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**“I” ITEM NOTE**

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from: General Secretariat of the Council  
to: Permanent Representatives Committee

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Subject: Standard provision on the protection of the financial interests of the Union in  
spending programmes under the new MFF (direct expenditure and external aid)

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1. On 16 March 2012, the Friends of the Presidency (MFF) group entrusted the Working Party on Combating Fraud with the preparation of a standard provision on the protection of the financial interests of the Union in spending programmes under the new MFF (direct expenditure and external aid).

2. The Working Party on Combating Fraud examined this standard provision at its meetings on 21 March and 24 April 2012, and agreed on the text in Annex 1, with a view to include it in the legal bases listed in Annex 2.
  
3. The Presidency invites COREPER to :
  - a) endorse the standard provision on the protection of the financial interests of the Union in spending programmes under the new MFF (direct expenditure and external aid) as set out in Annex 1 and
  
  - b) instruct the competent Working Parties to examine the specific additional provisions (highlighted in Annex 2) in the following legal bases:
    - Horizon 2020 - The Framework Programme for Research and Innovation,
    - Connecting Europe Facility,
    - Erasmus for all, and
    - Regulation establishing common rules and procedures for the implementation of the Union's instruments for external action.

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*Article XX*

*Protection of the financial interests of the Union*

1. The Commission shall take appropriate measures ensuring that, when actions financed under this [Regulation] [Programme]<sup>(\*)</sup> are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties.
2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on the spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds under the Programme<sup>(\*)</sup>.
3. The European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)<sup>1</sup> and Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities<sup>2</sup> with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded under the Programme<sup>(\*)</sup>.

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(\*) To be replaced if necessary by the appropriate term used in the relevant basic act (e.g. "Mechanism", "Instruments").

<sup>1</sup> OJ L 136, 31.5.1999, p. 1.

<sup>2</sup> OJ L 292, 15.11.1996, p. 2.

4. Without prejudice to paragraphs 1, 2 and 3, cooperation agreements with third countries and with international organisations, contracts, grant agreements and grant decisions, resulting from the implementation of this [Regulation] [Programme]<sup>(\*)</sup> shall contain provisions expressly empowering the Commission, the Court of Auditors and OLAF to conduct such audits and investigations, according to their respective competences.

**Recital xx**<sup>1</sup>

"The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties in accordance with Regulation (EU) No XXXX/2012 of the European Parliament and of the Council on the financial rules applicable to the annual budget of the Union<sup>2</sup>."

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<sup>(\*)</sup> To be replaced if necessary by the appropriate term used in the relevant basic act (e.g. "Mechanism", "Instruments").

<sup>1</sup> This recital shall accompany the standard provision on the protection of the financial interests of the Union in spending programmes under the new MFF (direct expenditure and external aid).

<sup>2</sup> OJ C [...], [...], p. [...].

Programme	Interinstitutional File	Article	Comments
Health for Growth Programme	2011/0339 (COD)	<p data-bbox="347 696 379 1328"><i>Protection of the financial interests of the European Union</i></p> <p data-bbox="411 555 703 1491">1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p> <p data-bbox="767 562 887 1491">2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds.</p> <p data-bbox="951 562 1259 1417">The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p>	

		<p>Without prejudice to the first and second subparagraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
<p><b>Consumer programme 2014-2020</b></p>	<p>2011/0340 (COD)</p>	<p style="text-align: center;"><i>Article 14</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the Union</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/9617 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p>	

		<p>Without prejudice to the first and second subparagraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
<p><b>Horizon 2020 - The Framework Programme for Research and Innovation</b></p>	<p>2011/0401 (COD)</p>	<p style="text-align: center;"><i>Article 24</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the Union</i></p> <ol style="list-style-type: none"> <li>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</li> <li>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks and inspections, over all grant beneficiaries, contractors, subcontractors and other third parties who have received Union funds under Horizon 2020.</li> <li>3. Without prejudice to paragraph 3, audits by the Commission may be carried out up to four years after the final payment.</li> </ol> <p>The European Anti-Fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/9620 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p>	<p>Explicit limitation of audits to four years after the final payment in the Horizon 2020 programme.</p>

<p><b>European statistical programme 2013–2017</b></p>		<p>2011/0459 (COD)</p>	<p>4. Without prejudice to paragraphs 1, 2 and 3, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and the OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
<p><b>European statistical programme 2013–2017</b></p>		<p>2011/0459 (COD)</p>	<p style="text-align: center;"><i>Article 12</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the European Union</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks, over all grant beneficiaries, contractors and subcontractors who have received funding within the framework of this Regulation.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot check and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or grant decision or contract funded under this Regulation.</p>	



		<p>Without prejudice to the first and second subparagraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
<p><b>Union Civil Protection Mechanism</b></p>	<p>2011/0461 (COD)</p>	<p style="text-align: center;"><i>Article 27</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the Union</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Decision are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on the spot, over all grant beneficiaries, contractors and subcontractors, who have received Union funds under this Decision.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement, grant decision or a contract concerning Union funding.</p>	

