



Finanziato  
dall'Unione europea  
NextGenerationEU



MINISTERO DELL'AMBIENTE  
E DELLA SICUREZZA ENERGETICA



**1st Workshop of the project “101101784 — 2022-IT-FRED2”**

**Fraud Repression through EDucation2**

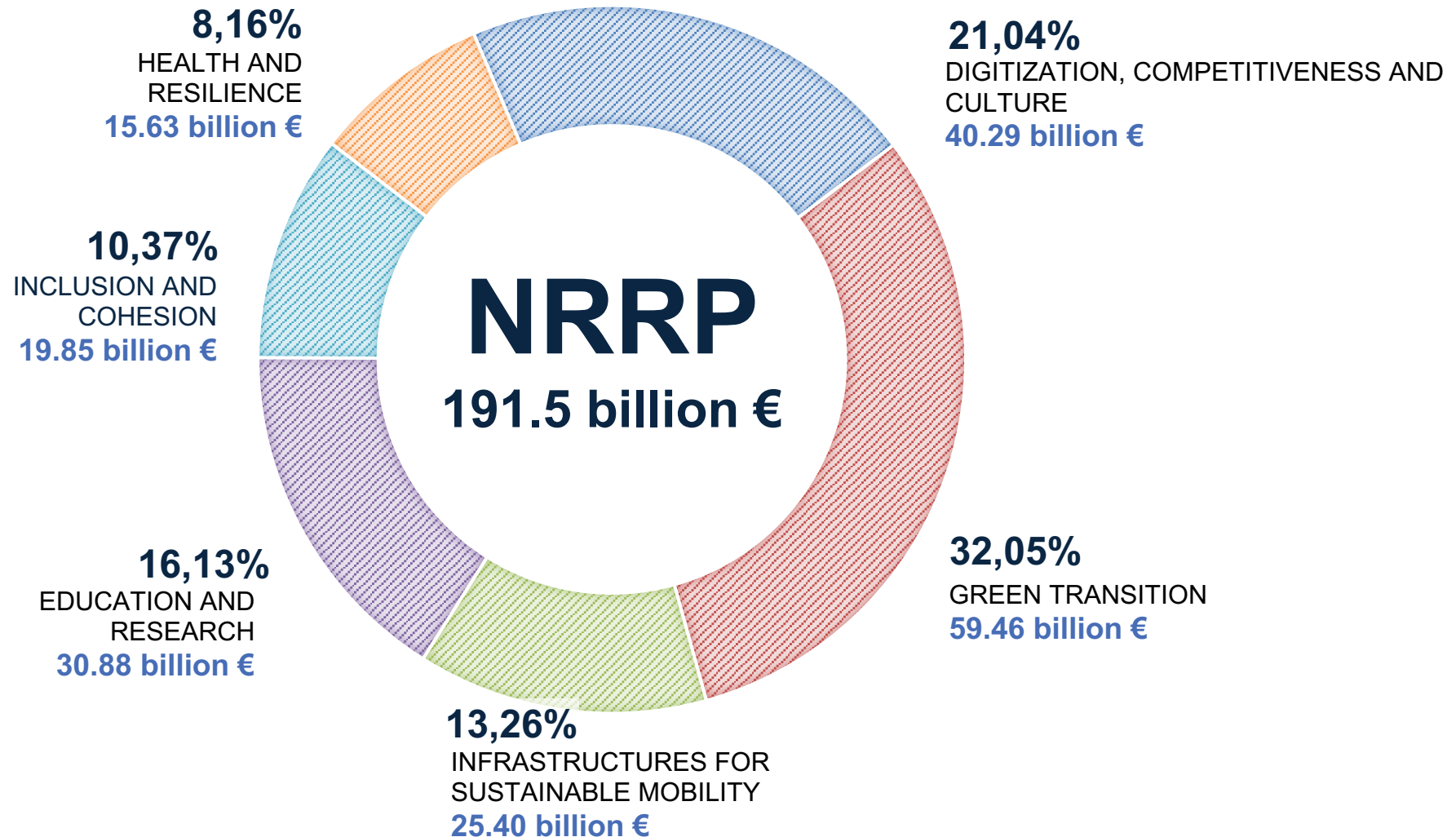
**Procedures and IT tools for proper financial management and monitoring of the implementation of NRRP Interventions and reforms**

Rome, 22 November 2023

*Mr. Giorgio Centurelli*

# NRRP: THE FINANCIAL FRAMEWORK

The NRRP contains a coherent package of **structural reforms and investments for the 2021-2026 period** divided into six **priority action areas** and objectives:



# THE NRRP MANAGEMENT AND CONTROL SYSTEM (SiGeCo).

According to Article 22 Regulation (EU) 2021/241, Member States may rely on **their regular national budget management systems.**

In implementing the scheme, member states, as beneficiaries or borrowers of funds under it:

**take all appropriate measures to protect the financial interests of the Union** and to ensure that the use of funds in connection with the measures supported by the facility **complies with applicable Union and national law**, particularly with regard to the **prevention, detection, and rectification of fraud, corruption, and conflicts of interest and double financing.**



