



# ARACHNE PROJECT

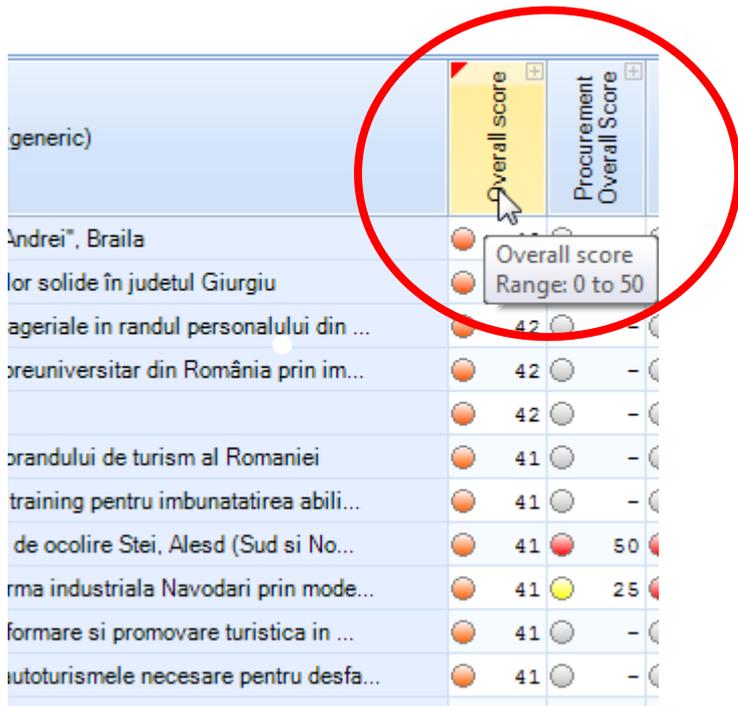
**Risk scoring tool**

**How to apply Arachne during the  
implementation phase?**

**Brussels, 23 February 2017**

- 1. Selection of on-the spot verifications**
- 2. Project risk monitoring**
- 3. Consultation of risk indicators.**
  - 3.1 Horizontal analysis of risk indicators
  - 3.2 Public Procurement
  - 3.3 Eligibility
  - 3.4 Contract Management
  - 3.5 Concentration
  - 3.6 Other
- 4. General conclusions .**

# 1.0 Selection of on-the-spot verifications



generic)	Overall score	Procurement Overall Score
Andrei", Braila	42	-
lor solide în judetul Giurgiu	42	-
ageriale in randul personalului din ...	42	-
reuniversitar din România prin im...	42	-
brandului de turism al Romaniei	41	-
training pentru imbunatatirea abili...	41	-
de ocolire Stei, Alesd (Sud si No...	41	50
rma industrială Navodari prin mode...	41	25
formare și promovare turistică in ...	41	-
utoturismele necesare pentru desfa...	41	-

- Article 125(5)(a) of Reg. 1303/2013
- on a sample basis
- ad-hoc missions due to high risks identified
- Frequency and coverage proportionate to:
  - amount
  - level of risk identified (knowledge and experience)

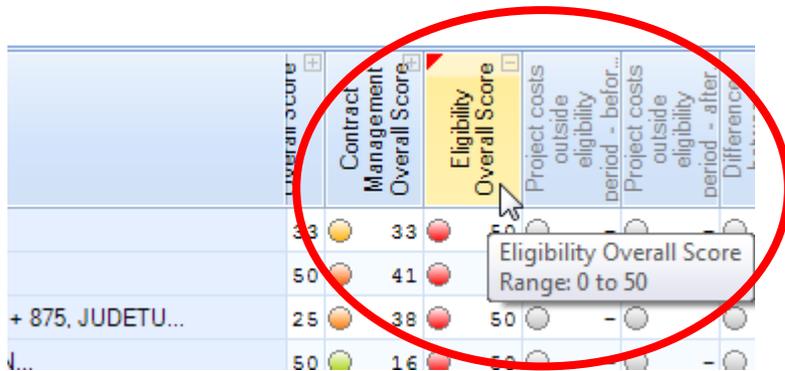
## 2.0 Project Risk Monitoring

### Risk indicators dashboard

Project Name	Overall score	Procurement Overall Score	Contract Management Overall Score	Eligibility Overall Score	Performance Overall Score	Concentration Overall Score	Other Overall Score	Reputational Fraud Alerts Overall Score
...eric)	43	-	-	-	-	50	50	25
...drei", Braila	43	50	35	50	-	50	50	26
...solide în judetul Giurgiu	42	-	-	-	-	50	50	26
...eriale in randul personalului din ...	42	-	-	-	-	50	50	27
...universitar din România prin im...	42	-	-	-	-	50	50	27

