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# The activities of the European Anti-Fraud Office (OLAF) in combating corruption and ensuring the financial security of European Union funds

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## *Abstract*

In EU legislation, fraud is defined as a deliberate infringement that causes – or is likely to cause – damage to the EU budget. The fight against fraud and any other illegal activity – such as corruption – affecting the EU’s financial interests is a shared responsibility between the EU and the Member States. OLAF has been active in the protection of the EU’s financial interests. Between 2014 and 2020, the Commission and Member States detected more than 4,000 potential fraud irregularities, some of which were referred to OLAF. The irregularities concerned EU financial support of almost €1.5 billion, 72% of which was related to EU cohesion policy. Managing authorities in the Member States are responsible for taking proportionate and effective action against fraud in this area, taking into account the risks identified. The national institutions managing EU funds work in cooperation with OLAF. Anti-fraud includes prevention, detection and response, including reporting of detected fraud cases and recovery of funds unduly paid). The proportion of detected fraud in relation to the amount of financial support provided under the cohesion policy for the period 2014-2020 ranged from 0% to 2.1%, depending on the Member State. Between 2014 and 2020, OLAF protected EU taxpayers' money to the tune of around €500 million, recommending the recovery of more than €400 million on average per year for the EU budget due to fraud and irregularities and securing a further million euros. OLAF has also stopped a number of smuggling, counterfeiting and customs fraud attempts. It also helped enforce EU trade defence measures and developed strategies to prevent and counter new forms of fraud. In particular years, it has also investigated allegations of misconduct by staff and members of the EU institutions. In subsequent years, OLAF has carried out more than 250 cases a year.

**Key words:** European Union funds, irregularities, control system for EU funds.

## *Introduction*

The control system for EU budget funds is based on a division of responsibilities between the European Commission and the Member State administrations. Within the European Commission, OLAF carries out preventive activities. Countries and regions have a decisive influence on how EU funds are used and are responsible for the proper management of these funds. The European Commission ensures that funds are spent in accordance with the programmes’ objectives and the EU’s financial rules. National checks on the spending of EU funds under the management and control system are carried out at three levels: the programme managing authority, the certifying authority and the audit authority.

The task of the managing, intermediate and implementing institutions for operational programmes is to control the fulfilment of the terms and conditions of the project co-financing agreement, i.e. invoices, receipts, progress reports, payment claims, as well as progress reports on project implementation. The second level of control is the certifying authorities, whose task is to certify to the EC that the applications for reimbursement of expenditure are correct, properly accounted for and comply with Community rules. Certifying authorities should not submit

applications for reimbursement to the European Commission before they are fully confident that proper checks have been carried out. They must check all the information they have received from the programme authorities and, in case of doubt, request additional data. It should be stressed that the positioning of the extensive decision-making process in the financial perspective 2014–2020 for the minister responsible for regional development, i.e. granting and withdrawing designation, performing the functions of the Member State in the sense of Regulation 1303/2013, performing the functions of the managing authority and the certifying authority (for national operational programmes), which were also subject to designation, raises doubts. These doubts relate to the independence and impartiality of the decisions made by the minister responsible for regional development in decision-making processes in the management of EU funds. In the third area of the management and control system, the effectiveness of the control system is assessed by the national audit authorities, which provide the European Commission with an audit report and opinion. On the basis of these opinions and other information received from the Member States, as well as its own audits, the European Commission draws up its annual audit reports. If the corrections recommended to the states have not been made, the European Commission may withhold or suspend disbursements and request the repayment of funds already disbursed which have not been spent in accordance with the applicable rules. Member State authorities are primarily responsible for detecting irregularities in the spending of EU funds. If the amount involved exceeds €10,000, they are obliged to inform the EU fraud office OLAF.

The main objective of the article is to assess the activities undertaken by OLAF between 2010 and 2020 in the fight against corruption and fraud, as competences assigned to OLAF as well as to authorities in the Member States. The article presents OLAF's activities in protecting the financial interests and reputation of the EU, its citizens. The study was carried out using several research methods. Among the basic ones are a (comparative-descriptive) analysis of national and international legal acts and literature on the subject, as well as the method of synthesis and deduction. The evaluation of OLAF's activities in preventing and combating fraud was carried out on the basis of data provided in annual reports published by the European Commission.

