

# Legal aspects of protection of the financial interests of the European Union

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## Abstract:

The foundations and the operating framework of the institutions of the European Union and its Member States are determined by legal acts established at the EU level. The legal bases at the EU level contain key standards in the scope of protection of the financial interests of the European Union and are the main determinants for the individual EU countries when their legal institutions create legal bases at the national level. The aim of this article is to present the main legal basis for the protection of the financial interests of the European Union at the EU level, which will help to examine the impact of these provisions on detecting irregularities and fraud in the EU.

**Keywords:** budget, European Union, irregularities, legal basis

## Prawne aspekty ochrony interesów finansowych Unii Europejskiej

### Streszczenie:

Podstawy oraz ramy działania instytucji Unii Europejskiej i jej państw członkowskich wyznaczają akty prawne ustanawiane na poziomie unijnym. Podstawy prawne na poziomie unijnym zawierają kluczowe normy w zakresie ochrony interesów finansowych Unii Europejskiej oraz stanowią główne wyznaczniki dla poszczególnych państw UE przy tworzeniu przez ich właściwe instytucje podstaw prawnych na poziomie krajowym. Celem pracy jest przedstawienie głównych podstaw prawnych dotyczących ochrony interesów finansowych Unii Europejskiej na poziomie unijnym, co przyczyni się do zbadania wpływu tych przepisów na wykrywanie nieprawidłowości i nadużyć finansowych w UE.

**Słowa kluczowe:** budżet, Unia Europejska, nieprawidłowości, podstawy prawne

Discussions on the issues related to the protection of the financial interests of the European Union (EU) are increasingly undertaken by the organisation on the international forum. On a large scale, this issue is also the subject of debates among the individual EU Member States. In a more or less direct way, this topic has also appeared since the beginning of the founding of the European Communities, and later within the European Union. The EU institutions and bodies, as well as the national institutions of the EU Member States, are increasingly focused on increasing the protection of the EU financial interests and on the cooperation development in this area both between the EU and the Member States and directly between the countries themselves. It should be noted that this issue is also a frequent topic of discussions and debates taking place at the political arena of the member countries and in various types of scientific and advisory bodies.

The steadily growing importance of the European Union as an international organisation, the development of its main competences as well as the increasing general budget mean that the EU is becoming an increasingly important player on the international arena, having a significant impact on shaping the global reality. Bearing in mind the above mentioned statements, in the recent years inevitably, there is a noticeable development of the new forms of activities aimed at causing various types of damage to the organisation's budget. The evolution of various methods of action also contributes to an increase in crime to the detriment of the Union's financial interests. In particular, you can distinguish activities such as fraud in the use of the EU funds (use of improperly means allocation, formal and substantive errors in the implementation of individual projects, etc.), tax fraud affecting the EU finances, as well as smuggling and illegal trade in tobacco products and counterfitting (Zapobieganie W/W). Intensification of this type of activities requires from the Union and its Member States to undertake joint, wide-ranging activities to improve and develop international cooperation in preventing, counteracting and combating emerging financial crimes to the detriment of the European Union.

Regulating the protection of the EU's financial interests has also become necessary because more than half of its expenditure is allocated to beneficiaries through the Member States. The management of funds from the general budget by the EU countries requires constant monitoring and taking actions aimed at eliminating the resulting damage to the Union's financial interests (Kosikowski 2014: p. 104). In addition, managing the enormous amount of funds the European Union has at its disposal relative difficulties in an institutionally complex international environment. All illegal activities affecting the EU expenditure and income are hidden very quickly in order to avoid legal liability. The growing importance of the problem is under discussion and the need for rapid response has led to the establishment of certain key determinants the common principles and the adoption of legal regulations aimed at preventing, eliminating and punishing irregularities and fraud of a financial nature.

In recent years, numerous legal acts and various recommendations regarding the protection of the financial interests of the European Union have been created. The provisions

contained therein are primarily aimed at streamlining the processes for the protection of the financial interests of the European Union at the EU and national level, improving the management of the European Anti-Fraud Office (OLAF), strengthening procedural guarantees in investigations thanks to a multi-step approach leading to the smooth operation of the European Public Prosecutor's Office reforming Eurojust, ensuring better protection of the EU's financial interests, including through criminal law and through administrative investigations through an integrated policy to protect taxpayers' money and through the various Commission's anti-fraud strategies (European Parliament 2018: p. 2). The quantity, rank and complexity of the new legal acts and the other key documents regarding the area of protection of the financial interests of the European Union adopted at the EU level creates the necessity of addressing the impact on the scale of irregularities and fraud against the EU financial interests in Member States of that organisation.

