



**THE COMMITTEE FOR THE FIGHT AGAINST FRAUDS TO THE
DETRIMENT OF THE EUROPEAN UNION AND THE
IMPLEMENTATION OF THE COMMISSION'S
RECOMMENDATIONS ON THE PROTECTION OF THE EU
BUDGET**



COL. CRUCIANO CRUCIANI

Coordinator of the Italian Anti-Fraud Coordination Service (AFCOS)



PRESIDENCY OF THE COUNCIL OF MINISTERS
DEPARTMENT FOR EUROPEAN AFFAIRS

In Italy, the coordination and cooperation of the competent administrations for the protection of the financial interests of the European Union is the responsibility of the **Committee for the fight against frauds to the detriment of the EU - 'COLAF' (Italian AFCOS)**.

Established in **1992**, COLAF's composition and tasks were redefined in **2007** and, most recently, with **Article 54 of Law No. 234 of 2012**, it was renamed and definitively included in the organisation chart of the Presidency of the Council of Ministers - Department for European Affairs.

Its establishment in 1992 proves that Italy can boast **more than 30 years' experience in interinstitutional cooperation for the** protection of the EU budget



PRESIDENCY OF THE COUNCIL OF MINISTERS
DEPARTMENT FOR EUROPEAN AFFAIRS

The Committee, chaired by the Minister for European Affairs, Southern Italy, Cohesion Policy, and the National Recovery and Resilience Plan, *"has advisory and guiding functions for the coordination of activities to combat fraud and irregularities relating in particular to the taxation sector and to the common agricultural policy and structural funds; it also deals with issues related to the flow of communications on the undue receipt of Community funding and the recovery of amounts unduly paid ... as well as those relating to the preparation of questionnaires concerning the annual reports to be sent to the European Commission ..."*.

It was reported by Italy as the National Anti-Fraud Coordination Service (AFCOS). It has to submit an **annual report to the Italian Parliament.**



They are part of **COLAF**:

- the Head of the Department for European Affairs;
- the Commander of the Unit of the Guardia di finanza for the repression of frauds against the European Union;
- the general managers of the offices of the Department for European Affairs;
- the general managers designated by the administrations concerned with the fight against tax and agricultural fraud and the proper use of European funds;
- the members designated by the Unified State-Regions Conference.

Article 3 of Law No. 56/2024 expanded the functions and composition of the COLAF in relation to the needs related to the National Recovery and Resilience Plan, as we will see below



At the Presidency of the Council of Ministers - Department for European Affairs, the "**Unit of the Guardia di finanza for the repression of frauds against the European Union**" operates as the **Technical Secretariat of the COLAF**, with the following tasks:



PRESIDENCY OF THE COUNCIL OF MINISTERS DEPARTMENT FOR EUROPEAN AFFAIRS

- **COLAF work preparation and implementation of its decisions;**
- **cooperation with the European Anti-Fraud Office (OLAF);**
- **participation in the work of the Union's anti-fraud bodies and, in particular, of the European Commission's CO.CO.L.A.F. and the Council's G.A.F. and the adoption of the national position to be represented in these fora;**
- **development of the National Anti-Fraud Strategy;**
- **taking care of the flow of communications concerning cases of irregularities and fraud in the field of European Funds, through the Irregularity Management System (IMS) and analysis of the data also in function of a general assessment of the risk of fraud in the national context;**
- **collection of information and data from the relevant national administrations and subsequent processing of 'questionnaires' to be forwarded to the European Commission;**
- **promotion of training and study initiatives to improve the fight against fraud and correct information on the activities implemented by the European and national institutions to protect the EU's financial interests.**



The Recommendations of the European Commission

The European Commission annually presents a **Report on the Protection of the Financial Interests of the European Union** (so-called P.I.F. Report), which concludes with **specific Recommendations to the Member States**.

