



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
REGIONAL AND URBAN POLICY

The Director-General

Brussels
REGIO.C.1/LK/ym

LETTER TO MANAGING AUTHORITIES

Subject: Necessity to update fraud risk assessments and to adapt anti-fraud measures by the managing authority in the context of CRII/CRII+ and REACT-EU measures

Dear Representatives of the Managing authorities

On the basis of the adopted CRII measures and to respond to the unprecedented sanitary and economic crisis, you are currently implementing programme amendments against the effects of the COVID-19 outbreak. Additional funds are being made available for 2014-2020 under REACT-EU (Regulation 2020/2221) which has entered into force at the end of last year and for which the programming process is under way.

I wish to draw your attention to possible specific fraud risks and would invite your programme authorities to launch discussions on the update of your fraud risk assessment and the adaptation of measures in place at programme level to mitigate the new risks, in a proportionate and effective manner.

The updated fraud risk assessments need in particular to respond to the changes in the rules, in the context of last year's lighter and accelerated procedures (for ex. public procurements), and to the continued difficulties to carry out verifications and audits in the normal way due to the continued travel restrictions. The new features include for instance the risks due to negotiated procedures being applied, possible practices of abusive overpricing in an emergency situation, and risks of double-funding. The Commission has within its own internal control responsibilities concluded on the existence of a cross-cutting critical risk, due to the overlapping of new instruments available which require close coordination efforts between different competent services.

The serious new challenges require proactive initiatives. The tailored measures which you have already put in place at the beginning of the 2014-2020 financing period in accordance with the Commission Guidance note on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures (EGESIF 14-0021-00, version 6.6.2015), need now to be updated and refocussed to effectively protect the EU-financial interests from new risks of fraud and irregularities. The fraud risk assessment processes are part of the management and control system and should cover the key management steps from the selection of applicants and implementation of the projects by the beneficiary, to the certification of costs and the payments.

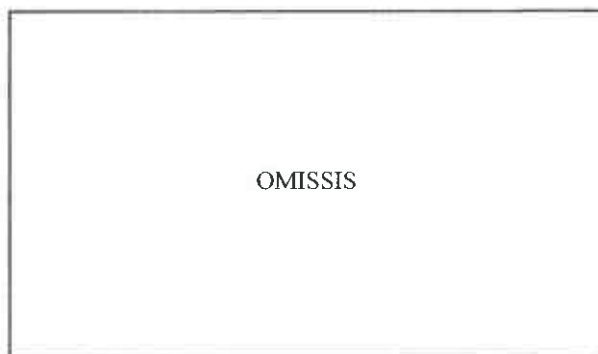
An updated risk assessment is therefore considered to be necessary both for the current programming period, and also in view of the programmes to be negotiated for 2021-2027. The 2021-2027 operational programmes will in particular have to take into account that additional funding is made available to your Member State under the NextGenerationEU and the Recovery and Resilience Facility (RRF). The risk of double funding will in particular need to be closely monitored and mitigating measures taken, as Cohesion policy and RRF will co-finance investments in a complementary way.

For your attention I join a background note, prepared by the Audit Directorate of the Directorate-General for Regional and Urban Policy, for discussion and consultation with the audit authorities about the assessment of the COVID-19 and recovery related risks and suggested possible mitigating actions (see attached as Annex 1). The document, which has already been circulated by some audit authorities, outlines risks and mitigating initiatives which could retain your attention, taking account the specific challenges and risks linked to this exceptional period and to the additional available funding under different funding instruments. I also attach for your attention the relevant “Q&A” information which can be found on our CRII platform (see attached in Annex 2).

The Commission reminds you of your obligation to report cases of fraud to competent investigative authorities in line with the above-mentioned guidance on fraud risk assessment and effective and proportionate anti-fraud measures.

Colleagues in the Directorate-General for Regional and Urban Policy remain at your disposal, would you need to discuss the update of your fraud risk assessment to the new risks outlined above.

Yours sincerely



Marc Lemaître

Enclosures: 1. Draft reflection note: COVID-19 “Recovery plan for Europe” instruments risks for the legality and regularity of expenditure and mitigating measures.
2. Q&A information on CRII platform:
<https://webgate.ec.europa.eu/fpfis/wikis/pages/viewpage.action?pageId=469663935>