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# Protecting financial interests and the role of AFCOS and EPPO

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The training has been organised by EIPA and CPVA under the Framework Contract Nr 2023CE160AT004.

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## Day 1


### Protecting financial interests and the role of AFCOS and EPPO

- EU Policies to fight fraud
- The role of AFCOS
- The role of the EPPO
- **Break out rooms on innovative methods**




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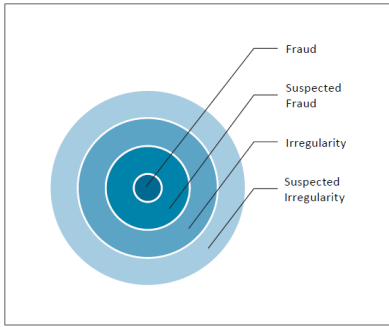
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## EU policies in the fight against fraud

- **Art. 325 TFEU and Commission decision** establishing OLAF
- **PIF Convention and PIF Directive** - Directive 2017/1371
- **Regulation 2988/95** on the protection of the EC financial interests
- **Regulation 2185/96** concerning on the spot checks and inspections
- **Regulation 883/2013** – OLAF Regulation concerning the investigations of OLAF (2020/2223)

**Irregularity:** Regulation 2988/95, CPR/Sectorial Regs  
**Suspected fraud:** DR for Reporting, 2015/1970-1973  
**Fraud:** PIF Convention, PIF Directive

- **EPPO Regulation** - Regulation (EU) 2017/1939
- **CAFS Commission Anti-Fraud Strategy**
- **Hercule Programme/Pericles Programme** – Single Anti-Fraud Programme
- **NAFS, AFCOS** – together with MS



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## EU policies in the fight against fraud

- **The Anti-Money Laundering Directives Directive (EU) 2018/843**
- **Whistle-blower's directive 2019/1937**
- Material scope, *inter alia*: (b) breaches affecting the financial interests of the Union as referred to in Article 325 TFEU and as further specified in relevant Union measures;
- **The New Anti-Corruption Directive (May 2023)**
- The AC proposal provides for additional 'corruption' offences than what is currently provided for in the PIF Directive. The additional offences that do not apply to the PIF Directive, are:
  - Bribery in the private sector (Article 8),
  - Misappropriation in the private sector (Article 9 - the PIF Directive applies only to the public sector)
  - Trading in influence (Article 10)
  - Abuse of functions (Article 11)
  - Obstruction of justice (Article 12)
  - Enrichment from corruption offences (Article 13).

Corruption offences	Modus operandi
Bribery: Active and Passive	Person promises, offers or gives and advantage of any kind to influence public official Public official requests or receives such advantage in order to act/refrain Both in public and private sector
Misappropriation	Misuse for other purposes that it was intended property entrusted to them Both in public and private sector
Trading in influence	Provision or promise to provide the influence peddler with an undue advantage for exerting unlawful influence over an outcome or process subject to decision making Applies to persons who are or claim to be in proximity of power
Abuse of functions in the public sector	If a public officials failes to perform an act in violation of laws in order to obtain undue advantage
Obstruction of Justice	Entails exercise of physical force, threats or intimidation or the inducement of false testimony of evidence.
Illicit enrichment	Received undue economic and other advantages (Such as becoming fake property owners)




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## National experience in MCS

- Identifying the problems. Setting up management and control systems (MCS).
- Adoption of **Anti-Corruption Convention** and creation of **AFCOS**
- Creation of **AFCOS Council**
- Adoption of **National Anti-Fraud Strategy**
- Implementation of **Working plan** of the NAFS
- Working groups** Mechanism on National Level
- Fighting corruption**
- Additional measures**

## Lessons learned: why did it not work?

- MS **did not carry out a risk analysis** and had not developed a national antifraud Strategy.
- MS **had not forwarded reporting guidelines** on irregularities to partner institutions, accompanied by additional guidance and/or training
- MS **could not take care of daily** operations (meetings 2/3 times a year).
- NEED for an active secretariat/service** staffed by people with technical expertise and language skills who could provide the link between national institutions & OLAF and also act as a help desk in order to bridge the gap between MS & OLAF




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## Anti-Fraud Coordination Services (AFCOS)

- Art. 3, par. 4** Regulation 883 (previous text)/ Art. 12a Reg. 2020/2223
- 3 ways:**
  - Coordination and exchange of information, (Basic functions/Minimum requirements),
    - Administrative/financial investigations
    - Criminal investigations functionalities
- Minimum requirements** are placed in Guidelines of Tasks and responsibilities of AFCOS (2013) and in Regulation 2020/2223 – article 12a, 12b.
- Coordinating, within the country, all legislative, administrative and investigative obligations and activities related to the protection of EU's financial interests
- Ensuring co-operation with OLAF & MS, as required by Article 325 TFEU

