

Procedure file

Basic information	
COS - Procedure on a strategy paper (historic) 1997/2285(COS)	Procedure completed
Fight against fraud and corruption: good financial and administrative management. Report	
Subject 8.70.04 Protecting financial interests of the EU against fraud	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control		25/11/1997
		PSE BÖSCH Herbert	
	Committee for opinion	Rapporteur for opinion	Appointed
	LIBE Civil Liberties and Internal Affairs		27/01/1998
		PSE D'ANCONA Hedy	
Council of the European Union			

Key events			
18/11/1997	Non-legislative basic document published	SEC(1997)2198	Summary
16/01/1998	Committee referral announced in Parliament		
02/09/1998	Vote in committee		Summary
02/09/1998	Committee report tabled for plenary	A4-0297/1998	
06/10/1998	Debate in Parliament		
07/10/1998	Decision by Parliament	T4-0558/1998	Summary
07/10/1998	End of procedure in Parliament		
26/10/1998	Final act published in Official Journal		

Technical information	
Procedure reference	1997/2285(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142

Stage reached in procedure	Procedure completed
Committee dossier	CONT/4/09534

Documentation gateway					
Non-legislative basic document		SEC(1997)2198	18/11/1997	EC	Summary
Supplementary non-legislative basic document		RCC0008/1998	10/06/1998	CofA	Summary
Committee report tabled for plenary, single reading		A4-0297/1998 OJ C 328 26.10.1998, p. 0003	02/09/1998	EP	
Text adopted by Parliament, single reading		T4-0558/1998 OJ C 328 26.10.1998, p. 0073-0095	07/10/1998	EP	Summary

Fight against fraud and corruption: good financial and administrative management. Report

OBJECTIVE: to define a strategy for combating fraud and corruption in the Commission. **SUBSTANCE:** In its document the Commission considers that reforms are urgently needed in the organisation and internal operation of the Institutions and the Commission in particular, with regard to financial management and administration. There have already been many initiatives in this area, for example the SEM 2000 initiative with regard to protecting the Community's financial interests or more recently, MAP 2000 aiming to strengthen all the aspects of personnel policy and administration in the Institutions (in particular, to encourage a greater sense of responsibility among staff). The document points out, however, that more needs to be done with regard to internal Commission services. In particular, (1) a new single structure is needed for the administration and technical management of financial assistance granted by the Community to third countries (with transparent and uniform procedures for tendering, etc.); (2) effective measures must be put in place to detect and punish irregularities, fraud and corruption within the Commission itself. The document concentrates on this last point and envisages a strategy for combating corruption entailing a 'graduated' response to misconduct. Various approaches are described to reinforce financial management and administration in the Commission : - strengthening the role of the UCLAF (Commission Anti-Fraud Unit) with regard to investigations, to ensure its independence and power to investigate and to strengthen its relations with the Member States' judicial and penal authorities ; stricter obligations to cooperate with this service must be placed on officials; - investigations: as fraud can affect several Commission units, the aim is to set up a permanent monitoring group acting as a horizontal task force; there would also be, as needed, an independent unit of 'people with authority' in parallel with the existing services; - changes to the disciplinary code for officials: the Commission hopes in particular that the role and composition of the disciplinary board will be revised and a provision introduced in the Staff Regulations to emphasise the obligation of 'loyalty' in serious situations; the range of sanctions must also be widened and appropriate measures adopted to suspend staff; - waiving the immunity of officials and other staff: the Commission considers that, when justified by the situation, accelerated procedures should be used to waive immunity. It should also be possible to authorise searches in Commission premises when this is justified (this procedure already exists, but is very complex).?

Fight against fraud and corruption: good financial and administrative management. Report

OBJECTIVE: presentation of the Court of Auditors Special Report 8/98 on the Commission Anti- Fraud Unit (UCLAF). **SUBSTANCE:** This report is concerned with the organisation and operation of the Commission services responsible for combating fraud and primarily the anti-fraud unit UCLAF. It lists the tasks, powers and human resources of this structure and the measures implemented by the Commission to combat fraud. Since 1990 the Commission has substantially increased its measures to combat fraud against Community funds, which has made it possible to set up a more appropriate legal and administrative framework. At the end of 1994, the UCLAF began to be organised as a central unit for combating fraud, with expertise in the areas of finance, police, customs, the law and taxation. The report, notes, however that improvements are needed with regard to security, internal management (information systems in particular) and with regard to cooperation with the responsible authorities in the Member States. It notes also that there are problems with regard to the UCLAF's results. Information provided by the Member States on recoveries is unreliable (there is no distinction between recovery brought about by the national authorities and by UCLAF). The legal instruments recently put in place to assist UCLAF in its task have only limited scope. The Court considers that UCLAF needs a management system with complete information on the status of current or former cases from the moment that information is received or obtained until the trial and recovery procedure. The Commission has taken steps under an ambitious programme aiming to combat fraud on all fronts simultaneously (SEC(97)2182): prevention, enforcement, administrative and judicial cooperation, but considerable efforts are still needed to implement these initiatives. The report points out the eminently transnational nature of fraud, while the enforcement agencies have to respect a multiplicity of different national procedures and act independently, thus wasting time. The Court considers that it is essential to speed up and improve cooperation between UCLAF and the Member States' judicial authorities. In particular, a 'European Law Enforcement Area' must be rapidly created with clear objectives reflecting the specific responsibilities of the Institutions with regard to protecting the Community's financial interests. The Court points out the delicate and still uncertain role of UCLAF in some areas. Its tasks are concerned with fraud in the area of the first pillar, but it also has responsibilities for investigations in the area of the third pillar, without the support of an independent European judicial authority able to launch and conduct investigations and prosecutions. The role and room for manoeuvre of UCLAF should now be better defined and all the legal instruments (conventions) should be ratified as soon as possible, which would make it possible for the tasks of each one to be better defined. The Court raises the problem of competence of UCLAF. It is not authorised to conduct enquiries in the other Community Institutions, which limits its field of activity. The Court considers it essential to plug this loophole and define the responsibilities of EUROPOL and UCLAF to ensure synergy and greater efficiency.?