To this end, the member states:

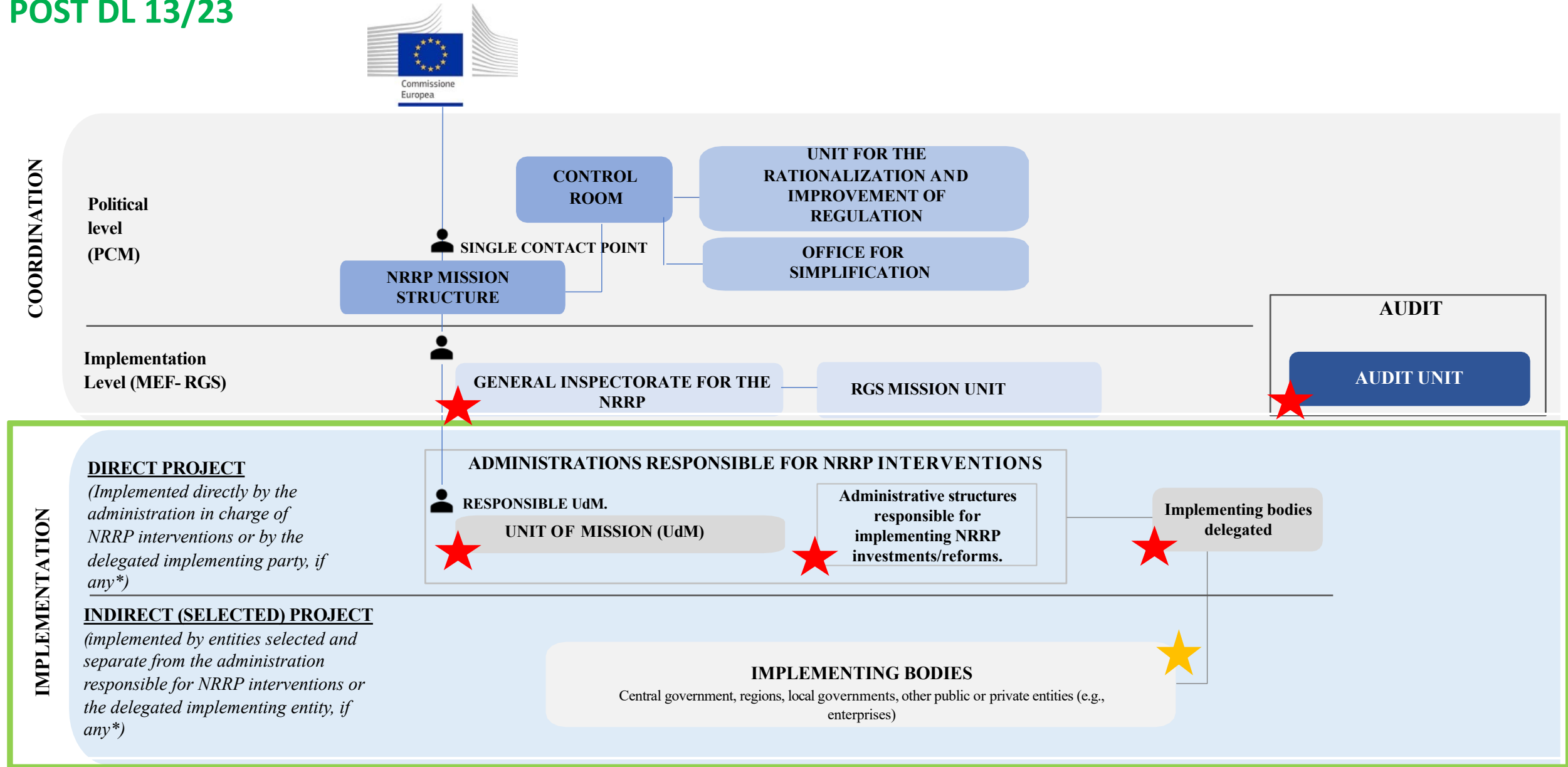


Provide for an **effective and efficient internal control system**



**provide for the recovery of amounts wrongly paid or incorrectly used.**

# THE GOVERNANCE MODEL OF THE NRRP - THE ORGANIZATION AND STRUCTURES IN DL 77/2021 - POST DL 13/23



★ Audits including anti-fraud

★ Self-verification

\* In case of any delegation of selection functions.  
(delegation may also include the implementation of ownership projects)

## Background (3/3)

In order to prevent, detect and correct cases of fraud, corruption, conflict of interest and double financing, ensuring the proper use of Next Generation EU funds earmarked for the NRRP, an organizational model has been designed to support the oversight provided by the for the General Inspectorate for NRRP as a central coordinating structure incardinata within the Ministry of Economy and Finance:



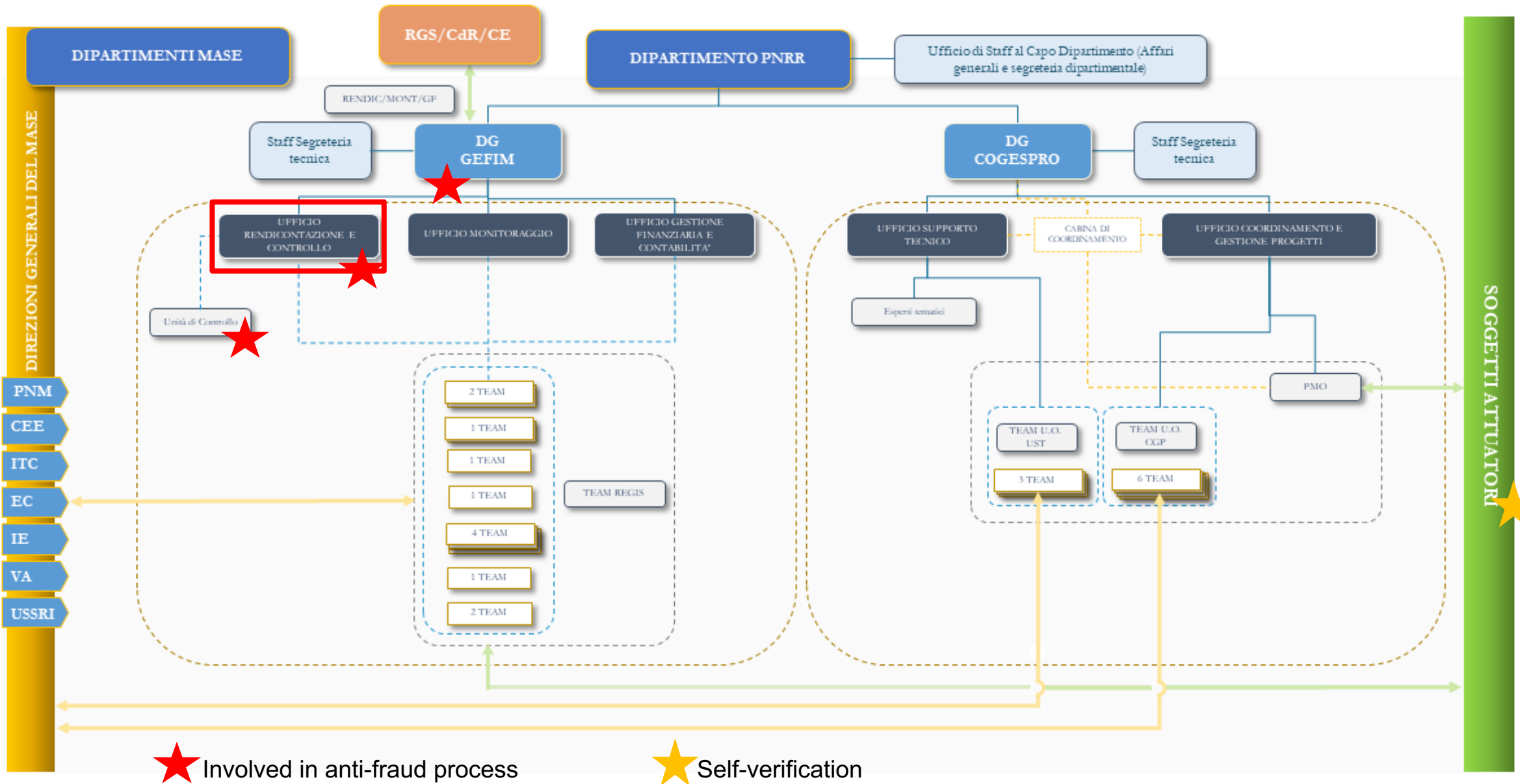
The establishment of the "Network of Antifraud Referents for the NRRP" (RGS Determination no. 57 of 9/3/2022)