The subject of the article is the issue of legal aspects of protecting the European Union's financial interests in the context of the scale of fraud and irregularities occurring in the Member States. The aim of the research is to identify the role and significance of the adopted legal bases for protecting the EU's financial interests and their indirect impact on the scale of fraud and irregularities reported by the Member States. Considering the purpose of the article, it should be noted that legal acts and other documents regarding the protection of the European Union's financial interests adopted at the EU level contribute to better protection of the EU's financial interests at national level. The analysis of the appropriate legal solutions is the answer to the following research questions: Can legislation on the protection of the EU financial interests established at the EU level have a positive impact on streamlining processes related to the adoption and implementation of legislation in this area at national level? Do more transparent rules established at both the EU and national level contribute to better detection and elimination of all irregularities? Does updating and adapting regulations and new documents at the EU level lead to an adequate level of protection of funds from the EU budget?

The main research method used in this work is the institutional and legal analysis. The sources studied are primary the EU law and, above all, the EU derivative law regulating issues in the broadly understood protection of the EU financial interests – regulations issued by the EU institutions. The author also uses the statistical method, due to the analysis of statistical data, i.e. the amount of irregularities and fraud reported by the Member States. Neo-functionalism and the theory of rational choice will help to explain integration processes in this area – in the context of analysing decision-making in the field of cooperation in the protection of the EU financial interests. Due to the complexity, diversity and specificity of the functioning of legal systems in individual Member States, only solutions at the EU level have been analysed, not solutions at the national level. The choice is also justified due to the fact, that at EU level a fundamental framework is set up, based on which countries set up their own measures to protect the EU's financial interests. At the same time, the author is aware of the undeniable impact of domestic legal solutions on the existing level of irregularities and financial fraud. The article is a general outline of the complex subject of the legal basis in this field.

The author focuses on selected legal bases, without considering the rich history of the creation and shaping of individual legal acts in the field of protection of the EU financial interests and concerning specific types of irregularities and frauds to the detriment of the EU budget.

The first part of the article will characterise the treaty foundations regarding the protection of the EU's financial interests in general. Next, the author will discuss acts of secondary law, which play a significant role in the discussed area, taking into account the key topics contained in them, as well as the other legal acts and documents. Then, statistical data on detected irregularities and fraud will be analysed. The article ends with a summary, in which the author draws attention to the basic problems and challenges for the Member States and the EU in the studied area. This division will allow to systematise and indicate currently applicable basic documents from the analysed scope, and will also contribute to clarifying the research problems.

### **Treaty basis**

The key issues related to the protection of the EU financial interests are contained in Part Six, Title II, Chapter 6 of the Treaty on the Functioning of the European Union (TFEU). Currently, the main treaty basis for the protection of the financial interests of the European Union is art. 325 TFEU. Paragraph 1 of this article states that "the Union and the Member States shall combat fraud and any other illegal activities affecting the Union's financial interests by measures taken pursuant to this Article, which have a deterrent effect and provide effective protection in the Member States and in all institutions, bodies and the Union's organisational units". This article also points to the need for individual Member States to take the same measures to combat fraud that affects the financial interests of the EU that they use to combat such frauds, which are detrimental to the financial interests of their own countries. This reservation aims to oblige Member States to adequately protect the EU's financial interests and to treat this obligation as much as the protection of finance in specific countries. What is more, it gives the states some freedom in choosing methods and means, thanks to which they coordinate their activities aimed at protecting the EU's financial interests against fraud. The states cooperate closely and regularly with the European Commission, which gives them the opportunity to freely exchange information and orientate their activities thanks to consultations with the Commission.

