

Managing Authority of Operational Program of  
“Public Sector Reform 2014-2020”

## **FRAUD RISK SELF ASSESSMENT**

**interoperability maturity assessment**

**INTEROPERABILITY MATURITY MODEL  
(European Commission, 2014)**

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# FRAUD RISK SELF ASSESSMENT

definitions:

*risk*: uncertain event or condition that, if it occurs, has a positive or negative effect on objectives (threat or opportunity)

*risk management*: manage risk exposure to an acceptable level, through taking action on likelihood, impact or both

*irregularity*: infringement of community or national law

*indicated fraud*: irregularity with intention indication (red flags/fraud indicators/signs)

*suspected fraud*: irregularity with confirmed/verified intention indication (by MA)

*fraud*: intentional infringement (established by investigative authorities)

*anti-fraud cycle*: prevention, detection, correction, prosecution

*fraud triangle*: incentive, opportunity, rationalization

# FRAUD RISK SELF ASSESSMENT

service description:

fraud risk self assessment implements a proactive, targeted and structured approach to managing the risk of fraud related to the delivery of EU funds in order to protect EU financial interests

- assess the impact and likelihood of common fraud risks occurring
- propose effective and proportionate measures to reduce any remaining risks

Owner: Managing Authority of Operational Program of Public Sector Reform, assessment team

Outcome: fraud risk assessment of MA OP PSR

Trigger: annually (or less/more frequently depending on level of risks identified, fraud instances or changes in MA procedures)

End user group: National Coordinating Authority (NCA)

Framework:

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013, Article 125.4 c)
- National Law 4314/2014, Article 52
- National Management and Control System of EU structural funds

# FRAUD RISK SELF ASSESSMENT

*key processes targeted:*

- proposals' evaluation and selection
- implementation and verification
- certification and payments
- technical assistance (public procurement the MA manages directly)

*steps:*

- Quantify the likelihood and impact of the specific fraud risk (*gross risk*)
- Assess the effectiveness of the current controls in place to mitigate the gross risk
- Assess the *net risk* after taking into account the effect of current controls and their effectiveness, i.e. the situation as it is at the current time (*residual risk*)
- Assess the effect of the planned additional controls on the net (residual) risk
- Define the target risk, i.e. the risk level which the managing authority considers tolerable

# FRAUD RISK SELF ASSESSMENT

*for each key process:*

- risk description:
  - *unique risk reference*
  - *risk title*
  - *risk description*
  - *who is involved*
  - *Internal / external / result of collusion*

*for each risk:*

- gross risk:
  - *risk likelihood (1 to 4)*
  - *risk impact (1 to 4)*
  - *total risk score (1 to 3: tolerable, 4 to 6 significant, 8 to 16: critical)*

# FRAUD RISK SELF ASSESSMENT

*for each risk:*

- current mitigating controls:
  - *unique control reference*
  - *control description*
  - *do you evidence operation of control ?*
  - *do you regularly test control ?*
  - *confidence in effectiveness of control (low, medium, high)*
  - *effect on risk likelihood ( -1 to -4)*
  - *Effect on risk impact (-1 to -4)*
- net risk (automatically calculated):
  - *risk likelihood (1 to 4)*
  - *risk impact (1 to 4)*
  - *total risk score (1 to 3: tolerable, 4 to 6 significant, 8 to 16: critical)*

# FRAUD RISK SELF ASSESSMENT

*for each risk:*

- action plan:
  - *planned additional control*
  - *responsible individual*
  - *effect on risk likelihood ( -1 to -4)*
  - *effect on risk impact (-1 to -4)*
- target risk (automatically calculated):
  - *risk likelihood (1 to 4)*
  - *risk impact (1 to 4)*
  - *total risk score (1 to 3: tolerable, 4 to 6 significant, 8 to 16: critical)*