From a summary of the Reports of the years 2021 and 2022, **six Recommendations** of particular importance can be derived;

- 1 - Correct Transposition of the EU Directive 2017/1371, the so-called P.I.F. Directive.
- 2 - Ensuring the concrete exercise of the powers of the European Public Prosecutor's Office (EPPO)
- 3 - Digitising the fight against fraud
- 4 - Strengthening Fraud Risk Analysis
- 5 - Improving the fraud detection and reporting system
- 6 - Strengthening anti-fraud *governance*



Correct Transposition of EU Directive 2017/1371, so-called P.I.F. directive

The process of adapting the national legal system to the PIF Directive started with **Legislative Decree No. 75 of 14 July 2020**, by which several criminal offences were broadened to strengthen the criminal response to fraud and other offences to the detriment of the EU, was then completed in **2022**, mainly with **Legislative Decree No. 156 of 4 October**.





Correct Transposition of EU Directive 2017/1371, so-called P.I.F. directive

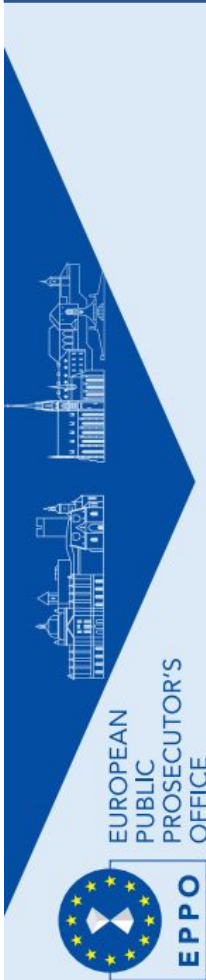
As a result of these interventions, the following **should be noted**:

- the **broadening of the categories of disbursements** that can be the subject of conduct that is punishable under criminal law as detrimental to the EU budget;
- the strengthening of the offence of **international bribery/corruption** provided for in Article 322 bis of the Criminal Code;
- the integration of the punishability **of certain tax offences by way of attempt**;
- the adaptation of the **administrative liability profiles of entities** for tax offences, to the description of the EU transnationality profile relevant for PIF purposes;
- further broadening the scope of **asset aggression measures** against fraudsters by introducing **confiscation by disproportion** also for aggravated fraud to the detriment of the EU and aggravated fraud to obtain public funds, **confiscation by equivalent** in smuggling offences, and **confiscation by equivalent and confiscation by disproportion** for the offence of misappropriation of funds in the agricultural sector.

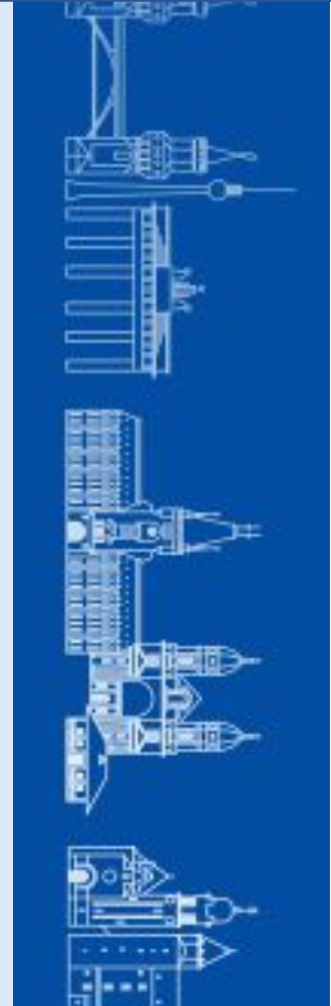


PRESIDENCY OF THE COUNCIL OF MINISTERS DEPARTMENT FOR EUROPEAN AFFAIRS

Ensuring the concrete exercise of the powers of the European Public Prosecutor's Office (EPPO)