In the field relating to judicial cooperation in criminal matters, according to art. 83 par. 2 TFEU, it is possible to set minimum standards for the determination of offenses and sanctions in a given field through directives, if approximation of criminal laws and regulations of the Member States proves necessary to ensure effective implementation of the EU policy in an area that has become subject to harmonizing measures. Article 84 TFEU indicates that the European Parliament and the Council may establish measures to promote and support Member States' activities in the field of crime prevention. The tasks of Eurojust referred to in Article 85 TFEU underline the promotion and strengthening

of coordination and cooperation between national and law enforcement investigating authorities regarding serious crime that affects two or more of the EU Member States or which requires joint prosecution. Attention should also be paid to art. 86 TFEU, where in paragraph 1 indicates that 'in order to combat crimes affecting the financial interests of the Union, the Council, acting by means of regulations in accordance with a special legislative procedure, may establish a European Public Prosecutor's Office based on Eurojust. As a consequence, the European Public Prosecutor's Office based in Luxembourg will start operating in 2020, more on this later in the article. In addition, art. 87 TFEU underlines that the Union is developing police cooperation involving all competent authorities in the Member States, including police, customs and other law enforcement agencies specializing in the prevention, detection and prosecution of crime. Crucial importance of Europol's is described in Article 88 TFEU. Europol's task is to support and strengthen police activities of the Member States and mutual cooperation in preventing and combating serious crime affecting two or more Member States, terrorism and forms of crime violating the common interest covered by the Union's policy.

The protection of the EU's financial interests and the fight against fraud are closely linked to budgetary control. The European Court of Auditors (ECA) has a particularly important role in the control of the European budget in the context of external audit. With regard to institutional provisions contained in the TFEU, in accordance with art. 287 TFEU, ECA audits the legality and regularity of income and expenditure, as well as ensures sound financial management, and signals any irregularities that arise. ECA audits the accounts of all the EU income and expenditure, as well as bodies or organisational units set up by the EU to the extent that the founding act does not exclude such control. It is worth mentioning that these controls can also be carried out locally also in Member States where they are carried out in conjunction with national audit institutions or other relevant control services. National institutions can participate in these audits if they express such a need and willingness. All these institutions cooperate with each other on the basis of mutual trust and maintain their independence.

It is worth noting that despite the frequent appearance in the various documents of the term "financial interests of the European Union", for a long time no attempt was made to define its definition, which did not appear in the treaty law. Similarly, the term of this is also not explained by the Court of Justice of the EU in its rulings (Pączek, Koba 2011: p. 165). In particular, it should be pointed out that there is a distinction between financial interests *sensu stricte* and *sensu largo*. Considering this distinction, financial interests in the narrow sense include within the scope of the EU general budget, and in a broad sense - all revenues and expenditures of institutions, organs as well as organisational units of the Union (Grzelak 2006, p. 53-54, quoted in: Pączek, Koba 2011).

### **Derivative law acts**

Over the years, the European Union has adopted many directives, regulations, decisions, recommendations and opinions regarding the protection of the EU financial inter-

ests and supporting the implementation of the anti-fraud activities in the organisation. It is worth paying close attention to some of them.

Regulations regarding general principles of conducting inspections in the EU countries and administrative measures and imposing penalties in case of detection of irregularities were included in the Council Regulation of December 18, 1995 on the protection of European Communities' financial interests (Council Regulation No. 2988/95). The Regulation establishes common legal principles in all the European Union policies, it also indicates the need for such administrative controls, measures and penalties to be effective, proportionate and dissuasive (Article 2 (1)). The key goal is to take into account the nature and severity of irregularities and the benefit or degree of responsibility granted or obtained.

An equally important document is the Council Regulation of November 11, 1996 on on-the-spot inspections and inspections carried out by the Commission to protect the European Communities' financial interests against fraud and other irregularities (Council Regulation No. 2185/96). This regulation draws attention to the need to carry out on-the-spot checks and inspections, indicating the main objectives, conditions, procedures and their scope. The detection of serious or transnational irregularities or irregularities that may affect entrepreneurs operating in several EU countries is of the greatest importance here.

Regulation of the European Parliament and of the Council of 26 February 2014 establishing a program to support activities in the field of protection of the financial interests of the European Union (Hercule III program) (Regulation No. 250/2014) highlighted the activities carried out under the Hercule II program and announced intensification of activities undertaken by the EU and the Member States in the field of combating fraud, corruption and any other illegal activities affecting the financial interests of the European Union. First of all, this program focuses on supporting the development of new mechanisms for counteracting fraud, intensifying cooperation and its coordination between the Member States of the Union, the Commission and the European Anti-Fraud Office, as well as conducting training in the EU countries and countries outside this area (Protecting...WWW).