# FRAUD RISK SELF ASSESSMENT

*services consumed:*

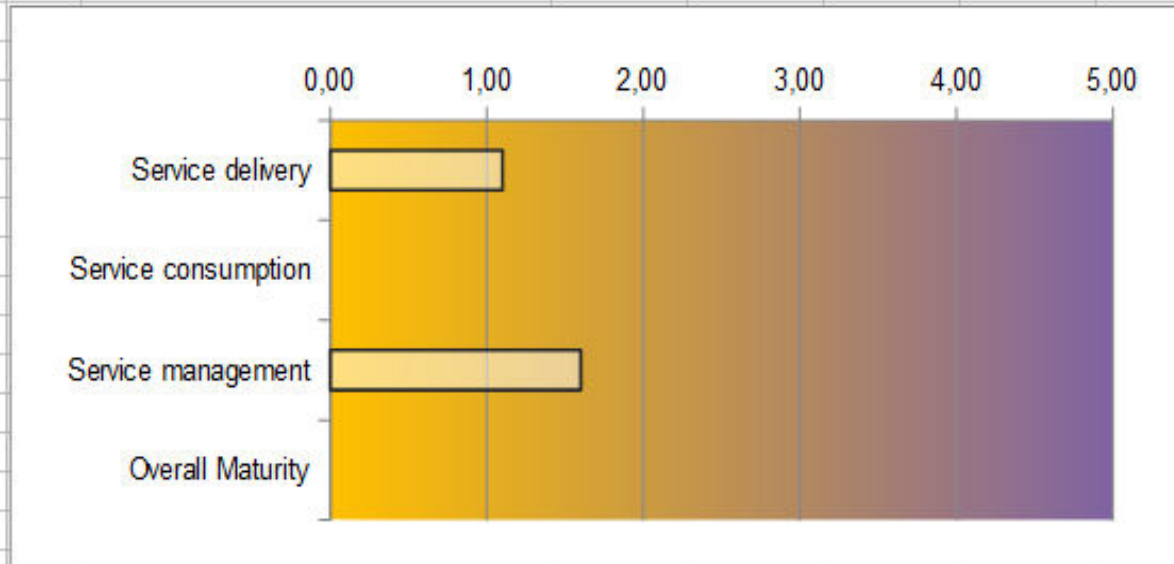
data	service/ organization	direction	consumption
legislation, regulations and case law	online legal database	in	manual
<ul style="list-style-type: none"> <li>anonymized irregularities, fraud indications and fraud suspicions</li> </ul>	coordination and anti-fraud authorities, NCA/ AFCOS/ OLAF, eg OLAF IMS	in	manual
<ul style="list-style-type: none"> <li>red flags/ fraud indicators</li> </ul>	anti-corruption authorities, eg. OLAF	in	n.a.
<ul style="list-style-type: none"> <li>established fraudulent cases</li> </ul>	investigative, anti-fraud authorities, eg. AFCOS/ OLAF	in	manual
risk assessment tools	anti-corruption authorities, eg OLAF ARACHNE risk scoring tool	in	n.a
audit reports/ findings	audit bodies, eg. Financial Audit Committee	in	manual
fraud assessment service process standardization	<ul style="list-style-type: none"> <li>NCA national M&amp;CS for EU structural funds, eg baseline, feedback</li> </ul>	both	manual
other processes' standardization	<ul style="list-style-type: none"> <li>NCA national M&amp;CS for EU structural funds, eg baseline, feedback</li> <li>audit bodies, eg audit sampling methodology and criteria selection</li> </ul>	out	manual



# FRAUD RISK SELF ASSESSMENT

IMM assessment results:

Overview					
#	Area	Weight	Score	Actual	
B	Service delivery	25%	1,10	42%	25,00%
C	Service consumption	40%	#NAME;	0%	0
D	Service management	35%	1,60	58%	35,00%
<b>Overall Maturity</b>		100%	#NAME;		60,00%



4				
3				
4	Score per service			
5	1	legislation, regulations, case law (private online legal database)		
6	1	historical data (irregularities, red flags, and established fraudulent cases)		
7	0	risk assessment tool (OLAF ARACHNE risk scoring tool)		
8	1	audit reports/ findings (EU & national audit bodies)		
9	0	fraud assessment service process standardization (national M&CS, NCA)		
10	0	other processes' standardization (national M&CS, NCA)		
11	0	<Name of the consumed service>		
12	0	<Name of the consumed service>		
13				

# FRAUD RISK SELF ASSESSMENT

Improvement suggestions:

- implement the service electronically
  - *use pre-filling of forms*
- deliver the e-service through a website
- support interoperability with existing electronic services digitally:
  - *Identity and access management services (GSIS oauth)*
  - *OLAF Irregularities Management System (IMS)*
  - *OLAF ARACHNE risk scoring tool*
  - *national Financial Audit Committee information system*
- promote electronic realization of relevant services
  - *encoded and digitized regulations registries (eg. <https://digital-legislation.net/>)*
  - *digitize OLAF casebooks of anonymized cases (fraud indicators/red flags)*
  - *integrate service in National Enterprise Service Bus (ESB)*
  - *implement national AFCOS (Anti-Fraud Coordination service) Information System*
- provide digital services for reuse



THANK YOU  
FOR YOUR ATTENTION!