## ***Results and Discussion***

### **Organisation and tasks of OLAF**

The fight against corruption and fraud is the responsibility of the designated authorities in the Member States. EU Member States have legal instruments and institutions at their disposal to prevent and combat corruption and fraud. Member States manage around 80% of EU funds and are also responsible for investigating and prosecuting cases of corruption and fraud involving the EU budget. Through OLAF – the European Anti-Fraud Office – the EU supports Member States in conducting such investigations. OLAF is an independent investigative unit - part of the European Commission structure. It was established on the basis of Commission Decision No 352/1999 of 28 April 1999.

OLAF is based on Article 280 of the Treaty establishing the European Community (TEC), now Article 325 of the Treaty on the Functioning of the EU (TFEU). The Office has taken over the investigative powers delegated to the Commission by EU legislation and agreements with third countries. Subject matter OLAF's mandate extends to all EU revenue and expenditure. This includes the general budget, the budget administered by or on behalf of individual countries and funds not covered by the budget but managed autonomously by Community agencies. It is also OLAF's responsibility to protect the EU's other, non-financial interests and to take action to protect those interests against misconduct which may lead to administrative or criminal proceedings.

OLAF's aim is to protect the financial interests and reputation of the EU, its citizens. This is achieved by:

- detecting embezzlement, corruption and other illegal activities affecting the above-mentioned interests, including the mismanagement of offices within the EU;
- cooperating with national authorities in the EU in their fight against fraud;

- prevention, the strengthening of legal instruments and preventive action as tools to make fraud more difficult while improving public confidence in projects carried out in the EU.

The rules for the conduct of administrative investigations by OLAF are laid down in Regulations 2988/95 (Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 ) and 2185/96 (Council Regulation (Euratom, EC) No 2185/96 of 11.11.1996) relating to the activities carried out by the Commission to protect the financial interests of the EU, in Commission Decision 1999/352 establishing OLAF, as well as in the Regulation of the European Parliament and of the Council of 11 September 2013 (EU, Euratom) No 883/2013 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 of 25 May 1999 and Council Regulation (Euratom) No 1074/1999 of 25 May 1999. Regulation 883/2013 sets out the rules for the conduct of investigations by OLAF. Given that OLAF exercises the powers of investigation conferred on the Commission by EU legislation, the powers vested in the Commission in this regard are to be regarded as pertaining to OLAF (Article 1(1) of the cited Regulation 883/2013). OLAF's powers relate to investigations of fraud, corruption and any other financial irregularity affecting the interests of the EU. The European Commission's decision establishing OLAF covers the procedures for opening, conducting and closing investigations, as well as the flow of information.

OLAF's activities include the detection of fraud, subsidy misappropriation and tax evasion which have a direct impact on the EU budget, as well as the fight against corruption and any illegal activity detrimental to the EU's interests. OLAF is an organisational unit of the European Commission tasked with carrying out administrative investigations (Commission Decision of 28 April 1999).

Administrative investigations are inspections, checks and other measures undertaken by OLAF in order to protect the EU's financial interests and, if necessary, to establish the irregular nature of the activities under investigation (Article 2 of Regulation 1073/99 cited above). OLAF's investigations are conducted with a view to examining facts relating to the professional conduct of officials and other servants of the EU liable to result in disciplinary, criminal or equivalent proceedings (Article 1, third paragraph, of Regulation 1073/99). The purpose of administrative investigations is to detect serious or transnational irregularities or irregularities which may concern economic operators active in several Member States (Article 2 of Regulation 2185/96).

OLAF is headed by a Director-General, appointed for five years by the European Commission after consultation with the European Parliament and the European Council. The Director of the Office carries out his/her investigative functions in an independent manner, without consulting the EU institutions or Member State governments. OLAF has an independent budget and administration. It is the responsibility of the OLAF Director to decide whether to open, conduct and close an investigation. OLAF's investigative services operate under his direction, authority and control. OLAF's independence is further guaranteed by the Supervisory Committee, which exercises day-to-day control over investigative activities, but this control must not affect investigations in progress. OLAF acts independently of the Commission and the other EU institutions in the exercise of its investigative functions, which is guaranteed by both the Supervisory Committee (Regulation No 883/2013) and the status of Director-General of OLAF (Regulation No 883/2013). The Director-General of OLAF may not hold any other post in other governments, EU agencies or other bodies.

OLAF's main powers are set out by the European Commission in the decision establishing the Office. OLAF's powers include:

- to carry out internal and external administrative investigations on the basis of EU law, with control activities undertaken in Member States taking place within the framework of national regulations;
- providing assistance to the Commission in cooperation with Member States in the fight against corruption and irregularities;

- carrying out the Commission's operational anti-fraud activities, by developing the necessary infrastructure, providing operational and technical support to the institutions, bodies and offices of the Member States;
- gathering and analysing information on any financial irregularities;
- maintaining permanent contact with the police services and the judicial authorities of the Member States;
- preparing Commission legislative proposals and developing anti-corruption concepts;
- representing the Commission in the process of countering corruption, fraud and any other activities detrimental to the EU's financial interests.