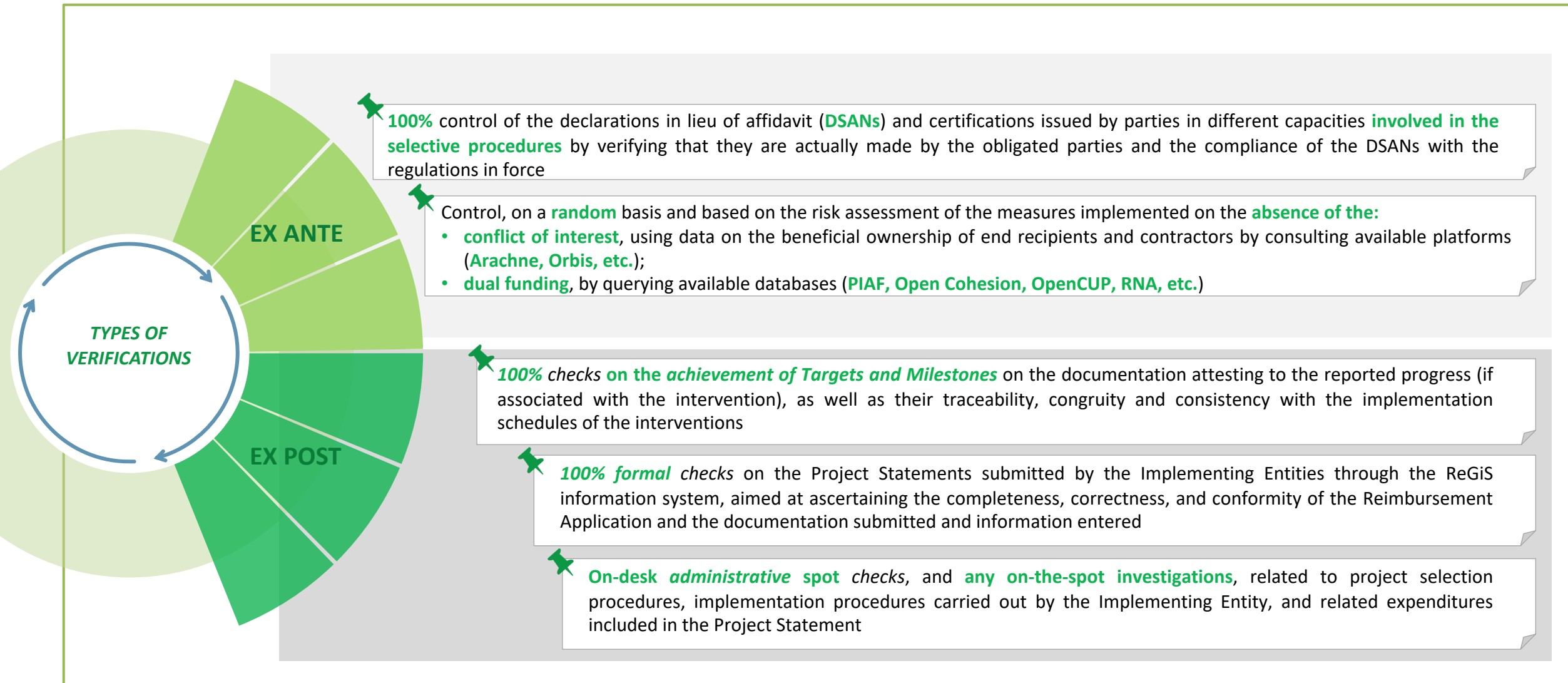
The establishment of "operational groups for the self-assessment of fraud risk» within the central administrations holding NRRP Measures.

# The anti-fraud system for Ministry of Environment and Security Energy

# Organizational Model: Ministry of Environment and Energy Security



# Control Unit Focus










# Fraud Risk Self-Assessment Group of the Ministry of Environment and Security Energy

# MASE Fraud Risk Self-Assessment Group.

## Tasks



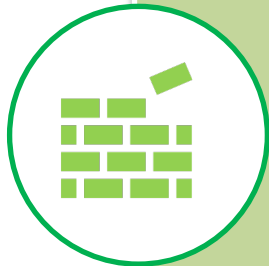
-  **Define and adopt**, in line with what has been established by the Network of NRRP Fraud Contact Persons, the **the tools to be used, as well as the procedure to be followed** for the analysis, identification and assessment of fraud risks in the implementation of the NRRP Measures under its responsibility (investments and/or reforms)
-  **Carry out the examination of the impact of potential fraud risks that could occur** with respect to each of the phases that characterize the management and control of NRRP Measures. To this end, the Group gathers the information and documentary sources necessary to carry out the self-assessment
-  **Define effective anti-fraud measures proportionate to identified risks** with possible development of specific action plans
-  **To oversee the day-to-day management of fraud risks and specific action plans by the various stakeholders** as noted in the fraud risk assessment, helping to ensure due diligence in the management of NRRP resources with the goal of further reducing identified risk levels not yet effectively addressed by existing controls
-  **Evaluate the progress made and the effectiveness of the safeguards put in place** against the identified risks by reviewing, when significant changes occur, the risk analysis and the resulting anti-fraud measures

# Fraud Risk Self-Assessment

## Composition and operation



The Group in charge of carrying out the self-assessment activity is internal to each Administration and, depending on the financial scope of the interventions and the organizational size of the individual Administrations in charge, is called upon to ensure a **composition as heterogeneous and representative as possible of the subjects/offices involved** (even if only transversally) **in the main management processes of the NRRP interventions to be mapped** (selection, implementation, control, accounting and payment), as well as **internal figures with specific expertise in risk analysis and anti-corruption** (e.g., Prevention and Corruption and Transparency Officer RPCT)



**The work of the Group includes an initial, more operational phase** aimed at:

- **Adopt rules of internal operation** in which, among other things, the manner and timing of convening meetings and transmitting documents, the frequency of meetings and self-evaluation are defined;
- **define and adopt the operational tools** to be used as well as the procedure to be followed for the analysis, identification and assessment of NRRP fraud risks, **adapting and customizing, if necessary, the instrumentation made available by the Network of NRRP Fraud Contact Persons** in relation to the specificities of the NRRP characteristics and measures of competence;
- **Perform the fraud risk self-assessment** of the relevant NRRP measures and define any improvement and/or corrective actions to be put in place (e.g., action plan).



