

ECA: Fighting Fraud in the Cohesion Sector is Unsatisfactory

Thomas Wahl



News

AUTHOR

Thomas Wahl

Senior Researcher
Max Planck Institute for the
Study of Crime, Security and
Law

ISSN: 1862-6947

<https://eucriim.eu>



Member States made improvements in identifying fraud risks and in designing preventive measures, but detection, response, and coordination efforts must be considerably strengthened when it comes to tackling fraud in cohesion spending.

This is the main conclusion drawn by the European Court of Auditor's (ECA) [Special Report no. 06/2019](#). Although the Commission and Member States share the responsibility to counter fraud and any other illegal activities affecting the EU's financial interests, in the field of EU cohesion policy, the managing authorities in the Member States are primarily responsible for setting up proportionate and effective anti-fraud measures. It is especially apparent that incidences of reported fraud are significantly higher in EU cohesion spending compared to other areas of EU spending: around 40% of reported fraud cases and almost three quarters of the total amount (€1.5 billion) of irregularities relate to EU cohesion policy. Cohesion policy includes the European Regional Development Fund, the Cohesion Fund, and the European Social Fund.

Against this background, the ECA carried out an audit assessing whether managing authorities have properly met their responsibilities at each stage of the anti-fraud management process: fraud prevention, fraud detection, and fraud response.

The ECA found that managing authorities have improved their fraud risk assessment as regards cohesion funding for the 2014-2020 programming period. However, the ECA detected a number of flaws:

- Some Member States' analyses were not sufficiently thorough, and Member States generally have no specific anti-fraud policy;
- No significant progress towards proactive fraud detection and use of data analytics tools;
- Procedures for monitoring and evaluating the impact of prevention and detection measures often insufficiently monitored;
- As regards fraud response, managing authorities, in coordination with other anti-fraud bodies, not sufficiently responsive to all detected cases of fraud;
- Limited deterrent effect of correction measures;
- Insufficient coordination of anti-fraud activities;
- Suspicions of fraud not systematically communicated to investigation or prosecution bodies;
- Fraud cases underreported, affecting the reliability of figures in Commission PIF reports.

The ECA made a number of recommendations as a result of the audit. They are addressed to the Member States, the Commission, and the EU legislator. Member States are called upon to do the following:

- Develop formal strategies and policies to combat fraud against EU funds;
- Involve external actors in the process of fraud risk assessments;
- Improve the use of data analytics tools.

The Commission should monitor fraud response mechanisms in order to ensure consistency and encourage Member States to expand the functions of their Anti-Fraud Coordination Services (AFCOS).

For cohesion spending in the period 2021-2027, the Union legislator should make compulsory the adoption of national strategies or anti-fraud policies and the use of proper data analytics tools. Furthermore, it should introduce sanctions and penalties for those responsible for fraud against the EU's financial interests. Ultimately the EU should lay down minimum rules for AFCOS to ensure effective coordination.

For the 2021-2027 programme, the ECA also made recommendations for more performance-orientated cohesion spending in a [Briefing Paper](#) issued on 20 June 2019.

The Special Report is available in 23 EU languages. It also contains a response by the Commission to the findings of the ECA.

About eucrim

eucrim is the leading journal which regularly informs about current developments in European criminal and "criministrative" law.

All news items are freely accessible at: <https://eucrim.eu/news/>

Stay informed by emailing to eucrim-subscribe@csl.mpg.de to receive alerts for new releases of issues.

The project is co-financed by the [Union Anti-Fraud Programme \(UAFP\)](#), managed by the [European Anti-Fraud Office \(OLAF\)](#).



**Co-funded by
the European Union**