		<p>Without prejudice to paragraphs 1 and 2, cooperation agreements with third countries and international organisations, grant agreements, grant decisions and contracts resulting from the implementation of this Decision shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
<p><b>Programme for the competitiveness of enterprises and small and medium-sized enterprises (COSME)</b></p>	<p>2011/0394 (COD)</p>	<p style="text-align: center;"><i>Article 15</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the Union</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of amounts wrongly paid and, where appropriate, by effective, proportionate penalties that act as a deterrent.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks, over all grant beneficiaries, contractors and subcontractors and other third parties who have received Union funds under this Regulation.</p> <p>3. The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement- or grant decision or a contract concerning Union funding.</p>	

<p><b>Programme for the Environment and Climate Action (LIFE)</b></p>	<p>2011/0428 (COD)</p>	<p>4. Without prejudice to the first and second sub-paragraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct audits, on-the-spot checks and inspections.</p>	
<p><i>Article 28</i> <i>Protection of the financial interests of the Union</i></p>		<p>1. The Commission shall take appropriate measures to ensure that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks, over all beneficiaries, contractors and subcontractors who have received Union funds under the Programme.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p>	

		<p>Without prejudice to the first and second subparagraphs, cooperation with third countries and international organisations and grant agreements, grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p> <p>3. The beneficiary of financial assistance shall keep available to the Commission, for a period of five years following the last payment in respect of any project, all supporting documents regarding the expenditure on that project.</p>	
<p><b>Regulation on the implementation and exploitation of European satellite navigation systems</b></p>	<p>2011/0392 (COD)</p>	<p><i>Article 31</i></p> <p><i>Protection of the Union's financial interests</i></p> <p>1. The Commission shall take the appropriate measures to ensure that the financial interests of the Union are protected when actions financed under this Regulation are implemented, by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of amounts unduly paid and, if necessary, by effective, proportional and dissuasive penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of document and on-the-spot checks, over all grant beneficiaries, contractors and subcontractors who have received Union funds under this Regulation.</p>	

<p><b>Action programme for customs and taxation in the European Union for the period 2014-2020 (FISCUS)</b></p>	<p>2011/0341 (COD)</p>	<p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/9627 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or decision or a contract concerning Union financing.</p> <p>Without prejudice to the first and second subparagraphs, international agreements with third countries and international organisations, grant agreements, grant decisions and contracts resulting from the application of this Regulation shall expressly entitle the Commission, the Court of Auditors and OLAF to conduct these audits and these on-the-spot checks and inspections.</p>	
		<p style="text-align: center;"><i>Article 12</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the Union</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks and inspections, over all grant beneficiaries, contractors and subcontractors who have received Union funds.</p>	

		<p>3. The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities<sup>33</sup> with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p> <p>4. Without prejudice to paragraphs 1,2 and 3, Framework Agreements, Association Council Decisions or similar Agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
<p><b>Justice Programme</b></p>	<p>2011/0369 (COD)</p>	<p style="text-align: center;"><i>Article 12</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the Union</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p>	

		<p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds under the Programme.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p> <p>Without prejudice to the first and second sub-paragraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
<p><b>Rights and Citizenship Programme</b></p>	<p>2011/0344 (COD)</p>	<p style="text-align: center;"><i>Article 11</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the Union</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p>	

		<p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds under the Programme.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p> <p>Without prejudice to the first and second sub-paragraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>
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<p><b>Connecting Europe Facility</b></p>	<p>2011/0302 (COD)</p>	<p style="text-align: center;"><i>Article 23</i></p> <p style="text-align: center;"><i>Protection of the Union's financial interests</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportional and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, implementing bodies, contractors and subcontractors who have received Union funds.</p> <p>3. The European Anti-Fraud Office (OLAF) shall be authorised to carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities<sup>46</sup> with a view to establishing that there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or decision or a contract concerning Union funding.</p> <p>The wording takes into account the specific role of Member States in the programme.</p>
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<p><b>European Union Programme for Social Change and Innovation</b></p>	<p>2011/0270 (COD)</p>	<p>4. Without prejudice to the previous paragraphs, cooperation agreements with third countries and international organisations and grant agreements and decisions and contracts resulting from the implementation of this Regulation shall expressly entitle the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
<p><b>Protection of the financial interests of the Union</b></p> <p><i>Article 12</i></p> <p>1. The Commission shall take appropriate preventive measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of amounts wrongly paid and, where appropriate, by effective, proportional and deterrent penalties, in accordance with Article 325 of the Treaty, Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests<sup>16</sup> and the Financial Regulation.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors as well as third parties who have received Union funds. OLAF shall be authorised to carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities<sup>17</sup> with a view to establishing any fraud, corruption or other illegal activity in connection with a grant agreement or decision or a contract concerning Union funding.</p>			

		<p>3. Without prejudice to paragraphs 1 and 2, decisions, agreements and contracts resulting from the implementation of this Regulation shall expressly entitle the Commission, including OLAF, and the Court of Auditors to conduct such audits, on-the-spot checks and inspections.</p>	
<p><b>Hercule III programme to promote activities in the field of the protection of the European Union's financial interests</b></p>	<p>2011/0454 (COD)</p>	<p style="text-align: center;"><i>Article 12</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the Union</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds under the Programme.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p>	