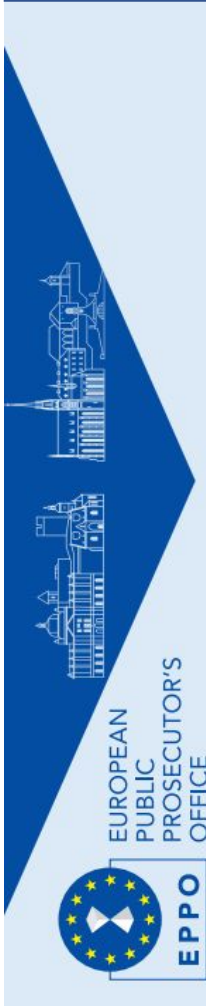
PAESI	European Delegated Prosecutors (PED) / Procuratori europei delegati
ROMANIA	20
GERMANIA	19
ITALIA	17
BULGARIA	10
REP. CECA	10
GRECIA	7
SPAGNA	7
CROATIA	6
FRANCIA	6
PORTOGALLO	6
SLOVACCHIA	6
LETONIA	4
LITUANIA	4
ESTONIA	3
AUSTRIA	2
BELGIO	2
FINLANDIA	2
LUSSEMBURGO	2
MALTA	2
OLANDA	2
SLOVENIA	2
CIPRO	1



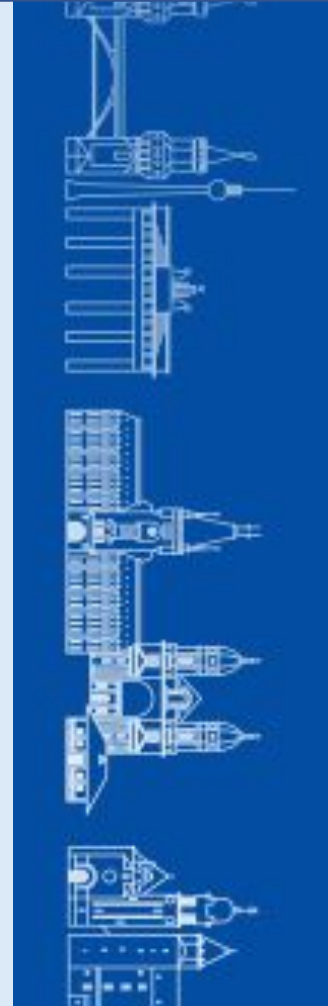


PRESIDENCY OF THE COUNCIL OF MINISTERS DEPARTMENT FOR EUROPEAN AFFAIRS

Ensuring the concrete exercise of the powers of the European Public Prosecutor's Office (EPPO)



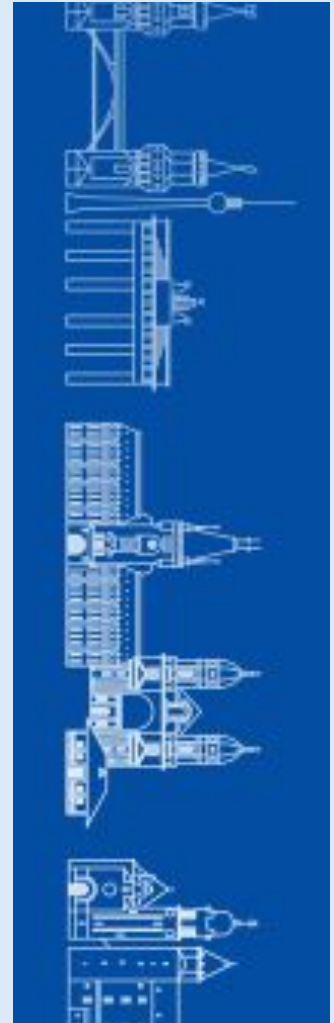
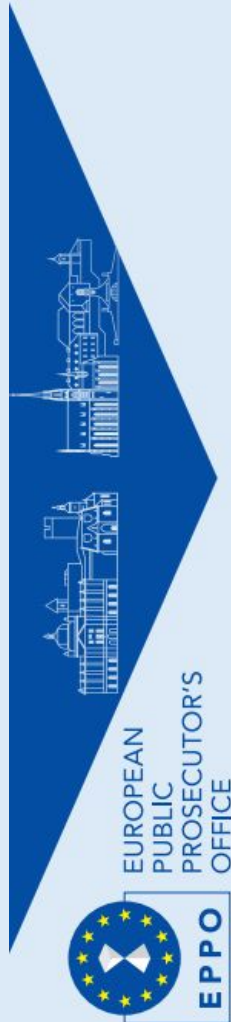
PAESI	National European Delegated Prosecutors' Assistants / Assistenti Procuratore delegati
ITALIA	50
BULGARIA	20
ROMANIA	12
CROATIA	11
SPAGNA	9
GERMANIA	8
FRANCIA	7
LETTONIA	6
GRECIA	5
OLANDA	5
PORTOGALLO	4
BELGIO	3
REP. CECA	3
LITUANIA	3
SLOVENIA	3
AUSTRIA	2
ESTONIA	2
LUSSEMBURGO	2
SLOVACCHIA	2
MALTA	1
CIPRO	0
FINLANDIA	0