Article 2.1 of Commission Decision No. 352/1999 specifies that OLAF's investigations are of an administrative nature. The administrative nature of OLAF's investigations is also indicated by its terms of reference, which include typical inspection powers, as well as by its location within the Commission, which has no competence to carry out actions of a criminal nature. OLAF acts independently of both the Commission and the other EU institutions in exercising its investigative functions (Commission Decision of 28 April 1999). OLAF's independence is to be guaranteed by a Supervisory Committee composed of five independent persons from the Member States appointed by common accord of the European Parliament, the Council and the Commission (Regulation 883/2013). The Director-General of OLAF shall forward annually to the Supervisory Committee the programme of activities of the Office, ensure the transmission of information on the activities of the Office, the administrative investigations in progress, their results and the action taken thereon and, where these investigations take more than nine months to complete, inform the Committee of the reasons for the noncompletion of the investigations within the above time limit. OLAF's independence is guaranteed by the status of Director-General of OLAF, who is appointed by the Commission for a five-year term of office in agreement with the Supervisory Committee, the European Parliament and the Council. This term of office may be renewed once. In connection with the conduct of administrative investigations, the OLAF Director-General is required not to seek or accept instructions from any government, institution, body, office. OLAF's organisational status has been the subject of much comment. Its ability to effectively conduct administrative investigations within the Commission has been questioned (Gray S.). This position was not shared by the European Court of Auditors or the European Parliament (Court of Auditors' Special Report No 1/2005), which argued that OLAF's location does not adversely affect the performance of its functions. OLAF's status is criticised because of the limited capacity of the Union institutions to exercise control over its activities due to its location within the Commission structure. Allegations of a lack of control over OLAF's activities are countered by pointing out that its guarantor is the supervisory committee (Srebro B., 2006). OLAF staff act as agents of the Commission and are subject to its internal procedure and jurisdiction. Nevertheless, for reasons of operational activity, OLAF's staff shall maintain the independence of the investigative body. The initiation, conduct and termination of investigations shall be the sole responsibility of the Director-General of the Office. OLAF's staff shall conduct cases under the instructions of the Director-General, through his representatives, and shall be subject to his control. The Director-General shall keep the Supervisory Committee informed of investigations in progress, their results and other activities relating to the Office's work. Where an investigation has been in progress for more than nine months, the Commission should be informed of the reasons for and planned date of completion of the investigation. The Commission shall also be informed of the EU's failure to respond to OLAF's recommendations and of cases requiring information to be forwarded to the judicial authorities of a Member State. In order to monitor the implementation of the tasks entrusted to OLAF, a special Supervisory Committee was set up. It is composed of five independent experts, appointed with the approval of the European Parliament, the European Commission and the Council for three years, renewable once. OLAF reports to the Committee on its investigative activities and the results thereof. The Supervisory Committee must not interfere with ongoing investigations and must respect OLAF's independence. The Committee shall draw up opinions which it shall deliver

to the Director of OLAF and to the EU institutions. OLAF's activities are guided by the following principles: legality, consistency and proportionality.

- The principle of legality and consistency – means that all activities must be carried out in accordance with the law, the highest ethical standards laid down in the Commission's Code of Conduct and the Code of Good Administrative Behaviour.
- Proportionality principle - indicates that in carrying out their tasks, OLAF staff must consider the scale of the risks to which the EU and its citizens may be exposed, the rights of others, the overall interest and mission of the EU, as well as the limitations of the means and tools available.
- The principle of independence – informs that operational and investigative activities should be carried out to the exclusion of potential conflicts of interest that may become apparent in the course of investigations. According to Article 11a of the Staff Regulations, in the performance of their duties, OLAF staff members must not bring themselves into a situation which may, directly or indirectly, affect their private interests (in particular, family or financial interests) and which is likely to interfere with their independence and impartiality. In the course of their duties, OLAF staff collect both incriminating and exculpatory evidence of a party to proceedings.
- The principle of conducting cases within a reasonable timeframe – OLAF staff are obliged to carry out investigations and operational activities without interruption and within a reasonable timeframe, taking into account the complexity of the case, the division of tasks between EU and national authorities and any other relevant circumstances.
- The principle of authority – each member of OLAF staff should have the appropriate authority. When carrying out their tasks, staff must use a document indicating their identity and their position. For each intervention they must also produce an authorisation showing the subject of the investigation.
- The principle of immunity – internal investigations shall be carried out in compliance with, inter alia, The EC Protocol on Privileges and Immunities and the Staff Regulations. In its relations with the authorities of the country concerned, the above document stipulates that any EU body will transfer its immunity when it considers that doing so would not be contrary to the interests of the EU.
- Principle of professional secrecy – on the basis of Article 287 of the Treaty establishing the European Community and Article 17 of the Staff Regulations, Article 8 of Regulation EC No. 1073/99, Article 8 of Regulation (EC, EURATOM) No. 2185/96 and others – information obtained during investigations or operational activities is subject to professional secrecy. This information may be made available to the person or relevant authority whose duties require it to be obtained and its use is limited to the prevention of fraud, corruption and other illegal activities.

