

COMMISSION OF THE EUROPEAN COMMUNITIES

SEC(92) 2045 final

Brussels, 4 November 1992

The fight against fraud

Memorandum from Mr Delors

The fight against fraud

The development of the Community's responsibilities in financial matters and pressure from the European Parliament prompted the Commission in 1987 to review its strategy and its internal organization with a view to enhancing protection for the Community's finances and combating fraud more effectively.

The Commission finally adopted a compromise solution:

- . establishment of a central coordination structure (UCLAF) reporting direct to the President;
- . maintaining or setting up anti-fraud teams in the departments concerned.

This formula involved giving the coordination unit a number of responsibilities which were specified in a Commission decision and are listed in the annex to this paper.

In 1991 the Screening Task Force recognised the limits of the formula and proposed a number of functional adjustments¹ to improve the efficiency and the operation of the arrangements set up three years earlier.

¹ Quarterly meetings of Directors; monthly meetings of Unit Heads; secondment of UCLAF staff to DGs; UCLAF's general right to take up matters ("droit d'évocation").

Parliament believes that only by strengthening the authority and the autonomy of UCLAF will it be possible to bring about a sufficiently significant and convincing increase in the Commission's capacity for action. It has therefore asked it to take appropriate measures to enhance UCLAF's status.

During the 1990 discharge exercise Parliament's critical remarks related mainly to the following:

- . the role of UCLAF and the need to strengthen its role ("flying squads");
- . the need to focus action on high-risk sectors by making systematic use of risk-analysis techniques;
- . the importance of the financial analysis, notably in terms of cost/effectiveness, of the use made of appropriations devoted to anti-fraud policy.

In particular the rapporteur of Parliament's Committee on Budgetary Control asked for a paper clarifying the role of UCLAF.

The following paper has been produced for this purpose. It is intended to clarify the missions and powers of UCLAF and, once approved, will be sent to Parliament.

THE MISSIONS OF UCLAF

The Commission stresses the importance which it attaches to the continuation of the fight against fraud in co-operation with Parliament, the Council and the Member States, using the most effective means available and heightening awareness amongst the services concerned.

1. The missions

In order to enhance the role it plays in coordinating, guiding and stimulating action to combat fraud, in particular in the high-risk sectors, UCLAF

- 1.1 prepares, adopts and monitors, in conjunction with the Directorates-General concerned, the programming of all operations extending beyond the responsibility of a single Directorate-General and concerned with preventing and combating fraud;
- 1.2 initiates, in concerted manner, the investigations and inquiries it judges necessary in the fight against fraud, in conjunction with the Directorates-General concerned;

NB The tasks and responsibilities of UCLAF do not affect or interfere with the specific responsibilities, independence and autonomy of opinion of the Financial Controller in his functions as set out in the Financial Regulation and the Commission Regulation of 11 December 1986 (86/610/EEC Euratom, ECSC - OJ L 260, 19.12.1986).

1.3 organises and co-ordinates targeted inquiries and investigations which go beyond the competence of a single Directorate General, in accordance with the guidelines recommended by the European Parliament (1), given that such operations cover both own resources and expenditure in trade in agricultural products;

1.4 takes charge, together with the departments concerned, of cases of fraud and irregularities involving different types of financial instruments covering the activities of more than one Directorate-General;

1.5 takes part in the controls and inquiries organized in their particular areas of activity by the anti-fraud teams of Directorates-General authorizing or managing expenditure.

To ensure that the missions mentioned at 1.2, 1.3 and 1.4 are carried out, UCLAF will where necessary set up ad hoc interdepartmental teams.

In performing its missions, UCLAF makes systematic use of risk-analysis methods and techniques. To achieve this, UCLAF uses all the legal bases available to Commission departments authorizing or managing expenditure, acting in concert with the latter. The legal base(s) is (are) chosen in each individual case to suit the specific situation.

(1) These guidelines were set out in special report No 2/92 of the Court of Auditors on the audit of export refunds paid to selected major traders in the milk products sector (OJ C 101, 22 April 1992).

2. More specific action

Apart from its general planning, organization, coordination and representation role in the fight against fraud, UCLAF, in conjunction with the Directorates-General responsible, also undertakes

- . awareness-raising and training measures for officials of the Member States involved in the fight against fraud, under a programme drawn up jointly with the national authorities;
- . evaluation and dissemination of the results, in the form of periodic reports, to keep the other institutions and the Member States regularly informed;
- . any special tasks which might be of benefit to all departments concerned by the fight against fraud, such as legal protection of the financial interests of the Community.

Extract from the
REPORT BY THE COMMISSION
ON TOUGHER MEASURES TO FIGHT AGAINST
FRAUD AFFECTING THE COMMUNITY BUDGET
COM(87)572 final

The Commission must improve the coordination of anti-fraud activities.

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This greater coordination should be expressed through two complementary measures, which should come into operation simultaneously:

- i) the setting up of a coordination unit,
- ii) the generalization of anti-fraud cells within all the departments concerned

This would make it possible to combat fraud more intensively in all fields where this proves essential and to establish a clear coordinating structure. Being decentralized, the structure would not have the drawback of creating a new administrative level that was both too heavy and too remote from the management departments, which indeed would keep their individual responsibilities, while meeting the vital need for clarity and effectiveness.

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The coordination unit would be responsible for:

1. Examining all information relating to fraud, on the basis of a

systematic and compulsory communication from the DGs concerned, which would enable it to:

- . make sure the DGs concerned were following the situation and take the initiative for coordinating action where a number of departments were involved (which would include arranging for specific checks),
 - . take part as appropriate in checks and enquiries arranged by Commission departments;
2. Approaching the responsible departments to ensure:
 - . a better use of the legal provisions as well as the strengthening of these in order to remedy any legal deficiency which comes to light;
 - . the best possible working methods and staff training and also a widening of relations with the national administrations (which could include exchanges of officials).
 3. Thinking out, establishing and running joint infrastructure, particularly computerized infrastructure;
 4. Looking after a committee that brought together all the departments concerned, which would hold regular meetings;
 5. Representing the Commission in matters relating to fraud with Member States and Community Institutions;
 6. Reporting every six months to the Commission on anti-fraud action;
 7. Assessing after one year what had been done to coordinate anti-fraud action.

This unit would replace the existing interdepartmental working parties in this field both standing and ad hoc.