- Risks are evolving over time (database)
- Projects are listed and ranked by risk score
- Monitoring of selected projects via the basquet function

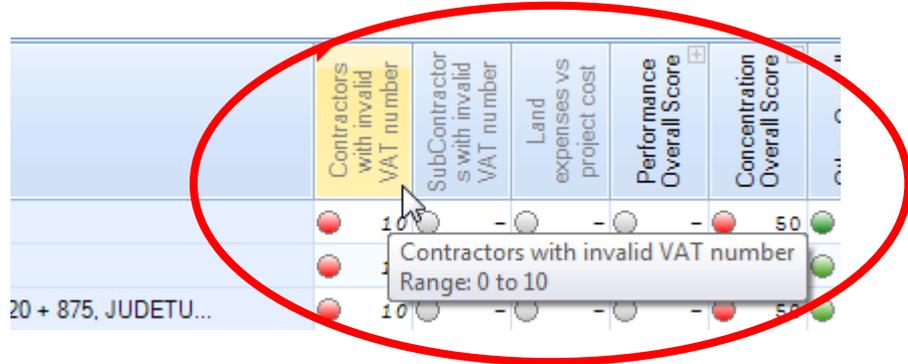
# 3.1 Horizontal analysis of risk indicators



Overall Score	Contract Management Overall Score	Eligibility Overall Score	Project costs outside eligibility period - before	Project costs outside eligibility period - after	Difference
33	33	50			
50	41	50			
+ 875, JUDETU...	25	38	50	-	
50	16	50			

Eligibility Overall Score  
Range: 0 to 50

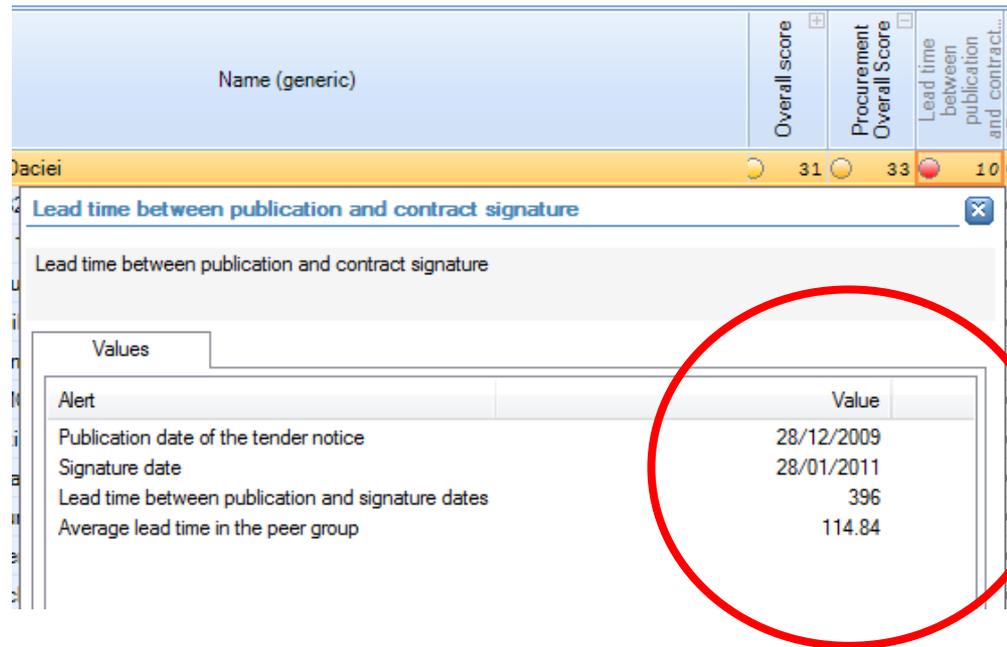
1. Select the category
2. Select the indicator to identify potential systemic problems