**When fully operational, the Group will meet periodically, indicatively at least once a year**, with the aim of:

- **Monitor the NRRP anti-fraud "system" put in place** and, in particular, the progress of the activities envisaged in the action plan, if any;
- **periodically review the assessment made**, depending on the levels of risk and cases of fraud intercepted in the implementation of NRRP measures under its responsibility, during the period of execution of the Plan.



## The self-assessment of fraud risk

## The Fraud Risk Self-Assessment

The fraud risk *assessment takes the form* of a risk *assessment* that presupposes a detailed analysis of the context (internal and external) and a mapping of the processes/activities that characterize the main phases of implementation of the Plan. This activity is aimed at identifying the possible risky events that, even if only potentially, could occur in relation to each of the mapped processes, dwelling on situations that could foster illicit behavior and corrupt/fraud events.

Following a review of the organizational model adopted by the Administration and the measures and controls already in place to protect the regularity and legitimacy of processes and procedures, a fraud risk assessment of the relevant NRRP measures is conducted.

The results of the fraud risk assessment are then used as a starting point for defining any further actions to be taken (ameliorative and/or corrective), i.e., the resulting "proportionate" measures to be implemented to further reduce the levels of identified risks that have not yet been effectively "addressed" by existing safeguards/controls (so-called "residual risks").

# Note EGESIF\_14-0021-00 16/06/2014 "Fraud risk assessment and effective and proportionate anti-fraud measures"

*The methodology for fraud risk assessment involves five main steps*

Quantification of the probability and impact of specific fraud risks (gross risk)

Evaluation of the effectiveness of existing controls aimed at reducing gross risk

Net risk assessment, taking into account the incidence and effectiveness of existing controls, i.e., the situation at the current state (residual risk)

Assessment of the impact of planned additional controls on net (residual) risk

Definition of the risk target, i.e., the level of risk tolerable

# Self-Assessment of Fraud Risk

## The fundamental processes

Highlighted below are **the 5 key processes analyzed in the self-assessment tool** that are considered to be most exposed to specific fraud risks



# Self-Assessment of Fraud Risk

## The five stages of self-assessment (1/2)

### Description

1

#### Quantification of Gross Risk

**Gross risk** corresponds to the level of risk in the absence of existing or planned controls. Risk **quantification** is obtained by multiplying the "**probability**"-the possibility of an event occurring-and the "**impact**" of the risk-the consequences, financial and otherwise. Ranking is established based on the total score:

- 1 - 3 - Tolerable (green)
- 4 - 7 - Significant (orange)
- 8 - 16 - Critical (red)

RISCHIO LORDO		
Impatto del rischio (LORDO)	Probabilità del rischio (LORDO)	Rischio complessivo (LORDO)
3	4	12

2

#### Existing risk mitigation controls.

Following the gross risk assessment, the Self-Assessment Group verifies the **existence of adequate control procedures**. For the purpose of determining net risk, therefore, the Fraud Risk Self-Assessment Tool requires the Self-Assessment Group to provide **answers** to the following questions:

- Can you demonstrate the operation of this control? (*Yes or No*)
- Do you regularly perform a test of this control? (*Yes or No*)
- How effective do you think this control is? (*Low - Moderate - High*)

In addition, the Self-Assessment Group evaluates the **effect** in terms of **impact** and **likelihood** of controls as below:

- Effect of combined controls on the **IMPACT** of risk considering confidence levels (*Values -1 to -4*)
- Effect of combined controls on the **PROBABILITY** of risk considering confidence levels (*Values -1 to -4*)

CONTROLLI ESISTENTI			
Rif. controllo	Descrizione del controllo	Effetto dei controlli combinati sull'IMPATTO del rischio considerando i livelli di fiducia	Effetto dei controlli combinati sulla PROBABILITÀ del rischio considerando i livelli di fiducia
SC 1.1	Controllo 1	-1	-2
SC 1.2	Controllo 2		
SC 1.3	Controllo 3		
SC 1.4	Controllo 4		
SC 1.5	Controllo 5		

3

#### Net Risk Assessment

**Net Risk** corresponds to the level of risk obtained taking into account the **incidence of existing controls** and their **effectiveness**, i.e., the situation as it stands. Also for Net Risk, the ranking will be determined based on the total score:

- 1 - 3 - Tolerable (green)
- 4 - 7 - Significant (orange)
- 8 - 16 - Critical (red)

RISCHIO LORDO			CONTROLLI ESISTENTI				RISCHIO NETTO		
Impatto del rischio (LORDO)	Probabilità del rischio (LORDO)	Rischio complessivo (LORDO)	Rif. controllo	Descrizione del controllo	Effetto dei controlli combinati sull'IMPATTO del rischio considerando i livelli di fiducia	Effetto dei controlli combinati sulla PROBABILITÀ del rischio considerando i livelli di fiducia	Impatto del rischio (NETTO)	Probabilità del rischio (NETTO)	Rischio complessivo attuale (NETTO)
3	4	12	SC 1.1	Controllo 1	-1	-2	2	2	4
			SC 1.2	Controllo 2					
			SC 1.3	Controllo 3					
			SC 1.4	Controllo 4					
			SC 1.5	Controllo 5					