**Q:** *Is having different functionalities unfair against economic operators?*





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## Anti-Fraud Coordination Services (AFCOS)

1. **Investigative tasks**, including exchange of investigative information
  - information related to **irregularities** – require from national authorities to act
  - **OTSC Regulation 2185/96** – participation;
  - **Implementation** of OLAF recommendations – horizontal support, exchange with information
2. **Preventive tasks**
  - **NAFS**, identification of weaknesses, dissemination of information.
3. **Training tasks**
  - Definition of **training needs**; development together with OLAF of specific training, assistance to other national institutions
  - **Hercule/EU Anti-fraud Programme** presentation of results.



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## All European Union MS AFCOS Services

<b>Austria</b> Bundesministerium für Finanzen Abteilung für Betrugsbekämpfung, Steuer und Zoll (IV/3) (Federal Ministry for Finance Department for Anti-fraud, Tax and Customs) <b>(Austrian AFCOS)</b>	<b>Czech Republic</b> Department 69 - "Analysis and Reporting Irregularities" Central Contact Point of AFCOS Ministry of Finance <b>Czech AFCOS</b>	<b>Greece</b> Hellenic Republic General Secretary against Corruption <b>Greek AFCOS</b>	<b>Malta</b> Internal Audit and Investigations Department - IAD Cabinet Office, Office of the Prime Minister <b>Maltese AFCOS</b>
<b>Belgium</b> Commission Interdépartementale pour la Coordination de la Lutte contre les Fraudes dans les secteurs économiques (CICF / ICDF) <b>Belgian AFCOS</b>	<b>Denmark</b> Ministry of Finance 7th Division – Environment, food, climate, energy and EU Budget <b>Danish AFCOS</b>	<b>Hungary</b> National Tax and Customs Administration Central Management OLAF Coordination Bureau <b>Hungarian AFCOS</b>	<b>Netherlands</b> Douane Informatiecentrum - DIC (Customs Information Centre) Douane Nederland (Douane Rotterdam Rijnmond) <b>Dutch AFCOS</b>
<b>Bulgaria</b> AFCOS Directorate Ministry of Interior <b>Bulgarian AFCOS</b>	<b>Estonia</b> The Ministry of Finance of Estonia Financial Control Department <b>Estonian AFCOS</b>	<b>Ireland</b> Department of Finance International & EU Division EU Budget Section <b>Irish AFCOS</b>	<b>Poland</b> Ministry of Finance, Department for Audit of Public Funds <b>Polish AFCOS</b>
<b>Croatia</b> Ministry of Finance Directorate for Financial Management, Internal Audit and Supervision Service for Combating Irregularities and Fraud <b>Croatian AFCOS</b>	<b>Finland</b> Ministry of Finance / Government Financial Controller's Function (Valtiovarainministeriö / Valtiovarain controller-toiminto) <b>Finnish AFCOS</b>	<b>Italy</b> <b>Italian AFCOS</b> Committee for the Fight Against Community Fraud (italian A.F.C.O.S.)	<b>Portugal</b> Inspeção-Geral de Finanças (IGF) <b>Portuguese AFCOS</b>
<b>Cyprus</b> Verifications and Certification Directorate Treasury of the Republic  (Central Contact Point for OLAF and other AFCOS members) <b>Cyprus AFCOS</b>	<b>France</b> Délégation Nationale à la Lutte contre la Fraude (DNLF) <b>French AFCOS</b>	<b>Latvia</b> Ministry of Finance EU Funds Audit Department <b>Latvian AFCOS</b>	<b>Romania</b> DLAF, Government of Romania <b>Romanian AFCOS</b>
	<b>Germany</b> Bundesministerium der Finanzen, Referat E A 6 <b>German AFCOS</b>	<b>Lithuania</b> Financial Crime Investigation Service under the Ministry of the Interior (Finansinių nusikaltimų tyrimo tarnyba prie Vidaus reikalų ministerijos) <b>Lithuanian AFCOS</b>	<b>Slovak Republic</b> Government Office of the Slovak Republic, Section of Control <b>Slovak AFCOS</b>
		<b>Luxembourg</b> Directorate of International Financial Relations, Development Aid and Compliance (Direction "Affaires multilatérales, développement et compliance") Ministry of Finance <b>Luxembourg AFCOS</b>	<b>Slovenia</b> Budget Supervision Office of the Republic of Slovenia <b>Slovenian AFCOS</b>
			<b>Spain</b> Servicio Nacional de Coordinación Antifraude, Intervención General de la Administración del Estado (IGAE) Ministerio de Hacienda y Administraciones Públicas <b>Spanish AFCOS</b>
			<b>Sweden</b> Swedish Economic Crime Authority <b>Swedish AFCOS</b>
			<b>United Kingdom</b> National Police Coordinators Office for Economic Crime City of London Police Economic Crime Directorate <b>UK AFCOS</b>