### **Administrative investigations by OLAF**

OLAF starts its investigative activity after receiving information from Member States, the European Commission, economic operators, institutions and EU citizens. The investigation consists of three phases. The first stage is an overall assessment of the case, which includes a description of the situation, verification of the allegations, verification of the reliability of the source, a proposal for action within OLAF's competence, an assessment of the importance and financial impact, and a proposal for the scope of the action. The first stage concludes with the submission of a report containing the above elements to the Director General of OLAF, who, in the event of sufficiently serious suspicions, decides to open an investigation. This decision must be taken within a maximum of two months of receipt of the request. The decision is communicated to the requesting entity by OLAF.

The next stage is the actual investigation, which takes about 12 months. During this phase, OLAF staff collect the evidence necessary for the case and forward it to the Director in the form of a

report. On the basis of this report, the Head of OLAF decides whether to refer the case to the competent judicial authorities. OLAF is not entitled to conduct its own disciplinary proceedings within the EU institutions. The final stage is for OLAF to monitor the follow-up to the investigations opened.

OLAF carries out its investigative function by conducting fully independent internal and external administrative investigations. External investigations have the aim of detecting irregularities and fighting corruption and fraud affecting the EU's financial interests, whether committed by economic operators in Member States or in third countries. The conduct of external investigations (external investigations) is based on Regulation 883/2013. In addition, the legal basis for these investigations is Council Regulation 2185/96 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the EU's financial interests against fraud and other irregularities, cooperation agreements allowing on-the-spot checks and inspections to be carried out at the premises of economic operators, in Member States or in third countries. In the framework of the above investigations, OLAF officials have extensive powers to gather evidence, especially in the framework of internal proceedings. During external investigations, evidence-gathering activities are carried out under the same conditions as national administrative inspectors and in accordance with national legislation, and the Member State is obliged to assist OLAF in gaining access to the places visited. In addition, national authorities have the possibility to participate in such checks. As a result of investigations, the investigative services may also summon for questioning persons with relevant information on the case and persons under investigation who are afforded appropriate procedural guarantees.

External administrative investigations shall be carried out in the Member States, as well as in third countries, on the basis of cooperation agreements. Internal administrative investigations shall be carried out within the institutions, bodies, offices and agencies of the Union, subject to the rules relating to the privileges and immunities of the Union and in accordance with the terms and conditions laid down by each institution in a decision adopted by it. The Council, the European Parliament and the Commission have agreed, in the form of an interinstitutional agreement (Interinstitutional Agreement), that they will each decide on their own terms and conditions for the conduct of internal administrative investigations by OLAF within their respective institutions. In conducting administrative investigations, OLAF is not only subject to EU law, but is also obliged to comply with the national law of the country in which it is carrying out its operations (Council Regulation (Euratom, EC) No 2185/96). Cooperation between the EU office and the Member State is manifested in the guarantee of the right of representatives of the Member State to participate in the activities undertaken by OLAF and, in certain situations, at the request of the State, these activities may be undertaken jointly by OLAF and the authorities of that State. The view has been put forward in the doctrine that, in the case of external investigations carried out in Member States, OLAF has the power to carry out random checks and inspections on the compliance with EU law of the administrative action of national authorities. OLAF also has the power to inspect documentation relating to Union expenditure and revenue and the execution of financial transactions (Srebro B., 2004). To this end, OLAF may analyse accounts and documents, i.e. invoices, tender documents, payment lists, daily reports, bank statements, IT data, production systems and methods, packaging and dispatch, physical control of the type and quantity of goods or activities carried out, sampling and testing, the progress of works and investments for which funding has been provided, the use and destination of completed investments at the end of the budget and accounting documents, as well as the financial and technical execution of projects (Council Regulation (Euratom, EC) No 2185/96). OLAF may also, with the agreement of the Member State, ask officials to be involved as observers in the investigation and may also appoint external bodies to provide technical assistance (Council Regulation (Euratom, EC) No 2185/96). Operators subject to administrative investigations are obliged to make available to OLAF the documents, premises, land, means of transport and other facilities where business activities are carried out. If these operators oppose OLAF's operations, it is up to the Member State to take the necessary measures provided for by national law to enable the operations necessary for the completion of the