Contractors with invalid VAT number	SubContractors with invalid VAT number	Land expenses vs project cost	Performance Overall Score	Concentration Overall Score
10	-	-	-	50
10	-	-	-	50
20 + 875, JUDETU...	10	-	-	50

Contractors with invalid VAT number  
Range: 0 to 10

## 3.2 Examples of risks public procurement –lead time-



Name (generic)	Overall score	Procurement Overall Score	Lead time between publication and contract signature
Daciei	31	33	10

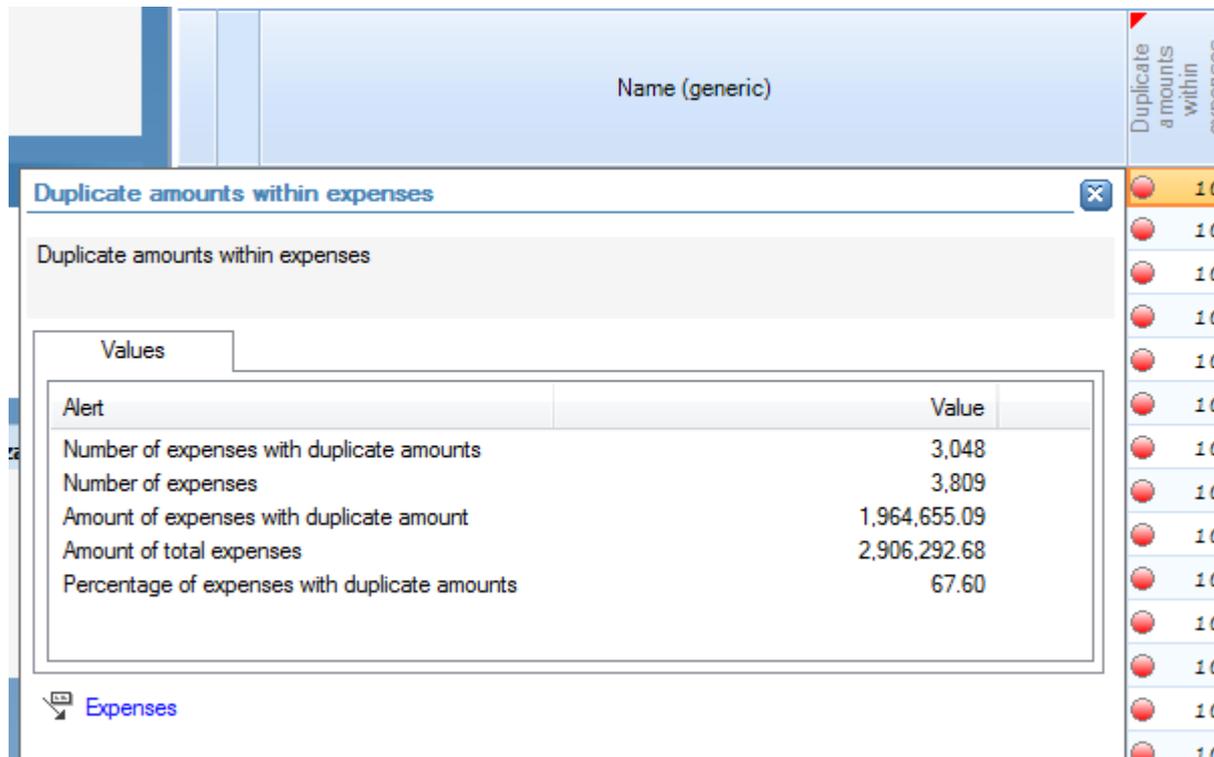
Lead time between publication and contract signature	
Alert	Value
Publication date of the tender notice	28/12/2009
Signature date	28/01/2011
Lead time between publication and signature dates	396
Average lead time in the peer group	114.84

- Check for each contract
- Long lead time (more than 180 days) = max risk.

