



DIPARTIMENTO DI
GIURISPRUDENZA
SCHOOL OF LAW

THE EPPO and EU law: a step forward in integration



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EPPO AND EU LAW: A STEP FORWARD IN INTEGRATION

TOPIC 5: THE EPPO, JUDICIAL
COOPERATION AND INTERNAL
AND EXTERNAL SECURITY

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The EPPO and the European Commission's anti-fraud STRATEGY 2019

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THE EPPO AND THE EUROPEAN COMMISSION'S ANTI-FRAUD STRATEGY 2019

Under Article 317 of the Treaty on the Functioning of the European Union (TFEU) and Article 36 of the Financial Regulation (FR)⁵, the Commission implements the EU budget, complying with sound financial management principles and applying effective and efficient internal control, which includes preventing, detecting, correcting and following-up on fraud and other irregularities.

The Commission does so **in cooperation** with the Member States, which collect and spend up to 80 % of the EU budget. Accordingly, Article 325(I) TFEU requires both the EU and the Member States to counter fraud and any other illegal activities affecting the financial interests of the EU.

The scope of the 2019 CAFS

- The 2019 CAFS focuses on protecting the EU's financial interests from fraud, corruption and other intentional irregularities and on the risk of serious wrongdoing inside the EU's
- institutions and bodies. These areas are also central to the legislator in the fight against fraud.²² As a result, the new CAFS covers:
- Fraud – including VAT fraud –,
- corruption and misappropriation affecting the EU's
- financial interests, as defined in Articles 3 and 4 of the PIF Directive;
- Other criminal offences affecting the Union's financial interests, e.g., offences linked to an abuse of procurement procedures where they affect the EU budget;
- Irregularities as defined in Article 1(2) of Regulation (EC, Euratom) No 2988/95²³ (insofar as they are intentional but not already captured by the criminal offences referred to above);
- Serious breaches of professional obligations by staff or Members of the Union's institutions and bodies, as referred to in Article 1(4) of the OLAF Regulation.

THE EPPO AND THE EUROPEAN COMMISSION'S ANTI-FRAUD STRATEGY 2019

- **Fight against fraud: Guiding principles and target standards**
- ● zero tolerance for fraud;
- ● fight against fraud as an integral part of internal control;
- ● cost-effectiveness of controls;
- ● professional integrity and competence of EU staff;
- ● transparency on how EU funds are used;
- ● fraud prevention, notably fraud-proofing of spending programmes;
- ● effective investigation capacity and timely exchange of information;
- ● swift correction (including recovery of defrauded funds and judicial/administrative sanctions);
- ● good cooperation between internal and external players, in particular between the EU and national authorities responsible, and among the departments of all EU institutions and bodies concerned;
- **effective internal and external communication on the fight against fraud.**

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CAFS Evaluation and Fraud Risk Assessment : strengths and weaknesses in the Commission's fraud risk management