# Self-Assessment of Fraud Risk

## The five stages of self-assessment (2/2)

### Description

4

#### **Action plan for taking effective and proportionate anti-fraud measures**

If the risk assessment shows a level of **riskiness above** the **tolerable** threshold (so-called "target risk," i.e., the level of risk that the Administration considers tolerable), **additional controls will be implemented** (so-called "**Action Plan**") suitable for risk mitigation for which to identify a Responsible Person and a deadline for its implementation

5

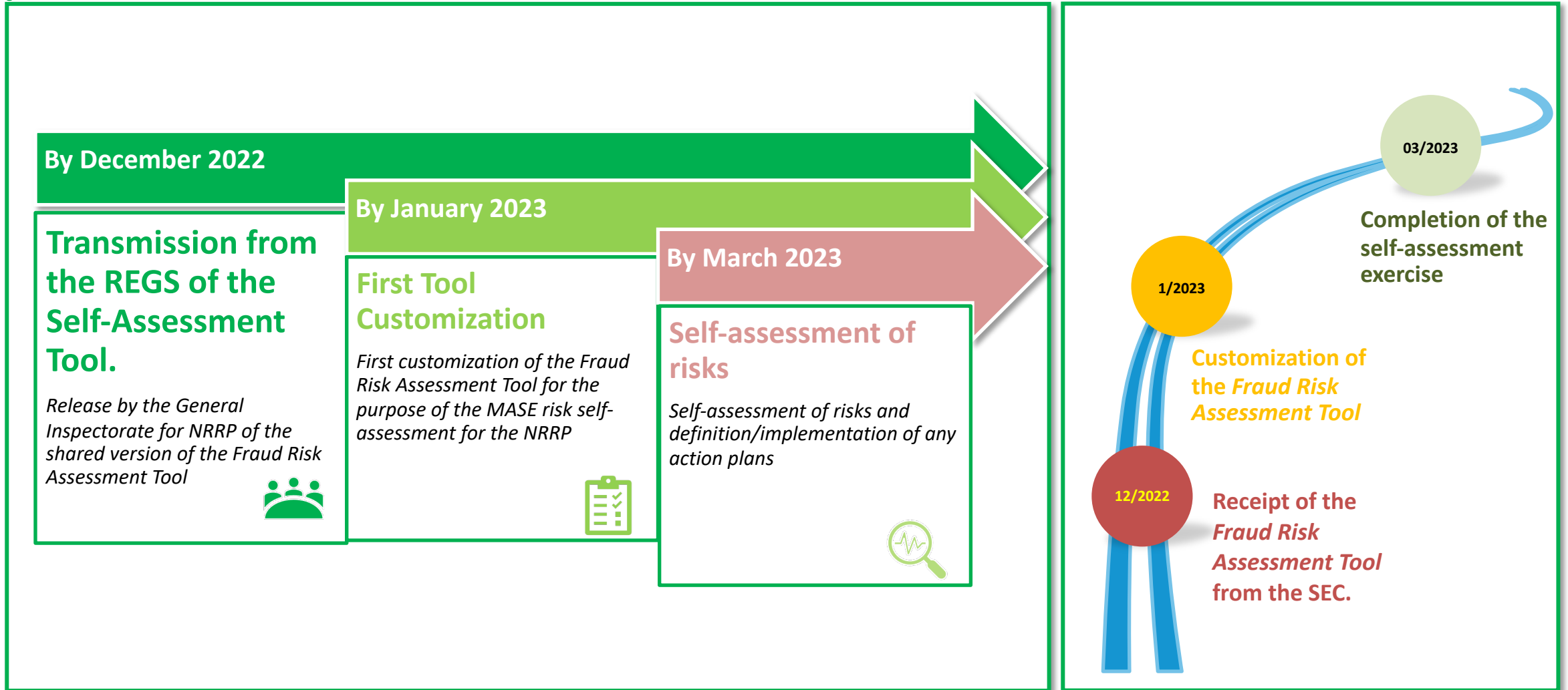
#### **Risk target**

The **risk target** corresponds to the level of risk obtained taking into account the **incidence of current and planned controls**. Once the new controls to be implemented have been defined and their (combined) effect on the net risk (residual risk) has been **assessed**, it will be **checked** whether this additional **mitigation** allows a level of risk considered "**tolerable**" to be reached, after all **controls** are **defined** and **operating**

RISCHIO NETTO			PIANO D'AZIONE			RISCHIO PREVISTO		
Impatto del rischio (NETTO)	Probabilità del rischio (NETTO)	Rischio complessivo attuale (NETTO)	Nuovo controllo in programma	Effetto dei controlli combinati in programma sul nuovo IMPATTO del rischio (NETTO)	Effetto dei controlli combinati in programma sulla nuova PROBABILITÀ del rischio (NETTO)	Impatto del rischio (PREVISTO)	Probabilità del rischio (PREVISTO)	Rischio complessivo (PREVISTO)
2	2	4	Piano d'azione 1	-1	-1	1	1	1
			Piano d'azione 2					
			Piano d'azione 3					

