

Practice Name:

## National guidelines on the use of the antifraud system ARACHNE

Country:

Italy

Practice category:

- Cooperation mechanisms



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### Fraud risk(s) countered

- Conflict of interest
- Avoidance or manipulation of public procurement procedures
- Double funding
- Collusion
- Manipulation of project costs
- Others (other fraud risks countered include false declarations, corruption, bid rigging, bid data leaking, manipulation of technical specification and supply of ghost services)

### Context and objective(s)

ARACHNE is a datamining tool promoted by the EC to help identify ESI funded projects potentially exposed to the risks of fraud. The MEF Ministry (Economy and Finance – Ragioneria dello Stato) in accordance with the EC decided to further promote the effective use of ARACHNE to all regional and national administrations in Italy in charge of the ERDF and ESF Operational Programs 2014-2020, in order to support fraud prevention.

### Description of the practice

At the Monitoring and Control Subcommittee meeting held on 4 June 2018 (See Note MEF-RGS - Prot. 172465 of 04/07/2018) a "restricted" working group was set up by the MEF Ministry. The group is coordinated by the MEF Ministry and composed, among others, of Management and Audit Authorities of some national and regional operational programs with the aim to define **the common guidelines and methods for use** of the ARACHNE system, for the purposes of compliance with the policies to combat EU fraud envisaged within the Structural Funds.

The working group included:

- 6 representatives from the MEF Ministry.
- 5 from the national Territorial Cohesion Agency.
- 1 from the National Agency for Active Labour Policies.
- 1 from Campania Region
- 3 from Emilia-Romagna Region
- 2 from Friuli-Venezia Giulia Region
- 5 from Lombardia Region
- 1 from Umbria Region

Friuli Venezia Giulia played a specific role in the work on the adoption of the guidelines, given that their past experience also referred to the 2007/2013 programming period in using the application (contacts: Fabio Cenzone [fabio.cenzon@regione.fvg.it](mailto:fabio.cenzon@regione.fvg.it) and Pietro Sbuclz [pietro.sbuclz@regione.fvg.it](mailto:pietro.sbuclz@regione.fvg.it)).

The group produced the "Guidelines for the use of the Community anti-fraud system ARACHNE". This 30-page document and related annexes includes:

- Description of the authorities using ARACHNE and their responsibilities
- Objective scope of application of ARACHNE and methods of use by the Managing Authorities
- Tools and procedures for risk score analysis strategy
- Case management

In particular, it describes the use of the tool by the three Authorities (Managing MA, Certifying CA, Audit AA). For the Managing Authority it specifies:

- Use of the tool in the risk analysis for sampling the operations and beneficiaries to check on a sample base (on the spot checks, ex post verifications; verifications of beneficiaries' self-declarations etc.)
- Use of the tool in the selection of projects and verifications by gathering data and information on beneficiaries and contractors;
- Access of intermediate Bodies (IB), delegated by the Managing Authority, through the use of ARACHNE. Beneficiaries themselves do not have access to the system
- Use of the tool for checking self-declarations done by beneficiaries relating to the size of companies in the framework of State Aid, on the basis of EU Regulation no. 651/2014, and its use in ensuring that undertakings in financial difficulty are excluded from EU support
- Use of ARACHNE in the Quality review of the functions delegated to the IBs by the Managing Authorities (quality review system and continuous and constant surveillance of the obligations and delegated functions). The Management Authority may use the ARACHNE system for sampling the riskiest operations / projects selected by the IB to be subject to recontrol.

## Unique features

Italy was the first country to have developed national guidelines with the involvement of key national (MEF) and regional stakeholders. Italy has a decentralised power system, with 19 regions and 2 autonomous provinces.

Unlike other EU Member States, Italy has opted for a centralised data flow for the ERDF and ESF Operational Programs, which is controlled by the National Monitoring System, which in turn is managed by the MEF Ministry. Each Managing Authority transmits the financial, procedural and physical information electronically to the National Monitoring System, through its own information systems. It is therefore necessary that each Managing Authority transmits complete and correct sets of information, in order to guarantee the effective use of the ARACHNE system. Data is transferred to the ARACHNE System on a monthly basis. The information transmitted by the various Management Authorities must comply with the data set information of the National Monitoring System (SNM)<sup>1</sup>.

Through the SNM database, the MEF Ministry guarantees the periodic implementation of the EU anti-fraud system ARACHNE.

The MEF Ministry manages requests to access the ARACHNE system. It should be noted that each Authority can only view the data relating to its Operational Programme and that only leading Administrations have a strictly visual access to information pertaining to all Operational Programs, as far as their respective competence is concerned.

## Outcomes and results

At the national level, eight meetings took place since October 2018, with the last one organised in July 2019. The national guidelines were finally adopted in the summer of 2019. A version of the guidelines can be found at:

[http://www.rgs.mef.gov.it/export/sites/sitoRGS/VERSIONE-I/e\\_government/amministrazioni\\_pubbliche/igrue/pdf/Linee\\_guida\\_nazionali\\_ARACHNE.pdf](http://www.rgs.mef.gov.it/export/sites/sitoRGS/VERSIONE-I/e_government/amministrazioni_pubbliche/igrue/pdf/Linee_guida_nazionali_ARACHNE.pdf)

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<sup>1</sup> [http://www.rgs.mef.gov.it/VERSIONE-I/e\\_government/amministrazioni\\_pubbliche/igrue/Attivita/Monitoraggio/index.html](http://www.rgs.mef.gov.it/VERSIONE-I/e_government/amministrazioni_pubbliche/igrue/Attivita/Monitoraggio/index.html)

Within this framework, annual training and support was delivered to the other Italian regions (for instance, Umbria, Emilia Romagna, Valle d'Aosta, Lombardia, Piemonte).

## **Key success factors**

The key success factors were:

- The national coordination and the sharing of experiences between the working group members provided standard and homogeneous indications for all the authorities involved, combining different needs according to the relevant responsibilities (managing or auditing tasks)
- A direct connection with the European Commission DG EMPL and exchanges of experiences with other EU Member States along the process

## **Challenges encountered & lessons learned**

At the beginning, the limited use of the ARACHNE system posed some challenges as the system relies on a data feed to function effectively. The limited use of the system could be due to a low level of knowledge of the actual features and efficiency of the system, as well as a general sense of fear of reporting fraud and risks.

## **Potential for the transferability**

The practice can be highly relevant in EU Member States, such as Spain, who are made up of a large number of regions and have a similar decentralised system.

The guidelines are also useful to prevent fraud in other EU funds besides ERDF or ESF such as the EARDF for rural development.