a section on fraud suspicions detected during the year. *

3. Corrective controls and reporting:

- Recovery and criminal prosecution: Recovery of undue payments of EU contribution from partners is required by MA and CA to ensure having robust processes in place for following up any potential recoveries of EU funds spent in a fraudulent manner. Article 10 of the General terms and conditions of the Subsidy Contract clearly stipulates the rights and duties on irregularities and fraud, sanctions of these, which are a key deterrent to potential fraudsters.
- According to Article 10 of the General terms and conditions of the Subsidy Contract to be concluded between the MA and the lead partners, in case of irregularities identified during project implementation, the MA reserves the right to claim the repayment of the EU contribution in full or in part from the lead partner and has the right to reduce the amount of the EU contribution awarded. In case an irregularity is committed, the managing authority shall impose on the lead partner all the necessary measures for the elimination or diminishing of the consequences on the implementation of the Project
- In addition, in line with the Article 11 of the General terms and conditions of the Subsidy Contract to be concluded between the MA and the lead partners, the MA is entitled to demand repayment of EU contribution in full or in part as regulated in the Subsidy Contract
  - the lead partner becomes insolvent or subject to bankruptcy proceedings; or if
  - the lead partner is convicted of an offence concerning its professional conduct by a judgment which has the force of 'res iudicata', further if it is guilty of grave professional misconduct proven by any means which the managing authority/national authority can justify;
  - the lead partner becomes the subject of a judgment which has the force of 'res iudicata' for fraud, for corruption, for severe breach of contract in connection to obligations stemming from public procurement rules or from rules governing the use of EU funding or national subsidies, for involvement in a criminal organisation or for any other illegal activity detrimental to the EU's financial interests.

The responsibility for an anti-fraud culture lies with all those involved in the Programme. The MA therefore encourage all partners, contractors, employees to assist in preventing fraud from taking place, putting into place proportionate measures to detect it and making it transparent.

Approved by

ELEKTRONIKUSAN ALÁÍRTA
Horváth Nikoletta

Budapest, 2026.11.23 13:14

NIKOLETTA Horváth
Managing Authority

Annex 1

Fraud risk assessment methodology

The MA uses the tool of the Guidance on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures provided by the Commission[1].

The MA completes the self-assessment tool provided by the European Commission. Also, the MA completes the self-assessment tool every second year until the end of the programming period. The occurrence of any new fraud instance or main changes in the MA procedures and/or staff, will lead to the review of perceived weaknesses in the system and of relevant parts of the self-assessment.

The main objective of the fraud risk assessment tool is the facilitation of a self-assessment by the MA of the impact and likelihood of specific fraud scenarios occurring.

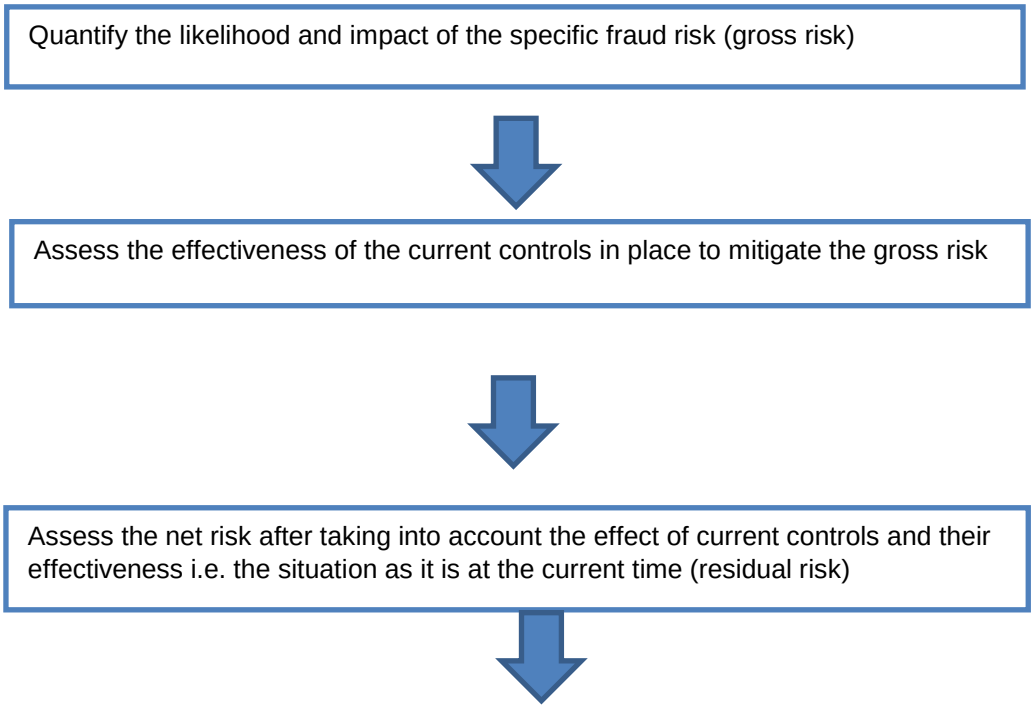
The tool covers the likelihood and impact of specific and commonly recognised fraud risks particularly relevant to the key processes:

– selection of applicants (worksheet 1 of the spreadsheet);

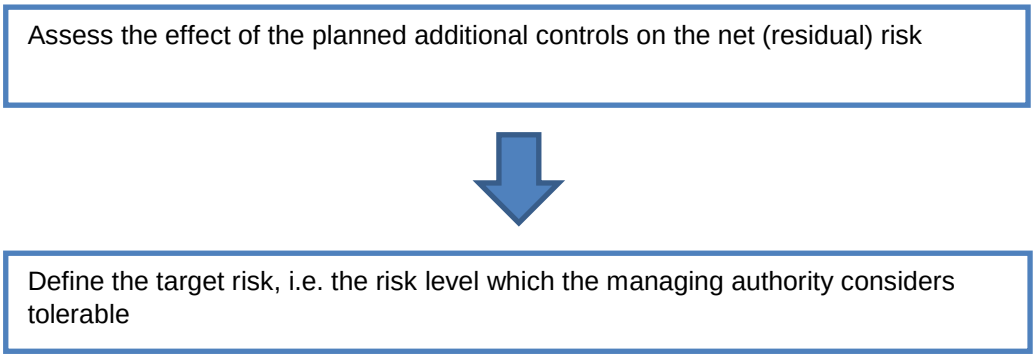
– implementation of the project parts by the project partners, focusing on public procurement and staff costs (worksheet 2);

– certification of costs by the MA and payments (worksheet 3).

The methodology for this fraud risk assessment has five main steps:



[1] The methodology has been adapted from the Guidance for the 2014-2020 period. Should new approach and requirements are available for 2021-2027, the methodology might be revised accordingly.



For each of the specific risks, the overall objective is to assess the 'gross' risk of particular fraud scenarios occurring, and then to identify and assess the effectiveness of controls already in place to mitigate against these fraud risks either from occurring or ensuring that they do not remain undetected. The result will be a 'net' current risk which should lead an internal action plan to be put in place when the residual risk is significant or critical in order to improve controls and further reduce the exposure of the partner state to negative consequences (i.e. putting in place any additional effective and proportionate anti-fraud measures, as necessary – see the list of recommended mitigating controls in Annex 2 of the Guidance Note of the Commission on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures EGESIF_14-0021-00).

Annex 1 of the Guidance Note of the Commission on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures EGESIF_14-0021-00 explains in more detail how to complete the fraud risk assessment tool.

Annex 2
Training plan

All staff will be trained on both theoretical and practical matters, both to raise awareness of the MA's anti-fraud culture and also to assist them in identifying and responding to suspected instances of fraud. Attention will be given to inform all staff members at national level of the latest anti-fraud guidelines of the Commission and the OLAF, these are in particular:

- Information Note on Fraud Indicators for ERDF, ESF and CF (COCOF 09/0003/00-EN)
- Detection of forged documents in the field of structural actions, a practical guide for managing authorities elaborated by a group of member states' experts coordinated by OLAF's unit D2-Fraud Prevention

Also, members of staff will be informed and encouraged to participate at the trainings organized by the Commission and also INTERACT about anti-fraud policy. Once a staff member participates at training, the MA will pay attention to the lessons learnt being disseminated to other staff members.

Trainings on avoidance of conflict of interests and on combatting against fraud will be at utmost importance to fraud awareness.

The MA has the intention to have meetings and discussions with OLAF at national level, with the involvement of the controllers carrying out risk based management verifications.