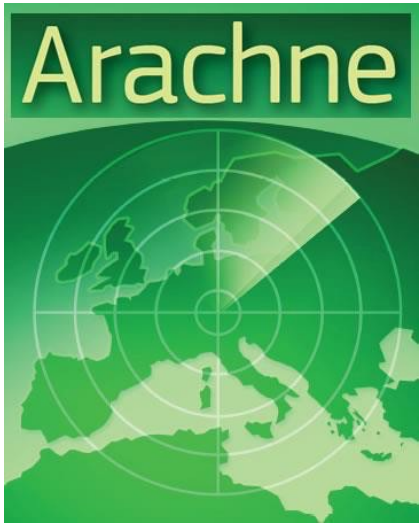
# Self-Assessment of Fraud Risk

## Next steps



# The IT tool for fraud risk

## ARACHNE System



- ARACHNE is software aimed at supporting management risk analysis of co-financed operations.
- It is intended to create a comprehensive and global database of projects implemented under the NRRP, enriched with information from publicly available sources in order to identify, based on more than 100 risk indicators, the riskiest projects, beneficiaries, contracts and contractors.
- It is the tool recommended and made available by the EC to accompany management verifications and take proportionate anti-fraud measures.
- is fed by external data sources, such as global databases (Orbis and Lexis Nexis World compliance), European Commission information systems (VIES and Infoeuro) and internal data sources (ReGiS).

## National Guidance on ARACHNE (MEF-RGS)

In order to support administrations in using the ARACHNE system, the establishment of special technical group chaired by the MEF-RGS-IGRUE and composed of representatives of some Managing Authorities and Audit Authorities of the 2014- 2020 ERDF and ESF Operational Programs, as well as representatives of the Agency for Territorial Cohesion and the National Agency for Active Employment Policies.



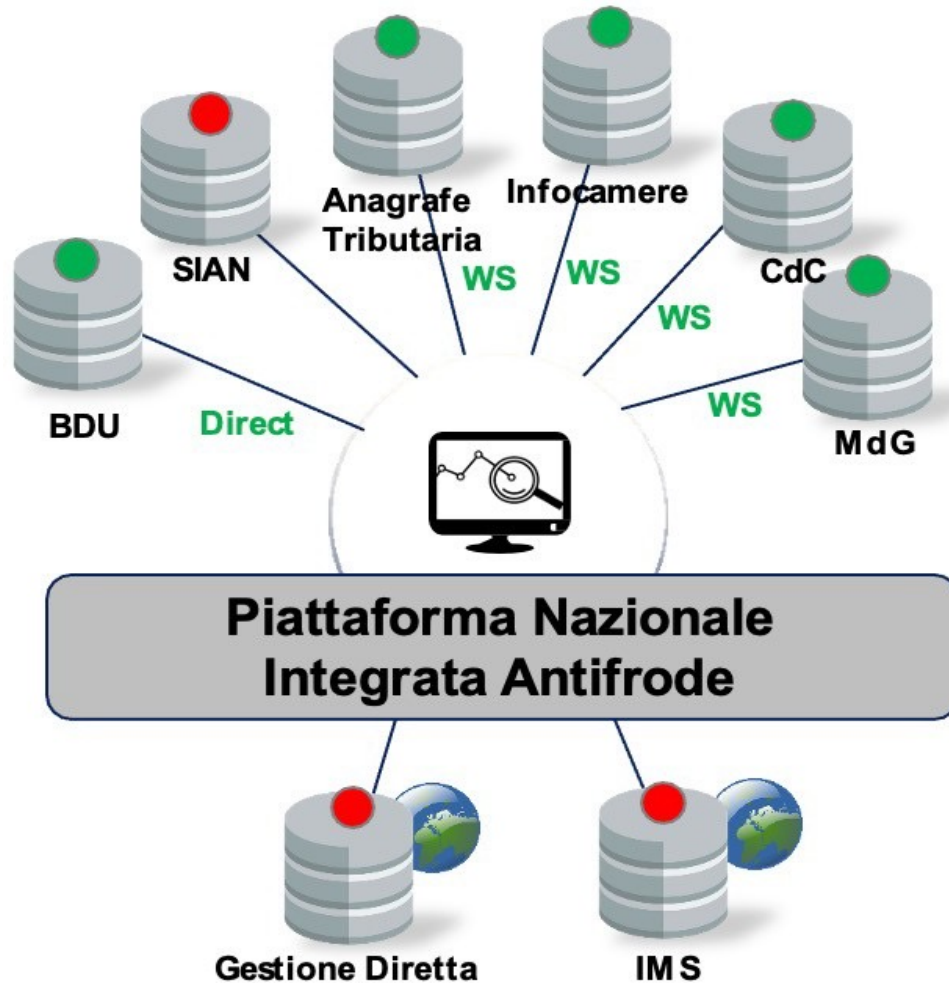
Versione 1.0  
del  
22 luglio 2019

The Group, established by Determination of the State Accountant General dated January 18, 2019, has defined the ARACHNE National Guidelines that could we use also for RRF Investments