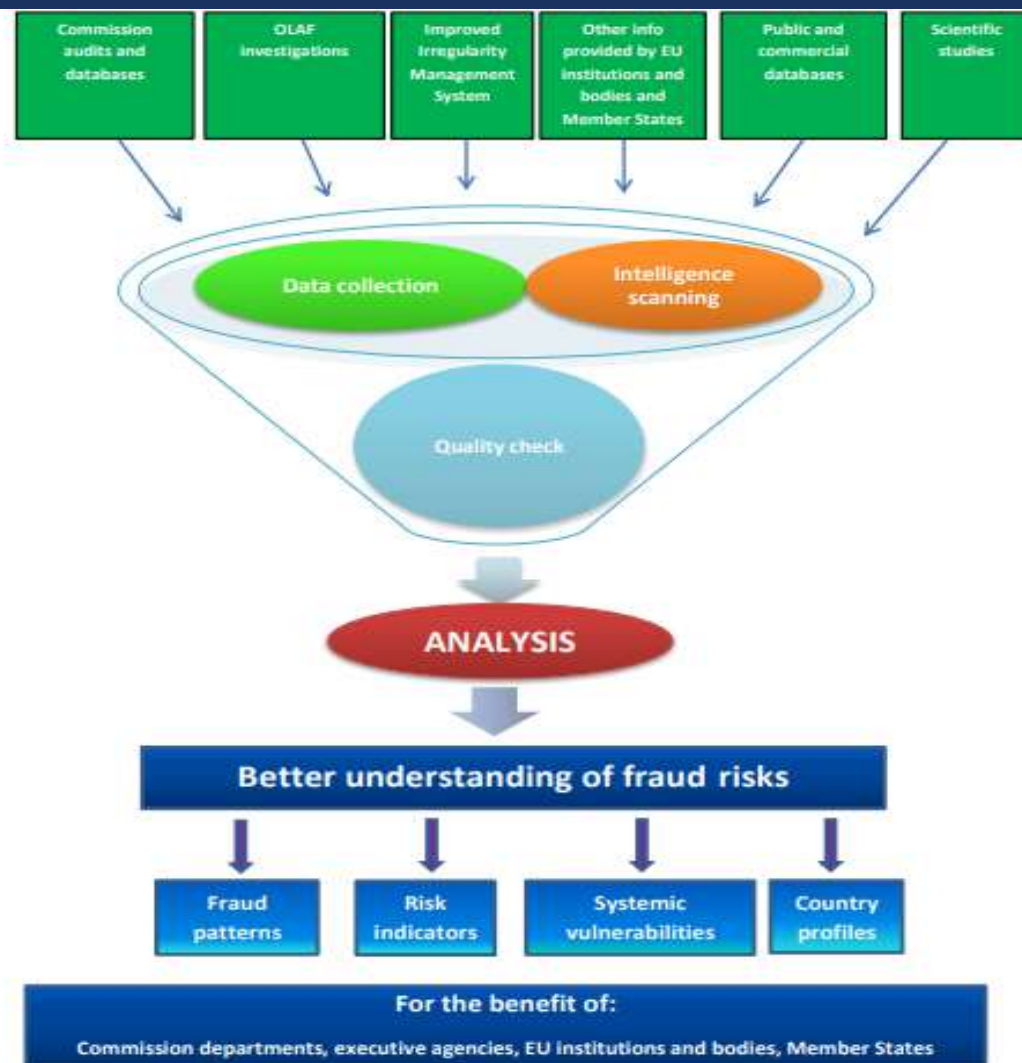
- **Strengths:**
- corporate anti-fraud strategy laying down coherent overarching principles;
- tailor-made anti-fraud strategies at service level, management plans and reporting,
- embedding fraud prevention and detection in internal control;
- support from OLAF and other 'central services' and exchange of best practices in
- dedicated fora for cooperation.

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CAFS Evaluation and Fraud Risk Assessment

- **Weaknesses:**
- gaps in IT-supported collection and strategic analysis of fraud-related data;
- lack of relevant and reliable indicators to make success in the fight against fraud
- more measurable;
- potential for more effective central coordination and oversight.

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The EPPO and the European Commission's anti-fraud STRATEGY 2019

- RESULTS produced by the the Anti-fraud Strategy



- 1 March 2023: Decision of the College of the European Public Prosecutor's Office of 1 march 2023: on the adoption of the single programming document of the European Public Prosecutor's Office for the period 2023-2025

The EPPO and the European Commission's anti-fraud STRATEGY 2019

- **Mission Statement:** The EPPO'S mission stems from its legal framework and, specifically, Article 86 (2) of the Treaty on the Functioning of the European Union.

The European Public Prosecutor's Office investigates, prosecutes and brings to judgement the perpetrators of, and accomplices in, offences against the Union's financial interests, as determined by the EPPO Regulation.

It exercises the function of Prosecutor in the competent courts of the participating Member States in relation to such offences.

THE EPPO AND THE EUROPEAN COMMISSION'S ANTI-FRAUD STRATEGY 2019

- Foreword by the [European Chief Prosecutor Mrs Laura Kövesi](#): The 2023-2025 period will allow EPPO to demonstrate its added-value in the fight against serious cross-border financial crime. Previously only national authorities could investigate and prosecute fraud against the EU budget. Their powers stopped at national borders. Europol, the European Anti-Fraud Office (OLAF) and Eurojust lack the necessary competences to carry out criminal investigations and prosecutions. Protecting the EU Budget by fighting fraud and corruption will reinforce the rule of law in the EU, and the trust of the citizens in the European process. By its existence and functioning, the EPPO will reinforce the European commitment.

