

The Ministry's administration of the other important criteria for receiving the EMFF funds

Pages 34-35 of the English translation. Pages 31-32 of the Danish original.

3. The Ministry's administration of the other important criteria

Partial conclusion

The Public Accounts Committee assesses that the Ministry of Foreign Affairs has failed to ensure that the other important requirements for receiving and keeping funds have been complied with. Particularly for the largest scheme, the ministry has in numerous cases granted and paid out funding that was not in accordance with the regulatory framework. This is partly because the ministry has operationalised the requirements of the EU regulation incorrectly or unclearly, and partly because there has been a long list of various errors in the ministry's management and control of whether the requirements are being met.

The Ministry of Foreign Affairs has not used the correct support rates when granting approval of funding. In those cases where the ministry has paid out funding to itself as public authority, the ministry has administered on an unclear basis, which means there is a risk that the ministry will have to repay funds to the EU equivalent to approximately DKK 15 million, according to the Public Accounts Committee's assessment. For the largest scheme, the ministry has operationalised the regulatory framework incorrectly and has in 60 of the 80 reviewed cases in the audit granted approval for funding with a support rate that was too high. This means that the ministry has incorrectly granted approval for funding of up to DKK 21 million, corresponding to approximately 40% of the funds approved that were checked during the audit. The ministry has checked half of the flawed cases identified by the Public Accounts Committee, and based on this, agrees that unwarranted approval for funding of approximately DKK 8 million has been granted.

The Ministry of Foreign Affairs' management of the largest scheme has been insufficient in key areas since the ministry has failed to meet the requirements, which are intended to support that funding only be granted to offers with reasonable prices. E.g. the ministry has in more than 20% of the reviewed cases failed to ensure that the requirements of offers were met, likewise, the ministry has in 20% of the reviewed cases has failed to ensure that the requirements relating to invoicing and documentation of payment were met. This means that applicants and contractors in numerous cases, and contrary to regulation, have for example been mutually dependent on each other. This may also mean that some offers are invalid because the offerors have been mutually dependent, or the applicant has obtained an offer and

traded with its own companies. The study shows that in other cases the invoicing information indicates the use of front men and fraud.

In a further 12% of the cases, the Ministry of Foreign Affairs has failed to ensure that the beneficiaries of the funding meet the requirements that apply to be able to keep the grant commitment or funding. This is because the ministry has not adequately controlled whether the regulatory requirements were met in relation to the physical location and maintenance of the investments, and therefore failed to notice that the holder of the undertaking (the grantee) did not comply with the duty of disclosure to the ministry.

In case of intentional actions by the applicant, which affects the right to funding or the scope of funding, then it may be fraud. The Public Accounts Committee notices that our review only includes a share of all the funding cases, which is why there may be further problems with the remaining cases, which have not been reviewed. Taking into consideration the level of errors, the Public Accounts Committee recommends that the Ministry of Foreign Affairs should review all funding cases.

The Ministry of Foreign Affairs informs that it will review the administrative basis to strengthen it with the aim to prevent errors and shortcomings in future. The ministry has at present asked the Legal Adviser to the Danish Government to review 18% of the cases, which are part of the Public Accounts Committee's audit, with the aim to establish whether there is basis to suspect fraud. The ministry expects to report at least 10% of the cases covered by the Public Account Committee's audit to the police. Further to this, the Legal Adviser to the Danish Government is investigating a series of cases, and the ministry will report cases with suspected fraud to the European Anti-Fraud Office (OLAF).

The Ministry of Foreign Affairs will conduct a legal analysis with the aim to assess which concrete funding cases should be reopened for review. Furthermore, the ministry will carry on examining whether there are more cases with reason to suspect fraud.