It is also worth mentioning the Directive of the European Parliament and of the Council of 5 July 2017 on combating fraud against the financial interests of the Union through criminal law (the so-called PIF Directive) (Directive 2017/1371), which will replace the Convention on the protection of the European Communities' financial interests of 27 November 1995 (Council 1995). Member States are required to transpose it by July 2019 and the Convention will no longer apply (more information on the Convention later). The PIF Directive aims to ensure effective and uniform protection of the EU financial interests, and defines common EU definitions of offenses affecting the EU's financial interests and uniform levels of maximum criminal sanctions.

It introduced, among others, a common definition of offenses to the detriment of the Union's financial interests, which includes fraud, misappropriation of funds, money laundering, and active and passive corruption. For these offenses, criminal sanctions of

at least 4 years in prison were established if the damage to the EU budget or benefits obtained would amount to over EUR 100,000. In addition, the directive introduces penalties for cross-border fraud related to VAT (Directive 2017/1371).

Council Regulation of 12 October 2017 implementing enhanced cooperation in the establishment of the European Public Prosecutor's Office (Council Regulation 2017/1939) concerns the creation of the European Public Prosecutor's Office as a decentralised EU prosecutor's team that will be equipped with exclusive competence in investigating perpetrators of crimes who they expose the European Union budget to losses as well as prosecution and trial. The prosecutor's office will have the same investigatory powers throughout the European Union and will operate based on the national legal systems of individual Member States (OIDE 2018). The prosecutor's office will mainly carry out cross-border preparatory proceedings on fraud involving the EU funds for more than PLN 10,000 and cross-border cases of VAT fraud, which caused damage of more than EUR 10 million. In addition, what is important, it will also work closely with national law enforcement agencies, as well as with other authorities, such as Eurojust and Europol. The European Public Prosecutor's Office is organised on two levels, of which the central level is the Central Prosecutor's Office, composed of the European Attorney General and its two deputies and European prosecutors (one from each participating EU country) and the administrative director, and the non-central level is delegated European prosecutors who operate in participating EU countries.

Particular attention should be paid to the OLAF, which mainly investigates fraud to the detriment of the European Union budget, corruption, tax evasion, irregularities related to tendering procedures as well as serious weaknesses within the European institutions and develops policy of combating all fraud for the needs of the EC. OLAF was originally established by the Commission Decision of 28 April 1999 (Commission Decision 1999/352/EC), replacing the Working Party on the Coordination of Fraud Prevention and taking over all of its tasks. In addition, further changes were introduced by subsequent Commission decisions. The role of OLAF, investigations and the main tasks and competences are set out in separate regulations and agreements. OLAF performs an administrative and investigative service, it can only issue recommendations regarding what actions should be taken by individual EU or national bodies as a result of investigations conducted by the Office (Proczek, Szczepanska 2017: p. 218). OLAF receives information from various sources about alleged abuses and irregularities. In the most cases, this information is the result of controls carried out by units responsible for the management of the EU funds within the European institutions or in the Member States. All suspicions are subject to a preliminary assessment, which allows to determine whether the allegation qualifies for consideration by the authority and meets the criteria necessary to initiate an investigation.

Another unit that specialises in the protection of the EU's financial interests is the Advisory Committee on Coordination of Fraud (COCOLAF) (Commission Decision 1994/140/EC), serving primarily to exchange information and views on issues related to the protection of the EU's financial interests. This activity ensures cooperation

between EU countries and the European Commission in order to prevent and punish fraud, as well as exchange of information between the EC and the Member States. COCOLAF coordinates the way in which the European Commission and its Member States fight against fraud related to the EU money. Participants are representatives of the competent national services of the Member States and the Commission services. The role of the unit is to advise the Commission on all matters related to the prevention of fraud and any other illegal activities having a negative impact on the financial interests of the EU and deal with any matters related to cooperation between the competent services of the Member States or between the Member States and the European Commission.

### Other legal acts and documents

One of the special legal instruments adopted by the EU is the Convention on the Protection of European Communities' Financial Interests of November 27, 1995, previously mentioned (the so-called PIF Convention). This convention primarily aims to protect the financial interests of the EU and its taxpayers on the basis of criminal law, and together with protocols it provides a harmonised legal definition of fraud, and also requires signatories to accept criminal sanctions for such abuse.

The document distinguishes fraud in terms of expenditure and income. According to art. 1 point 1 of the Convention, fraud in relation to expenditure is any intentional act or omission of action which concerns:

- using or submitting false, inaccurate or incomplete declarations / documents in order to unlawfully detain funds originating from the Union budget or misappropriating them,
- non-disclosure of information in violation of a special obligation for the same purpose,
- improper use of funds from the EU budget for purposes other than those for which they were originally granted.