		<p>Without prejudice to the first and second sub-paragraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
<p><b>Exchange, assistance and training programme for the protection of the euro against counterfeiting (the 'Pericles 2020' programme)</b></p>	<p>2011/0449 (COD)</p>	<p style="text-align: center;"><i>Article 13</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the European Union</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when activities financed under this Regulation are implemented, the financial interests of the Union are protected through the application of preventive measures against fraud, corruption and any other illegal activities, through effective checks and, if irregularities are detected, through the recovery of the amounts wrongly paid and, where appropriate, effective, proportionate and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on the spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds under the Programme.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p>	

<p><b>Europe for Citizens</b></p>	<p>2011/0436 (APP)</p>	<p>Without prejudice to the first and second subparagraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
		<p style="text-align: center;"><i>Article 13</i></p> <p style="text-align: center;"><i>Protection of the European Union's financial interest</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds under the Programme.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p>	

Erasmus for all	2011/0371 (COD)	<p>Without prejudice to the first and second sub-paragraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
		<p style="text-align: center;"><i>Article 25</i></p> <p style="text-align: center;"><i>Principles of the control system</i></p> <p>1. Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective controls and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.</p> <p>2. The Commission shall be responsible for the supervisory controls with regard to the Programme actions managed by the National Agencies. It shall set the minimum requirements for the controls by the National Agency and the independent audit body.</p> <p>3. The National Agency shall be responsible for the primary controls of grant beneficiaries for the Programme actions as referred to in Article 22(2). These controls shall give reasonable assurance that the grants awarded are used as intended and in compliance with the applicable Union rules.</p>	<p>The wording takes into account that the programme is managed by National Agencies.</p>

		<p>4. With regard to the Programme funds transferred to the National Agencies, the Commission will ensure proper coordination of its controls with the National Authorities and the National Agencies, on the basis of the single audit principle and following a risk-based analysis. This provision does not apply to OLAF investigations.</p> <p style="text-align: center;"><i>Article 26</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the European Union</i></p> <p>1. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors, subcontractors and other third parties who have received Union funds. They may also conduct audits and controls of the National Agencies.</p> <p>2. The European Anti-fraud Office (OLAF) may carry out on-the-spot controls and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedure laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or grant decision or a contract concerning Union funding.</p> <p>The wording takes into account that the programme is managed by National Agencies.</p>
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		<p>3. Without prejudice to the paragraphs 1 and 2, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot controls and inspections.</p>	
<p><b>Creative Europe Programme</b></p>	<p>2011/0370 (COD)</p>	<p style="text-align: center;"><i>Article 20</i></p> <p style="text-align: center;"><i>Protection of the financial interests of the European Union</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the restitution of the amounts wrongly paid and, where appropriate, by effective, proportional and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds. The European Anti-fraud Office (OLAF) may be authorised to carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in the Regulation (Euratom, EC) No 2185/96 with a view to establishing that there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or decision or a contract concerning Union funding.</p>	



<p><b>Regulation establishing common rules and procedures for the implementation of the Union's instruments for external action</b></p>		<p>2011/0415 (COD)</p>	<p>3. Without prejudice to the first sub-paragraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Programme shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, verifications or on-the spot checks Regulation XX/2012 [the Financial Regulation].</p>	
		<p><i>Article 7</i></p> <p><i>Protection of the financial interests of the Union</i></p> <p>1. The Commission shall take appropriate measures to ensure that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery, or where appropriate in cases where the state or a public institution of a third country is the beneficiary, the restitution, of the amounts wrongly paid. Where appropriate, effective, proportionate and deterrent penalties shall also be applied.</p> <p>2. The Commission and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors and other third parties who have received Union funds.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/966 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union, in connection with a grant agreement or grant decision or a contract concerning Union funding.</p>	<p>The term "<i>restitution</i>" instead of "<i>recovery</i>" takes into account that if EU funds are transferred to a trust fund, the funds affected by fraud are in general returned to the trust fund and not recovered by the Commission.</p>	

<p><b>Regulation on the European Maritime and Fisheries Fund (Title VIII - Implementation under direct management)</b></p>	<p>2011/0380 (COD)</p>	<p>Without prejudice to the first and second sub-paragraphs, agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
		<p><i>Article 145</i></p> <p><i>Protection of Union financial interests</i></p> <p>1. The Commission shall take appropriate measures ensuring that, when operations financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective proportional and deterrent penalties.</p> <p>2. The Commission or its representatives and the Court of Auditors shall have the power of audit on the basis of documents and on-the-spot checks, over all beneficiaries, contractors and sub-contractors who have received Union funds.</p> <p>The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any illegal activity affecting the financial interests of the European Union in connection with a grant agreement or decision or a contract or concerning Union funding.</p>	

		<p>Without prejudice to the previous subparagraphs, cooperation agreements with third countries and international organisations, grant agreements, decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.</p>	
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