- Helpful to:
  - identify lengthly procedures possibly due to many clarifications because of lack of quality of tender dossiers - risk of additional works

# 3.3 Examples of risks – eligibility

## Duplicate amounts with expenses



Name (generic)

Duplicate amounts within expenses

Duplicate amounts within expenses

Values

Alert	Value
Number of expenses with duplicate amounts	3,048
Number of expenses	3,809
Amount of expenses with duplicate amount	1,964,655.09
Amount of total expenses	2,906,292.68
Percentage of expenses with duplicate amounts	67.60

Expenses

Duplicate amounts within expenses

10

10

10

10

10

10

10

10

10

10

10

10

10

10

10

10

10

10

10

10

- Only shown if expenses are included in the data base
- Helpful to: identify double payments

## 3.3 Examples of risks –eligibility- beneficiaries, suppliers or contractors with invalid VAT-number

Name (generic)	Contractors with invalid VAT number
	100

### Contractors with invalid VAT number

#### Contractors with invalid VAT number

Tables			
	Cont...	VAT Number of the contractor	VIES result
0	Pop...	154050729091	Invalid
1	FLO...	2992339	Valid

- invalid VAT number pose a risk of tax evasion
- can expire or change due to changes in the legal structure
- Helpful to:  
check the validity of VAT numbers, ex-post



## 3.4 Examples of risks – contract management

contracted amount / annual turnover of a contractor

Name (generic)	Contracted amount vs annual turnover of th...	External service
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	Contracted amount	Turnover of the contractor	Ratio contracted amounts and turnover	Alert level
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1.L.	100,930.81	77,000.00	1.31	10
	208,478.19	358,000.00	0.58	3

➤ Calculated on the base on financial statements (ORBIS)

➤ Helpful to:  
check ex-ante if the beneficiary has the financial capacity



# 3.5 Examples of risks -concentration- beneficiaries, projects partners involved in multiple projects

The screenshot shows a risk assessment interface. At the top, there is a table with various risk categories and their corresponding values. Below this, a detailed view for 'Beneficiaries involved in multiple projects' is shown, which includes a table with 'Alert' and 'Value' columns.

Risk Category	Value
Beneficiaries involved in multiple projects	10
Beneficiaries involved in multiple OPs	10
Partners involved in multiple projects	-
Partners involved in multiple OPs	-
Contractors involved in multiple projects	10
Contractors involved in multiple projects of th...	10
Contractors involved in multiple OPs	10
Related people linked to multiple projects	-
Consortium members involved in multiple proje...	-
Consortium members involved in multiple proje...	-
SubContractor s involved in	-

Alert	Value
Beneficiary's number of projects	33
Beneficiary's max number of projects in a same m...	33

- Beneficiary appears in multiple project in the same member state
- Helpful to check for:
  - state aid –de minimis-
  - financial and administrative capacity



European  
Commission

## 3.5 Examples of risks -concentration- suppliers/contractors involved in multiple projects of the same beneficiary

Contractors involved in multiple projects of the beneficiary

Alert	Value
Supplier's number of projects	5
Supplier's max number of projects of the same be...	2
Total amount of project costs of related suppliers	18,969,151.54

Contract requests

➤ Check within the same member state

➤ Helpful to check for:  
- flaws in the project selection (favourism)



European  
Commission

## 3.6 Examples of risks -other-

# Project cost / beneficiary turnover only on SME projects

Alert	Value
Project cost	81,585.81
Turnover of the beneficiary	0.17
Ratio project cost and beneficiary turnover at app...	479,916.53
Average of the ratio in the peer group	7,127.98

➤ Check if the ratio project cost / beneficiaries turnover is larger than the average

➤ Helpful to check for:

- capacity of the beneficiary to finalise the project
- ex-ante check possible if already data available

## 4.0 General conclusion for the risk analysis during the implementation phase



- Constant monitoring of risks allows for ad-hoc on-the spot checks and horizontal analysis
- Combination of risk information allows for a more in-depth analysis
- Involvement of beneficiaries in other Ops also from different MS are available
- Complementary information to existing risk procedures and specific knowledge of respective bodies



**Thank you for your attention**

**for the third part of the**

**presentation.**