The convention also indicates that fraud in relation to revenues is any intentional act or omission of action which concerns:

- the use or presentation of false, inaccurate or incomplete declarations / documents to unlawfully reduce the resources of the Union budget,
- non-disclosure of information in violation of a special obligation for the same purpose,
- misuse of the benefits obtained in accordance with the law for the same purpose.

The protocols are attached to this Convention - the 1996 Protocol introduced a uniform definition of active and passive corruption, defined the concept of an officer at national and EU level, and harmonised penalties for offenses related to corruption. The following 1996 protocol gave the Court of Justice the power to interpret, so that national courts can submit a request to the Court of Justice of the EU for a preliminary ruling in the event of doubt regarding the interpretation of the Convention and its protocols.



In turn, the Protocol adopted in 1997 clarified the issues of liability of legal persons, money laundering and confiscation (Prusak 2009: p. 6).

As mentioned earlier, the Convention will cease to apply with the implementation of the PIF Directive in all Member States, and what is particularly important, in the case of the United Kingdom and Denmark, the provisions of the Convention will continue to apply.

One of the key documents is also the Commission Communication on Anti-Fraud Strategy (Communication 2011), which is part of a comprehensive approach to the issue of fraud and corruption in the organisation. It aims to strengthen the protection of the Union's financial interests, in particular by improving the overall anti-fraud cycle. This means including both prevention, detection, investigation, sanction and recovery of misappropriated money. All entities managing EU funds are obliged to prevent irregularities and fraud affecting the EU budget. The European Commission, EU countries and other partners (e.g. regional bodies or development agencies) are required to implement management and internal control procedures to prevent and detect irregularities, errors and fraud. Cooperation between OLAF and the other services of the European Commission, in particular external auditors, needs to be strengthened, as should the cooperation between OLAF and the other investigative services in the case of an internal investigation.

## **Detection of fraud and financial irregularities in practice**

Based on Article 325 TFEU, the European Commission, in cooperation with the Member States, annually submits a report on the protection of the financial interests of the European Union ("report on the protection of EU's financial interests"). The last published report concerns data for 2017.

According to the information in the report, in 2017, Member States notified 73 measures that they had used to protect the EU's financial interests and combat various types of fraud. These measures mainly covered shared management, financial crimes, customs and illegal trade, public procurement, conflicts of interest, anti-corruption and anti-fraud strategy, organised crime, fraud, and whistle-blowers. It concerned a number of appraisals, i.e. detection, prevention, investigation, prosecution, and recovery of funds and sanctions. By the end of the reporting year, a total of 10 EU Member States had adopted national anti-fraud strategies. This shows that these countries understand the importance of a strategic approach to fighting fraud and irregularities. At the same time, the Commission called on the other Member States to develop and adopt such strategies.

In 2017, a total of 15 213 fraudulent and non-fraudulent irregularities were reported to the European Commission. Compared to 2016, this was down by 20.8%. With regard to the amounts affected by irregularities, in 2017 the figure was about EUR 2.58 billion, a decrease of 8.6%.

**Table 1: Irregularities in individual years**

Reporting year	Irregularities reported as fraudulent and non-fraudulent	Irregular amounts (billion EUR)
<b>2013</b>	15 779	2,14
<b>2014</b>	16 473	3,24
<b>2015</b>	22 349	3,21
<b>2016</b>	19 080	2,97
<b>2017</b>	15 213	2,58

Source: Own study based on the Annual Report on the Protection of the European Union's financial interests — *Fight against fraud* - 2013, 2014, 2015, 2016 and 2017.

As the table shows, the number of irregularities increased over the five-year period, and the most notably in 2015. This is caused by many factors, including available funds in the EU budget, conditions related to the economic situation, closing the 2007-2013 programming period, improvement of control over the management of the European Union funds by competent institutions, and improvement of the activities of domestic services.

From the abovementioned number of irregularities reported in 2017, 1146 irregularities were reported as fraudulent (including cases of suspected or established fraud). The number of irregularities related to fraud reported in 2017 decreased by 19,3% compared to 2016, while the amounts increased by 37,5%. The remaining number of irregularities (i.e. 14,067) were reported as non-fraudulent (20,9% less than in 2016). From the above data, it can be concluded that the activities of the Member States were targeted more specifically, i.e. to detect the most serious irregularities related to fraud, as evidenced by the increase in both the number of irregularities reported as fraudulent and their overall amount.