Name of the training	Description	Basic parameters	Relevant bodies participating at the training
Fraud prevention in the field of EU's development policy	General training - international and national legal background of the anti-fraud policy - relevant institutions and their responsibilities (European Commission, OLAF, programme level bodies and national bodies involved in the implementation) - definitions (irregularity, fraud, conflict of interests and corruption) - dissemination of relevant documents in order to raise awareness in accordance with fraud prevention - reporting mechanisms in case of detecting fraud, recovery and criminal prosecution Specific/practical part for staff involved in the risk based management verifications	In the development of the training materials the aid of the OLAF Coordination Office will be asked and the OLAF Coordination Office participates in the trainings. General training: 1,5 hours Specific training: 1,5 hours	All staff members should participate at the general training. Staff involved in risk based management verifications should participate at the practical part of the training.

Annex 3
Mission statement

ANTI-FRAUD POLICY[2]

Introduction

The managing authority (MA) of the Interreg VI-A IPA Hungary- Serbia Programme is committed to maintain high legal, ethical and moral standards with the involvement of the partner country, 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 of the Programme's management bodies at national/regional authorities' level are expected to share this commitment. 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 in order to protect sound financial management of EU funds, ensure impartiality of persons involved in the implementation of EU funds and preserve public trust in EU.

A procedure is in place for the disclosure of situations of conflict of interests.

Fraud is the use of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of the European Union. Fraud is non-closure of information in violation of a specific obligation with the same effect, or the misapplication of such funds for purposes other than those for which they were originally granted.

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. 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.

Responsibilities

- The MA bears the overall responsibility for managing the risk of fraud and corruption for
    - undertaking a regular review, with the help of a risk assessment team, of the fraud risk;
    - establishing an effective anti-fraud policy and fraud response plan together with the relevant staff members and together with the partner country;
    - ensuring fraud awareness of staff and training;
    - ensuring that the MA refers promptly investigations to competent investigation bodies when they occur with the involvement of the partner country;

- Process owners/managers 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
    - ensuring that an adequate system of internal control exists within their area of responsibility with the contribution of the partner country responsible for their part;
    - preventing and detecting fraud with the contribution of the partner country on its territory;
    - ensuring due diligence and implementing precautionary actions in case of suspicion of fraud

[2] 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.

- taking corrective measures, including any administrative penalties, as relevant.

- The certifying authority has 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[3] in assessing the risk of fraud and the adequacy of the control framework in place.

Reporting Fraud

The MA and partner country have procedures in place for reporting fraud, both internally, to the European Anti-Fraud Office and to the Public prosecutor's office. Staff members will report any cases of suspected fraud to the Irregularity Officer who, in case the reason to suspect fraud is justified, will report it to the Public prosecutor's office as well as to the Head of the managing authority and the OLAF Coordination Office of the National Tax and Customs Office / Ministry of finance of Republic of Serbia-AFCOS.

All reports will be dealt with in the strictest of confidence and in accordance with Act CXII. of 2011 on the Right of Informational Self-Determination and Freedom of Information. Staff reporting irregularities or suspected frauds is protected from reprisals.

In the partner country, in case when the suspected fraud is justified, an investigation is promptly referred to the competent investigation bodies, in accordance with their internal working procedures and national legal provisions of the Republic of Serbia.

Anti-fraud measures

The MA has put in place proportionate anti-fraud measures based on a thorough fraud risk assessment (cf. the Commission's guidance). In particular, it uses tools to detect risky operations (risk-based management verification) and ensures that staff is aware of fraud risks and receives anti-fraud training. The MA carries 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. In case of a suspected fraud, the Irregularity Officer initiates an irregularity procedure and further investigates the situation. In case the reason to suspect fraud is justified, the Irregularity Officer contacts the OLAF Coordination Office of the National Tax and Customs Office to seek their aid in handling the case with the most appropriate approach, while suspending the irregularity procedure at the same time. In the partner country, in case the reason to suspect fraud is justified, the Irregularity Officer informs Public prosecutor's office, OLAF, MA and AFCOS. In order to finalize irregularity procedure Irregularity officer has to wait for Public prosecutor's or Court's final decision to be made.

Conclusion

Fraud can manifest itself in many different ways. The MA together with the partner country have a zero tolerance policy to fraud and corruption, and have in place a robust control systems that are designed to prevent and detect, as far as is practicable, acts of fraud and correct their impact, should they occur.

This policy and all relevant procedures and strategies are supported by the staff of the MA and the partner country who will proactively review and update them on a continual basis.

[3] International Standards for the Professional Practice of Internal Auditing, International Standards on Auditing