PRESIDENCY OF THE COUNCIL OF MINISTERS DEPARTMENT FOR EUROPEAN AFFAIRS

Ensuring the concrete exercise of the powers of the European Public Prosecutor's Office (EPPO)



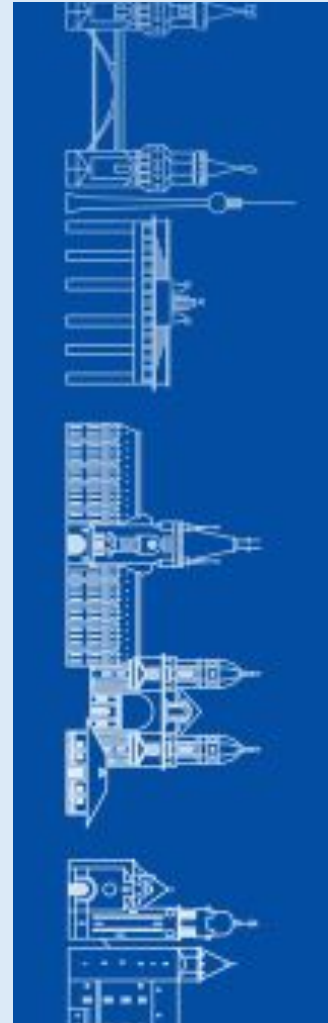
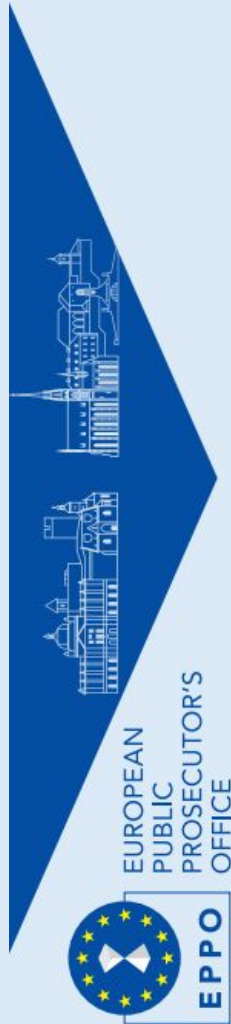


PRESIDENCY OF THE COUNCIL OF MINISTERS DEPARTMENT FOR EUROPEAN AFFAIRS

EPPO ANNUAL REPORT 2023 - ITALY DATA

OPERATIONAL ACTIVITY DATA VALID ON 31 DECEMBER 2023

European Delegated Prosecutors (Active): **17**
National European Delegated Prosecutors' Assistants (FTE): **50**





Digitising the fight against fraud - Strengthening fraud risk analysis

Italy has set up a specific '**Integrated Anti-Fraud Platform (PIAF-IT)**', thanks to the **collaboration between Ragioneria Generale dello Stato and COLAF, co-financed by the European Commission (OLAF)** to improve the risk analysis of the Cohesion Policies and the PNRR.

