Fight against fraud and protection of financial interests of the Communities. Annual report 2001

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The Council takes note of the annual report 2001 from the Commission on the protection of the Communities' financial interests and the fight against fraud. It recognises that the report is the responsibility of the Commission; however, reiterates its wish expressed in the Council conclusions concerning the annual report 2000 that the Advisory Committee for the Co-ordination of Fraud Prevention (Cocolaf) in the future should be consulted on the entire report in due time before its presentation and publication. In addition, it notes the pursuit of important efforts both at Community level and in the Member States to adopt legislative measures providing for a more effective protection of the Communities' financial interests and fight against fraud, and invites all those concerned to continue these efforts. In this context, stresses the importance of the European Anti-Fraud Office (OLAF) being able to continue to perform its tasks in an independent and efficient manner. It underlines the importance of Cocolaf being consulted in advance on any legislative initiative in the European Union framework concerning the protection of the Communities' financial interests and the fight against fraud, as well as the importance of OLAF in the incorporation of effective measures to prevent fraud and irregularities in legislative proposals. The Council considers that the new financial regulation that the Council adopted on 25 June 2002 will contribute to the improvement of financial management and control, and thus to the strengthening of the protection of the Communities' financial interests and of the fight against Fraud. Moreover, the Council notes the reported decrease in the number of cases of fraud and other actual or suspected irregularities notified by the Member States in 2001. The Commission and the Member States are invited to pursue work as regards harmonisation of the approach applied to distinguish between suspected fraud and other irregularities. The Council also takes note of the progress made in the field of strengthening the co-operation between the Commission and the Member States. Considers that the development of such co-operation is essential for the protection of the Communities' financial interests and the fight against fraud. It considers that progress should be made e.g. in recovering amounts unduly paid out. Moreover, great importance is attached to the reinforcement of co-operation amongst Member States in the field of the protection of the Communities' financial interests and fight against fraud. There is also a need for improved co-operation amongst OLAF, Europol and Eurojust. The Council reiterates the importance it attaches to the participation of third countries, and especially the candidate countries, in action to fight fraud, and to their co-operation with OLAF. The Commission is invited to present a full summary of activities and actions undertaken in this field in the 2002 annual report. The Council welcomes the fact that all Member States have ratified the Convention of 26 July 1995 on the protection of the financial interests of the European Communities and a number of Protocols. Calls on Member States which have not yet done so to ratify the remaining Additional Protocol. It notes the state of discussions held within the Council on 28 February 2002 on the green paper on criminal law protection of the financial interests of the Community and the establishment of a European Prosecutor and welcomes the that controls concerning the expenditure managed directly by the Commission are subject to a specific presentation in the annual report. The Commission is however invited to elaborate the content of the presentation in the future. It regrets that the Commission has not followed up, in its annual report 2001, the request formulated in the Council conclusions concerning the annual report 2000 for presentation of a balance sheet of the results and costs involved in the framework of the Action Plan for 2001-2003 on the overall strategic approach concerning the protection of the Communities' financial interests and the fight against fraud. The Commission is also requested to present a balance sheet of the results and costs relating to OLAF's activities in the 2002 annual report. Lastly, it recalls that following a request made by the Council in its conclusions of 17 July 2000, the Commission presented a timetable for the implementation of the overall strategy to protect the Communities' financial interests in the form of an Action Plan covering the years 2001-2003. It also emphasises in this context the importance of: - Continuing the establishment of a Community service platform, including an inventory of supplies and services that

OLAF can provide; - Developing an investigation policy based on strategic and operational analysis of information on fraud, other irregularities and recoveries reported by the Member States.