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'I/A' ITEM NOTE

From: Working Party on Combating Fraud
To: Permanent Representatives Committee/Council
Subject: Council conclusions on the European Court of Auditors' special report
No 1/2019: Fighting fraud in EU spending: action needed
- Adoption

1. On 27 March 2019, the Permanent Representatives Committee instructed the Working Party on Combating Fraud to examine the European Court of Auditors' special report No 1/2019 entitled "Fighting fraud in EU spending: action needed"¹ and to draw the relevant conclusions².
2. On 11 April 2019, the Working Party on Combating Fraud reached an agreement on the draft Council conclusions annexed hereto, on the basis of a proposal presented by the Presidency.
3. It is suggested that the Permanent Representatives Committee advise the Council to adopt the draft Council conclusions in the Annex as an "A" item on the agenda of a forthcoming meeting.

¹ OJ C 18, 15.01.2019, p. 2.

² Doc. 5187/19.

DRAFT COUNCIL CONCLUSIONS

**on the European Court of Auditors' special report No 1/2019: Fighting fraud in EU spending:
action needed**

THE COUNCIL OF THE EUROPEAN UNION:

1. WELCOMES the European Court of Auditors' (the Court) special report on fighting fraud in EU spending. STRESSES that fraud detection and prevention is essential for the EU's financial management and RECOGNISES the importance of the fact that the Commission and the Member States have a shared responsibility to counter fraud and any other illegal activities affecting the financial interests of the Union.
2. TAKES NOTE of the Court's observations concerning the amount and level of information on EU fraud available to the Commission. ACKNOWLEDGES, however, the substantial efforts undertaken by the Commission and OLAF to collect comprehensive information and RECOGNISES the need for a proportionate approach to collecting more information in comparison to the financial benefits.
3. SUPPORTS the Court's recommendation to the Commission and the Member States to make better use of fraud prevention tools and CALLS ON the Commission to continue working with the Member States on improving irregularity reporting, notably through the Irregularity Management System (IMS).
4. Notes with concern the Court's opinion on the low rate of recovery of misused funds recommended to be recovered pursuant to the European Anti-Fraud Office's (OLAF) investigations and the low rate of follow up of judicial recommendations and calls on the Commission and Member States to improve it.

5. LOOKS FORWARD to the publication by the Commission of the study on Member States' compliance with the requirement to carry out a fraud risk assessment as required by the Common Provision Regulation¹ and CALLS ON the Commission and the Member States to improve follow-up of OLAF investigations.
6. NOTES the Court's recommendation to reconsider OLAF's role and responsibilities in combatting fraud in EU spending in light of the establishment of the European Public Prosecutor's Office (the EPPO) and HIGHLIGHTS the ongoing work of the Working Party on Combating Fraud in the discussions on the proposal for amendments to Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office (OLAF)² to the new situation.
7. INVITES the Court to keep the Council updated in the coming years on the progress made by the Member States and the EU institutions in improving financial management of EU funds, notably on the impact of the EPPO in fighting EU fraud, and, in particular, to consider and monitor concrete recommendations for improvements.

¹ See Article 125(4)(c) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

² Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).