administrative investigation to be carried out (Article 9 of Regulation 2185/96). Member States are obliged to provide OLAF with all necessary support for the purposes of administrative investigations (Article 6(6) of Regulation 883/2013), including taking appropriate precautionary measures provided for by national law at OLAF's request, in particular to secure evidence (Article 7 of Regulation 2185/96). It follows from these regulations that, in situations requiring coercive measures, precautionary measures or any other type of coercive action against the subjects of administrative investigations, the execution of actions by OLAF depends on the support given to it by Member State authorities. Regulation 883/2013 modified the rules for administrative investigations by, inter alia, introducing procedural guarantees to which individuals are entitled in the course of OLAF administrative investigations. Among the procedural guarantees to be enjoyed by persons subject to administrative investigations are. (1) the right to be informed that an administrative enquiry is being conducted into their case, (2) the right to receive a summons, to be served with summonses, (3) the right to be informed of their rights in the course of the administrative enquiry, (4) the right to be informed, prior to being interviewed, of the facts of the person's situation in the case, (5) the right to be heard before the conclusion of the procedure, accompanied by a third person of his/her choice in his/her mother tongue, (6) the right not to incriminate himself/herself, and (7) the obligation to keep a record of the interview and to make the record available to the person interviewed for approval or comment. If the administrative investigation does not produce any findings, the investigation is to be closed by decision of the Director-General of OLAF, who is to inform the person concerned and the competent institution in writing. OLAF is to inform the person directly concerned by the circumstances investigated in the course of the administrative investigation of the conclusions and recommendations of the final report before forwarding it to the competent institutions of the Union and to the authorities of the Member States (Łacny J., 2003). On completion of an administrative enquiry, a final report shall be drawn up stating the facts and findings of the enquiry, as well as estimated financial loss and recommendations, where appropriate. Final reports shall respect the procedural requirements established by the law of the Member State in which the administrative enquiry was conducted and shall be sent to the authorities of that State together with supporting material. Final reports constitute admissible evidence in national administrative or judicial proceedings where there is a need to use them, under the same conditions as administrative reports drawn up by national administrative controllers (Article 8(3) of Regulation 2185/96, Article 9(2) of Regulation 883/2013). These reports may also form the basis for the initiation of criminal proceedings concerning the observance of the law in the course of the expenditure of EU budget funds (S.de Moor, 2005). The activities undertaken by OLAF in the course of administrative investigations conclude with the submission of a final report to the national authorities, which means that the case under administrative investigation becomes the subject of action by the national authorities. The possibility for OLAF to carry out follow-up activities is regulated in Regulation 883/2013 and therefore OLAF carries out inspection and monitoring activities aimed at establishing how the recommendations contained in the final reports have been implemented. Cases investigated by OLAF in the course of administrative investigations may also be the subject of proceedings under national law by Member State authorities. OLAF's activities are without prejudice to the competence of Member States to conduct criminal proceedings in cases detrimental to the EU's financial interests and to the rules governing mutual assistance by Member States in criminal matters. However, national authorities and OLAF may decide to carry out certain activities jointly in the context of ongoing investigations. The results of OLAF's administrative investigations or information obtained from OLAF may also serve as a basis for national authorities to initiate appropriate proceedings (e.g. criminal or administrative).

To summarise the assessment of the effectiveness of OLAF's investigations, it should be noted that OLAF's activities have been strengthened by the entry into force of Regulation 883/2013 on OLAF investigations and by the adoption of new guidelines for OLAF staff on investigative procedures. There was a noticeable increase over the period in the amount of EU budget funds recommended for recovery by OLAF (in 2014 – 901 million euro, in 2015 – 888.1 million euro, in

2016 – 631.1 million euro, and in 2020 – 538 million euro). These funds have been injected into the EU budget and, as a result, will enable other projects to be funded (Figure 1).