Fight against fraud and corruption: good financial and administrative management. Report

The Committee adopted the report by Herbert BÖSCH (PES, A) proposing that an Anti-Fraud Office (OLAF) be set up by a joint decision of Parliament, the Council, the EU Court of Justice and the EU Court of Auditors. The report calls on the Commission to submit a proposal for a decision no later than 1st October 1998. The OLAF would replace the Commission's existing Unit for the Coordination of Fraud Prevention (UCLAF). The Bösch report, which is due to be debated at the Strasbourg plenary in September, is broadly based on Court of Auditors' Special Report 8/98, which concludes that the results achieved to date by UCLAF are insufficient, especially in the light of the growing need to combat fraud. According to the Court, much remains to be done to improve the organisation of UCLAF. Shortcomings in the areas of staffing as well as the legal and organisational framework of the unit need to be looked at. Parliament's report calls on the Commission to include in its proposal an extension of the powers currently held by UCLAF so that internal investigations can be carried out in all the EU institutions. The institutions should provide any information which OLAF deems necessary for its investigations. The competent judicial authorities should be informed of the findings of the investigations. To this end, OLAF should have experts, appointed by national prosecutors, who would liaise with national judicial authorities. The work of OLAF should be supervised by a Board of Directors made up of members appointed by the institutions and would be supervised by body of five highly qualified independent persons. The report suggests a staff level of 300 posts (as compared with UCLAF's present figure of 130). Lastly, the report calls on the Commission, once the Amsterdam Treaty has entered into force (see Article 280 thereof), to submit proposals for regulations dealing with cooperation between the EU institutions and national judicial authorities. These regulations would replace existing conventions and protocols designed to combat fraud, which have so far been a dead letter because of the Member States' failure to ratify them.?

Fight against fraud and corruption: good financial and administrative management. Report

In adopting the report by Mr Herbert BÖSCH (PSE, A) on UCLAF, the European Parliament proposed the setting-up of an Anti-Fraud Office (OLAF) by joint decision of the European Parliament, the Council, the European Court of Justice and the European Court of Auditors. The Commission was called upon to submit by 1 December 1998 a proposal for a decision to this end. Deploring the shortcomings and ineffectiveness of UCLAF as revealed by Special Report 8/98 by the Court of Auditors, Parliament called for the future Commission proposal to incorporate the following elements: -OLAF should replace the Commission's present Unit for the Coordination of Fraud Prevention (UCLAF) and should be granted extensive powers of inquiry into the administrations of all the European Union's institutions. The latter should provide any information which OLAF deems necessary for the purposes of investigations; -the outcome of the investigations should be communicated to the competent judicial authorities. To that end, a unit should be set up within OLAF consisting of experts, appointed by the national prosecutors, who would be responsible for liaising with the national judicial authorities; -the work of OLAF should be managed by a Board of Directors whose members should be appointed by the institutions, and OLAF's work should be supervised by a supervisory body composed of five people appointed by Parliament with the assent of the other institutions, being persons whose independence is beyond doubt and who possess the qualifications required for appointment to high judicial office; -the decision to institute an investigation should be taken by the Director of OLAF, either at the request of an institution or on his own initiative. He would be appointed by the Commission, with the approval of Parliament, for 5 years. He could be dismissed at the request of the Board of Directors; -the OLAF budget should be published in Part A of the Commission's budget. As regards OLAF's Establishment Plan, the report proposed 300 posts (as against approximately 130 at UCLAF at present), of which half would initially be temporary posts, with an appropriate percentage of the officials in Category B. Specific recruitment procedures should be used for that purpose. As far as OLAF's geographical location was concerned, Parliament proposed that it should have departments in Brussels and Luxembourg, as well as branch offices set up in the Member States or third countries on a permanent or temporary basis. Parliament called on the Commission, immediately after the entry into force of the Treaty of Amsterdam, on the basis of the new Article 280 of the EC Treaty, to submit proposals for regulations dealing with: cooperation between the Union's institutions and the national judicial authorities, OLAF's exercise of its powers (the power to bring proceedings, protect files, etc.), judicial scrutiny of the work of OLAF, and the requirement for officers of OLAF to take the oath. These Regulations should replace the conventions and protocols on combating fraud that had not been ratified by the Member States and were therefore as yet inoperative.?