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## The mandate of the EPPO

- The independent prosecution office of the EU.
- Responsible for investigating, prosecuting and bringing to judgment crimes affecting the EU's financial interests.
- Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office. OJ L 283, 31.10.2017




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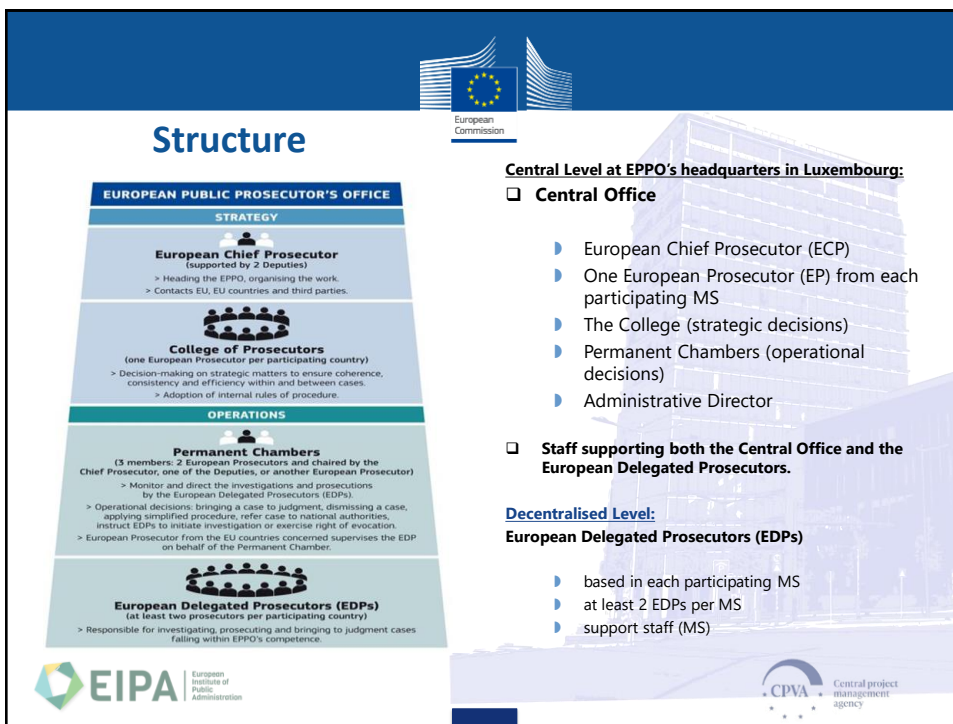


## Material competence

- (Article 22 EPPO Regulation):
  - criminal offences affecting the financial interests of the Union that are provided for in Directive (EU) 2017/1371, as implemented by national law ("PIF crimes");
  - criminal organisation related to PIF offences;
  - "inextricably linked offences"
- **Special conditions:**
  - Regarding VAT offences: criminal activity has to be connected with the territory of two or more Member States and to involve a total damage of at least EUR 10 million (Article 22 EPPO Regulation)
  - Regarding the damage: - as a rule, at least 10000 EUR, unless there are Union level repercussions or EU officials or equivalent are involved (Article 25 EPPO Regulation);
    - - non-evocation, referral could apply for damage of less than 100000 EUR (Articles 27.8, 34.3 EPPO Regulation).




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## Virtual Coffee Break ... tour de table!





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## BREAK OUT ROOM!





- Discuss in your group innovative methods to combat fraud and corruption ...and make a short list of them !



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## Innovative methods to combat fraud and corruption

1. Artificial Intelligence – Pattern recognition software
2. Digital Forensic Operations (DFO)
3. Satellite Mapping (Reg. 2018/746)
4. Thermal mapping / Historic functions
5. Early detection Systems
6. E-contracts in Public procurement
7. Block chain technology
8. Social media/LinkedIn
9. Drones in difficult areas (ex. Danube)
10. Special campaigns (Malta): Quizzes with prizes, School Learning
11. Special campaigns (Latvia) Fraud / Off Campaigns. Hashtags for involvement of multiple stakeholders
12. Mobile Applications for signaling, use of QR Codes
13. Investigative Journalism
14. Whistleblower Policies (Directive 2019/1937)