**Amounts of funds recovered as a result of proceedings conducted by  
OLAF (million euros) in 2010–2020**



Figure 1. Amounts recovered as a result of OLAF investigations (million euro) from 2010 to 2020

Source: OLAF Activity Reports European Commission European Anti-Fraud Office (OLAF)

Between 2010 and 2020, OLAF has detected and investigated cases of harm to green projects and funding for digital transformation, another of the pillars of Next Generation EU funding. More recently, OLAF has focused on COVID-19 vaccines. OLAF has regularly received information from EU Member State government sources about alleged intermediaries making offers to sell large quantities of the vaccine, mainly the one authorised for use in the EU. As OLAF has established, the aim of the fraudsters was to persuade public authorities to make advance payments to secure the sale and then disappear with the funds. All these fraud attempts involved a total of almost 1.2 billion doses of vaccine, with a total price tag of more than €16.4 billion. OLAF's involvement contributed to the exposure of these fraudulent offers, which saved public finances from huge losses and ensured the correct introduction of the vaccine. An important area of OLAF's work was tobacco smuggling. Tobacco products account for a large proportion of the smuggled or counterfeit goods targeted by OLAF each year.

Between 2010 and 2020, the number of reports to OLAF on possible fraud increased. This increased flow of information did not necessarily mean that the number of frauds in the EU had increased, but indicated greater confidence by citizens, institutions and other partners in OLAF's investigative capacity. The Office has significantly strengthened its investigative capacity and, in the period since 2013, it has opened on average around 60 % more investigations than before its reorganisation in 2012. (Figure 2).

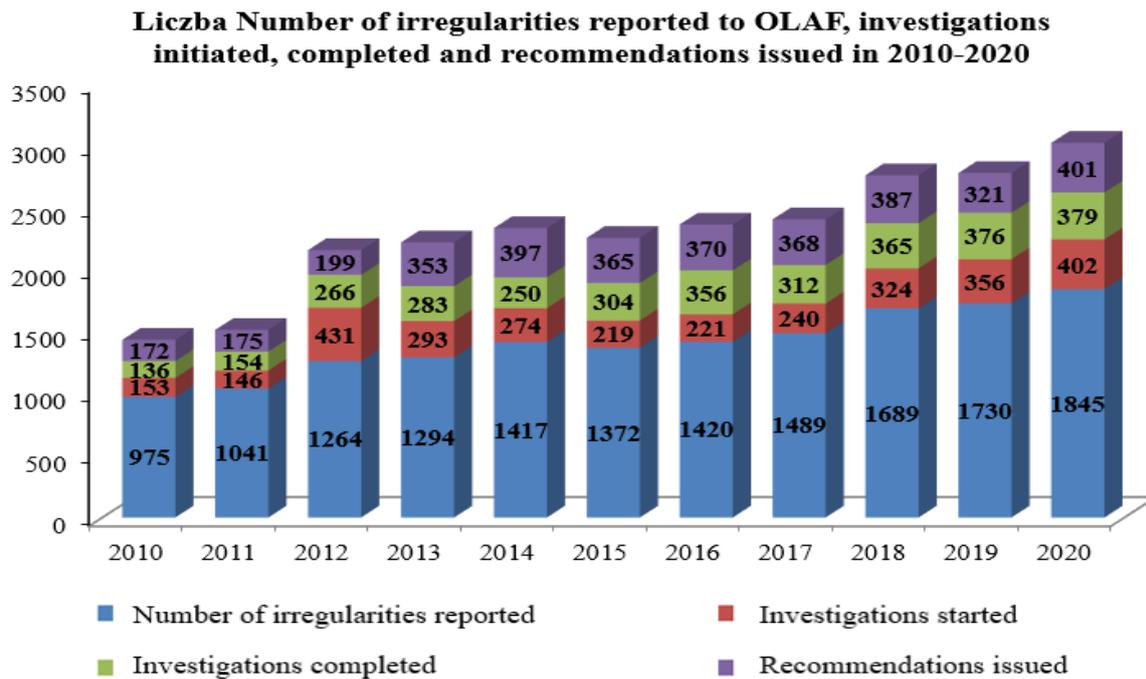


Figure 2. Number of irregularities reported to OLAF, investigations opened, completed and recommendations issued between 2010 and 2020

Source: OLAF Activity Reports European Commission European Anti-Fraud Office (OLAF)

There has been a significant reduction in the average length of pre-trial proceedings (from 6.8 months in 2011 to 1.7 in 2016 to 2.1 months in 2020) conducted by OLAF, which has had a significant impact on increasing the number and effectiveness of OLAF's investigations (Figure 3).