## PIAF (Integrated Anti-Fraud Platform)-MEF-RGS

- ▶ In the face of the Call for Tenders issued on 18/03/2019 within the HERCULE III Program, managed by the European Anti-Fraud Office-OLAF (call: HERCULE-TA- AG-2019) and in the face of the approval of the related proposal, the COLAF National Anti-Fraud Committee resolved to set up a specific "Working Group" in charge in the implementation of the new **National Integrated Anti-Fraud Platform (PIAF-IT)**
- ▶ The PIAF-IT constitutes a Platform that interacts and collects data from **heterogeneous external sources** at the national and European level. The objective of the Platform is to consolidate and strengthen the **fight** against **fraud** and other illegal activities detrimental to the EU budget through technical and operational support to national and transnational investigations. The platform also makes it possible to increase **the protection of the Union's financial interests** against fraud by facilitating the exchange of information, experience and best practices.

- ▶ stands as a **COMPLEMENTARY** tool to the use of ARACHNE, and, in general, to any other tool that enables the fight against fraud to be made more efficient;
- ▶ stands as an **INFORMATIVE** tool that enables information to be retrieved from certified and nationwide sources as well as from European sources for certain aspects of interest; retrieval of the information collected through a central system enables significant time savings for Administrations;
- ▶ stands as an **EXTENDABLE** tool that allows other databases to be integrated in a second evolutionary step, with the aim of from having an increasingly detailed fact sheet.

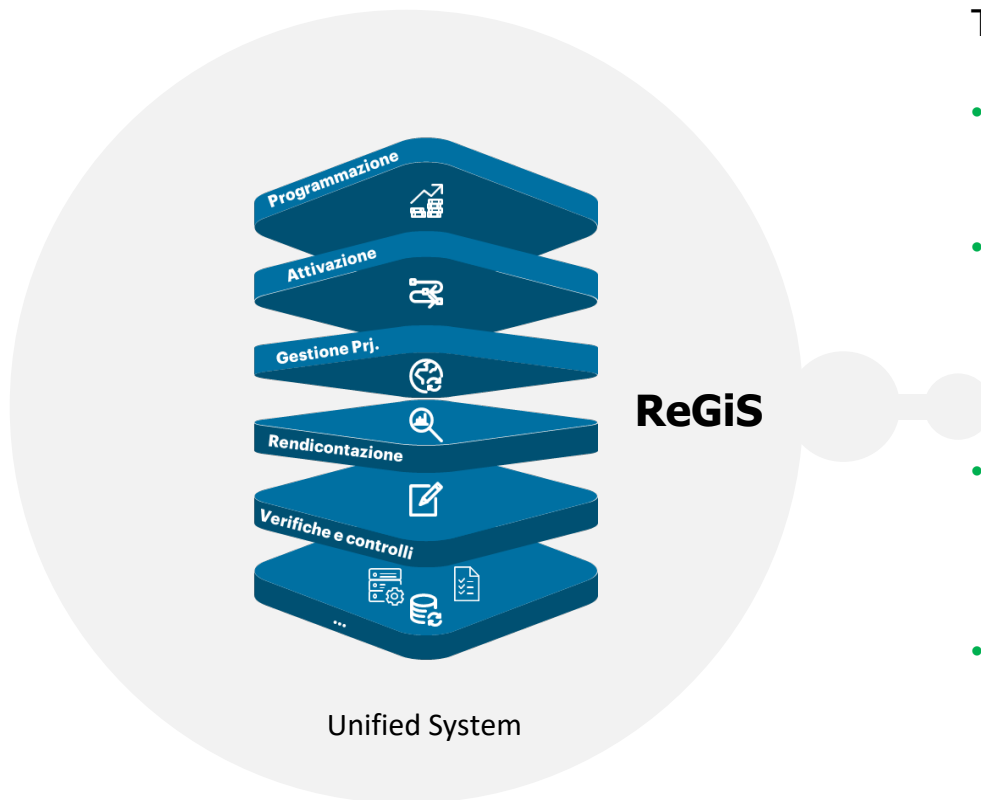


The new Integrated Anti-Fraud Platform will make it possible to generate an "Information Sheet" which, by extracting and re-aggregating the information collected from individual physical or legal entities, makes it possible to make the platform a kind of "registry" of recipients of EU funds.



# ReGiS IT monitoring System

With the **REGIS information system**, all projects under the NRRP are managed by the titular subjects. ReGiS supports these entities in the implementation of the Plan and with respect to data collection activities, management of certain administrative processes, monitoring of progress at various levels (Project, Measure, Target, Milestones, etc.).



The goal of the Information System is to provide a tool that can:

- **Support the management, monitoring, and control of initiatives** (Measures, SubMeasures, and Reforms) funded by the NRRP;
- **ensure a single point of access for the Administrations** that have roles of responsibility in the implementation of the NRRP (Central Administrations, Local Authorities, etc.), The centralization of information will thus promote interoperability between ReGiS and the main national Databases;
- **Historize all data collected in ReGiS in a structured manner** and made available for consultation by eligible parties (e.g., Audit Unit, Responsible Administrations, etc.);
- **File documentation** that is deemed useful at each stage of the various processes supported.

# Thank you for your attention!!!



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