It is also worth mentioning that in 2017, OLAF opened 215 investigations and completed 197 of them, recommending recovery of EUR 3.1 billion, where EUR 2.7 billion related to revenue. During the year, OLAF ended large cases of undervaluation fraud. At the end of the year, 362 inquiries were initiated.

The data presented above regarding the scale of irregularities and fraud to the detriment of the EU's financial interests show that Member States are trying to take a number of actions to eliminate any irregularities that would harm the EU's financial interests. The systems for detecting all types of irregularities in the Member States have become more "tight", making it possible to detect more crimes. In addition, more deliberate prosecution of these crimes is possible, i.e. crimes involving large amounts and committed by organised crime groups. Certainly, this is possible thanks to transparent regulations in force at EU level, established by the EU institutions and bodies.

## **Conclusions**

The European Union loses many millions of euros each year as a result of financial crimes to the detriment of the organisation's interests. The legal systems of individual Member States, which are characterised by high complexity and diversity, also sometimes make it difficult to prosecute criminals and recover lost money from the EU budget. For this reason, it is very important to establish common rules and a framework for Member States at EU level. Within the European Union, a number of initiatives have been taken to protect the Union's financial interests and to combat all forms of irregularities and fraud.

The legal basis presented above for the protection of EU financial interests is only an outline of the subject discussed. Each institution acting for the protection of finances in the organisation operates on the basis of separate, more detailed documents, and all actions to the detriment of EU finances are included in separate records that will specify these forms of illegal activity. Nevertheless, these individual legal acts show that the EU institutions undertake broad activities in the area of protection of financial interests, more and more paying attention to emerging problems and expanding activities negatively affecting the EU budget. Emerging new forms of illegal activity require both EU and national institutions and bodies to undertake extensive activities, and they are increasingly enabled by adopted legal acts at the EU level. It also contributes to a more systematic and more efficient reception of documents at the national levels of individual Member States of the European Union. The actions taken by the EU alone could not effectively counteract activities to the detriment of the Union budget and adequately protect the financial interests of the organisation. The wide range of legal bases established at EU level is an important basis for shaping these foundations in the area in question in the Member States. In view of the above, it should be emphasised that legal acts and the other documents regarding the protection of the financial interests of the European Union adopted at the EU level contribute to better protection of the EU financial interests, therefore, the thesis put forward in the introduction of the article has been positively verified. Legislation on the protection of the EU financial interests established at EU level has a positive impact on streamlining processes related to the adoption and implementation of legislation in this area at national level. Updating and adapting regulations and new documents at EU level lead to an adequate level of protection of funds from the EU budget. The presented statistical data also supports these theses, which indicates the better and more targeted actions of Member States to detect the largest and the most complex irregularities affecting the highest capital amounts. Clearer rules established at both the EU and national level contribute to better detection and elimination of all irregularities and fraud.

The activity of the European Anti-Fraud Office is very important in this area, which is a key body investigating irregularities and frauds that are of great importance and have a negative impact on the European Union budget – both the income and expenditure of the organisation. What is particularly important, it also deals with cases of serious abuse of rights by employees of the Union's institutions and bodies.

The foundations and the operating framework of the institutions and bodies of the European Union and its Member States are determined by legal acts established at the EU and national level. The legal bases at the EU level contain key standards in the scope of protection of the financial interests of the European Union and are the main determinants for individual EU countries when their competent institutions create legal bases at the national level. The creation of a legal basis at EU level defines and sets the leading "road" for Member States to properly prevent financial crimes to the detriment of the European Union.

It is important from the point of view of the protection of the EU financial interests to support multilateral cooperation between the Member States and in contacts with the EU institutions. The exchange of knowledge, experience and the initiation of direct contacts between representatives of states certainly has a positive impact on the scale of detecting irregularities and fraud in the EU. Not only cooperation between the Member States and the EU institutions is very important, but also between the Member States themselves. Thanks to developing this type of cooperation, it is possible to exchange experience at the lowest level, which positively affects the detection of irregularities. In addition, it is the Member States, who have the best knowledge of the types of crime committed on their territory. This in turn contributes to the proper and well-targeted analysis of such behavior. Well-conducted cooperation and clearly defined legal foundations for the protection of the European Union's financial interests are the most appropriate way to limit and eliminate the occurrence of irregularities and fraud.

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