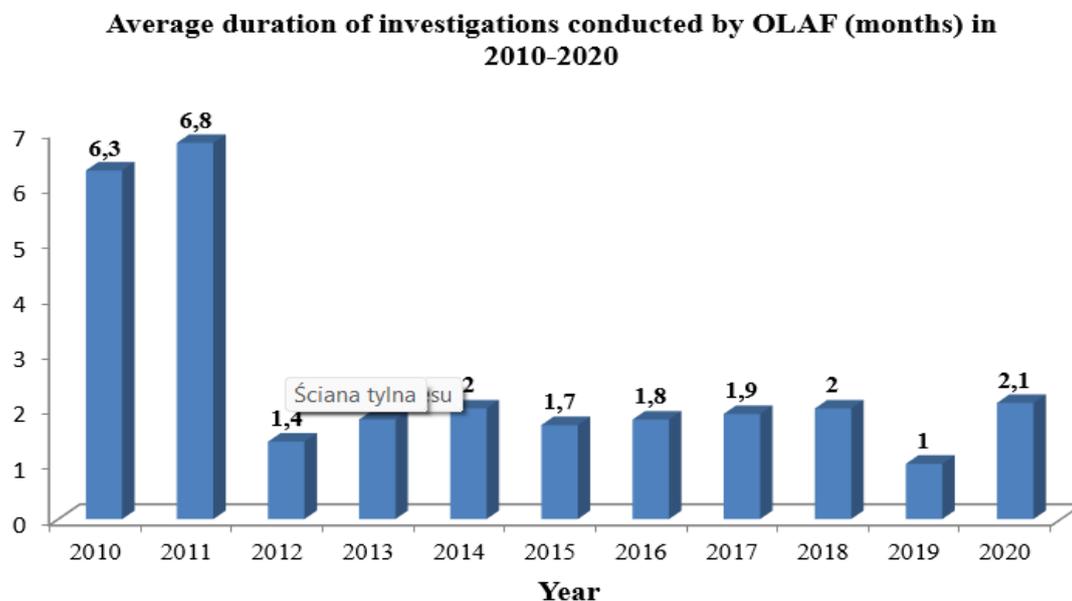


Figure 3. Average time taken by OLAF for pre-trial investigations (months) between 2010 and 2020

Source: OLAF Activity Reports European Commission European Anti-Fraud Office (OLAF)

The average duration of an investigation was reduced from 29.3 in 2011 to 18.9 months in 2016 and to 14.5 in 2020. This is the shortest average investigation duration recorded in over five years. As investigations have been conducted more efficiently, the likelihood that cases handled by OLAF will result in concrete practical outcomes has increased (Figure 4).

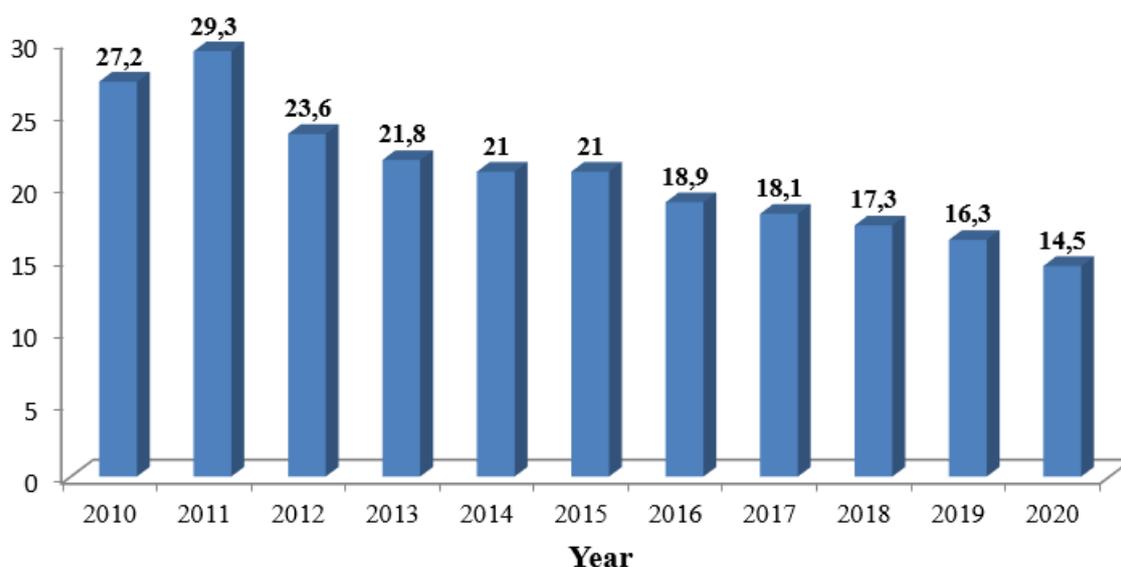
**Average duration of an OLAF investigation (months) in 2010-2020**

Figure 4. Average duration of OLAF investigations (months) 2010–2020  
Source: OLAF Activity Reports European Commission European Anti-Fraud Office (OLAF)

Conducting administrative investigations is OLAF's main, but not only, task. The Office is also responsible for preparing the Commission's legislative initiatives aimed at protecting the EU's financial interests, for cooperating with Member States in this field and for all other anti-fraud activities, including gathering and analysing information and providing technical assistance to EU institutions and national authorities (Gruszczak A., Grzelak A., 2005).