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Brief Summary of the key points reported in the 2019 Commission's Strategy: EU PROJECT for an area of freedom, security and justice (the original architecture has been amended so many times that the result is a "broader comfortable zone for the sovereignty of the MSs")

The Directive on EPPO replaces the European Communities Financial interests Convention of 26th July 1995 (the step from the Convention to the Directive is huge)

- - Money laundering
- - Corruption-
- - Counterfeiting of means of payment -
- - Computer Crime –
- - Organized Crime

THE EPPO AND THE EUROPEAN COMMISSION'S ANTI-FRAUD STRATEGY 2019

- General context.: with regard to the strategy there are 4 main issues:
 - Next Generation EU;
 - Rule of Law;
 - Eu and Global Anti fraud Strategy;
 - Cooperation with Partners:
 - Participating Member States
 - European Anti-Fraud Office (OLAF); EUROJUST; EUROPOL

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- **NEXT GENERATION EU**: IN THE PERIOD 2023-2025 MOST OF THE PAYMENT RELATED TO RECOVERY AND RESILIANCE FACILITY WILL TAKE PLACE



STRATEGY: DEEPER ENGAGEMENT WITH STAKEHOLDERS TO ANTICIPATE THE RISKS

For this reason several EU funding decisions incorporate a reference to the EPPO Office (**strengthening of the control**)

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- **RULE OF LAW:** Eu Budget payments can be withheld from countries in which breaches of the **rule of law** compromise management of the EU funds



Open Procedure against Hungary:

(block of funds , 7,2 Billion Euros for Next Generation EU)

In total 22 billion Euros of cohesion funds

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■ EU AND GLOBAL ANTI FRAUD STRATEGY:

- ❖ involvement of the EPPO in the overall anti-fraud architecture of the Union : support and development of synergies with networks of practitioners relevant to the activities of the EPPO: Financial Action Task Force (FAFT) and the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL);
- ❖ Close cooperation with Interpol and its Global Focal Point Network on Asset Recovery;
- ❖ Experience of relevant multi-lateral organizations all over the world in the framework of the Un Convention against Corruption (UNCAC) and the OECD Anti-Bribery Convention.

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- **COOPERATION WITH PARTNERS:** - Participating Member States: EDPs of the participating MSs
- European Anti-Fraud Office (OLAF); EUROJUST; EUROPOL
- strengthening of collaboration among agencies: the recent revisions of the respective legal FWs include specific rules on exchange of information, complementarity and avoidance of duplication: connections between their respective case management systems.

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- CASE MANAGEMENT SYSTEM: IT IS THE INFRASTRUCTURE THROUGH WHICH THE EPPO COMMUNICATES WITH THE PARTICIPATING MSs.

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The process to request the execution of measures
ex art. 31 of the EPPO Regulation

November 25th, 2022

Digital Transformation

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- **WORK PROGRAMME 2023-2025:** Monitoring of the action plan with corresponding Key Performance Indicators (KPIs) and longer term strategic goals



7 STRATEGIC OBJECTIVES ORGANISED AROUND **3 MAJOR ACTION AREAS** OF THE OFFICE

- CASEWORK
- COOPERATION/POLICY WORK
- ADMINISTRATIVE GOVERNANCE

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- **CASEWORK:** TARGET 2023-2025: Ensure effective analysis of incoming information from competent national authorities, IBOAs (Institutions, Bodies, Offices and Agencies of the EU) and private parties.

Figures: Crimes submitted by IBOAs: **103**

Numbers of IBOAs reports leading to a decision to initiate an investigation: **68**

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- **COOPERATION/POLICY WORK:** Develop a strategy on cooperation with third countries and international organizations;
 - Ensure more comprehensive protection of victims;
 - Increase strategic expertise in the field of asset recovery;
 - Study of new trends, risks and vulnerability in the PIF offences;
 - Strengthen EPPO position within the EU anti-fraud architecture

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■ ADMINISTRATIVE GOVERNANCE:

- a. Increase EPPO staff;
- b. Maintain a High level of expertise of the staff;
- c. 19 members of the EPPOs statutory staff continue to work to CMS Programme and associated systems components part of the CMS Programme so that gradually the system evolves as the EPPO's operation model matures and prepare for autonomy from the European Commission's digital services.

THANK YOU!

QUESTIONS?????