In the context of OLAF's activities aimed at assisting Member States in their efforts to protect the EU's financial interests, it is important to point to the activities of the Advisory Committee for Coordination in the Fight against Fraud (COCOLAF). This body was established in 1994 and thus at a time when the Maastricht Treaty had incorporated the provisions on the protection of the EU's financial interests into primary law five years before OLAF was set up. The Committee provides a forum for Member State representatives responsible for the protection of the EU's financial interests to exchange experience, consult and coordinate.

OLAF is also involved in other ways. These include coordination cases, where OLAF's role is, inter alia, to facilitate the collection and exchange of information and ensure proper communication between the national and EU authorities concerned, and cases aimed at providing assistance in ongoing criminal proceedings (criminal assistance cases). Such actions are initiated at the request of the competent authorities of the Member State requesting OLAF's assistance. In the framework of these cases, OLAF cannot undertake any investigative evidence-gathering activities, but, for example, organises working coordination meetings which provide a platform for the establishment of a working strategy between the interested parties: prosecutors, police officers, customs authorities and other services of the Member States involved in related subject-matter and subject-matter investigations. OLAF can also monitor cases already under way in Member States (monitoring cases).

OLAF's activities include awareness-raising tasks aimed at both the general public and officials, viz:

- OLAF disseminates information to make EU citizens aware of fraud and corruption risks;
- It informs project managers, finance officers, auditors and delegation staff of the risks of potential fraud and what action they should take if they suspect irregularities;

- participation in training courses allows staff to share experience and to keep up to date with the latest research;
- an anti-fraud website (<http://olaf.europa.eu>).

Coordination of cooperation between the national authorities of two or more countries is one of the ways in which OLAF carries out its tasks. Countries that joined the EU after 2004 have established national fraud prevention contact points, whose task is to:

- coordinate legislation, administration and activities to protect EU finances;
- act as an intermediary between national authorities and OLAF, and support cooperation between OLAF and law enforcement authorities;
- informing the European Commission about detected cases of fraud and irregularities.

The national offices also provide information on fraud penalties and the consequences of such fraud and decide on a sufficient number of staff to carry out fraud prevention tasks. The European Anti-Fraud Office (OLAF) cooperates with, among others, the European Police Office, the European Judicial Network or the European Judicial Cooperation Unit to increase its efficiency. This cooperation includes the exchange of key information, news gathering and the coordination of cooperation between national authorities. The exchange of information is facilitated by a dedicated computerised Anti-Fraud Information System (AFIS) and the Customs Information System (CIS). These systems have proven to be very helpful in mutual cooperation, facilitating and improving the flow of information between OLAF and its national and international partners.

## *Conclusions*

In the process of implementing cohesion policy, Member States enjoy procedural autonomy, meaning the freedom to choose the legal procedures used to transpose, apply and ensure compliance with European Union (EU) law in their national legal orders. Organisational autonomy, on the other hand, encompasses the freedom to determine the institutional system used to implement cohesion policy. Member States' autonomy to implement EU cohesion policy within the framework of the existing legal system is relative in nature, as it is limited by the establishment of specific requirements in EU law abolishing the regulatory discretion of Member States. A well-functioning management and control system is intended to ensure that EU funds are used in accordance with the objectives and procedures laid down in the agreements and in EU and national law. Sound and efficient management of EU funds depends on the organisation of effective control mechanisms for these funds to avoid possible errors or irregularities. The control system for EU budget funds is based on a division of responsibilities between the European Commission and member state administrations. States and regions have a decisive influence on the absorption rate of these funds and bear responsibility for their proper management. The European Commission supervises their use in accordance with the objectives of the programmes and the EU's financial rules.

OLAF has carried out anti-corruption and anti-fraud activities, the scope of these tasks also falling within the competence of the designated authorities in the Member States. EU Member States have legal instruments and institutions at their disposal to prevent and combat corruption and fraud. Member States manage around 80% of EU funds and are also responsible for running them.

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