It is an **integration platform** that by extracting, aggregating and reconciling data from national (e.g. Agenzia delle Entrate, Infocamere, Corte Conti) and European sources ('*IMS*' and '*Financial Transparency System/FTS*' managed by the European Commission's Budget Directorate-General, allows the generation of a fact **sheet** concerning a physical or legal entity, in order to centralise and make visible all key information concerning the beneficiaries of public funding of European origin.

The platform is used by the national Audit Authorities and central administrations in charge of PNRR measures for **risk analysis** and **support of ARACHNE**.



Digitising the fight against fraud - Strengthening fraud risk analysis

"ARACHNE" - information system developed by the European Commission

It supports the verification activities of the Managing Authorities of Cohesion Policy Funds in identifying initiatives potentially exposed to risks of fraud, conflicts of interest and irregularities.

The ARACHNE system is **fed by several external data sources**, including *Orbis* (with detailed and comparable information from more than 200 million companies and corporations worldwide) and *Word Compliance* (with news from open sources), as well as the **information systems of the European Commission**, such as *VIES* and *Infoeuro*, and those from the individual Managing Authorities of the different Member States holding ERDF and ESF programmes.

It displays up to 102 risk indicators classified into 7 main risk categories: procurement, contract management, eligibility, concentration, performance, reasonableness and reputation risk, and fraud alert.

The system calculates an overall score for each of the 7 categories (with a maximum score of 50); the average of the scores of the 7 risk categories gives rise to an 'overall risk' indicator (with a maximum score of 50) of the project.

All Managing Authorities of the Italian Development and Investment Funds make full use of the system.



Improving the fraud detection and reporting system

The mechanism for reporting irregularities and fraud is based:

- for the Cohesion Policy and for the Common Agricultural Policy on the ***Irregularity Management System (IMS)***
- for own resources on the **OWNRES system**



Improving the fraud detection and reporting system

Main features of the *Irregularity Management System (IMS)*

- Illegal conduct must be reported when there is an initial administrative or judicial finding with a formal assessment by the competent authority of the **existence of concrete and specific elements**;
- The distinguishing element between irregularity and fraud is **intentionality**;
- in Italy (as well as in other Member States), **a request for indictment is required for** reporting fraud as intentional and, therefore, criminally relevant conduct, for inclusion in IMS



Improving the fraud detection and reporting system

The **IMS data** (reported annually in the European Commission's PIF reports) are therefore **very different** from those published in **EPPO's annual reports**, because:

- the former concern cases at an **advanced stage of administrative or judicial procedure**
- the latter concern **ongoing investigative activities**



Improving the fraud detection and reporting system

EU DATA TREND - YEAR 2022

OWN RESOURCES , COHESION AND FISHERIES POLICY AND COMMON
AGRICULTURAL POLICY

11,431 cases of irregularities/fraud
worth **EUR 1,667,415,528.**



Improving the fraud detection and reporting system

ITALY DATA TREND - YEAR 2022

OWN RESOURCES , COHESION AND FISHERIES POLICY AND COMMON
AGRICULTURAL POLICY

514 cases of irregularities/fraud worth
EUR 71,760,055.



PRESIDENCY OF THE COUNCIL OF MINISTERS DEPARTMENT FOR EUROPEAN AFFAIRS

Improving the fraud detection and reporting system

SEGNALAZIONI IRREGOLARITA'/FRODI						
DATI UE - NUMERO CASI - ANNO 2022						
POSIZIONE	PAESI UE	POLITICA AGRICOLA COMUNE	COESIONE E PESCA	RISORSE PROPRIE	TOTALI	INCIDENZA SUL TOTALE
		NR	NR	NR	NR	Δ%
1	Germania	83	119	1.676	1.878	16,43%
2	Polonia	404	710	134	1.248	10,92%
3	Spagna	568	48	531	1.147	10,03%
4	Romania	617	205	41	863	7,55%
5	Francia	443	38	381	862	7,54%
6	Grecia	514	70	45	629	5,50%
7	Olanda	14	13	601	628	5,49%
8	Repubblica Ceca	58	379	84	521	4,56%
9	Italia	307	111	96	514	4,50%
10	Ungheria	245	203	23	471	4,12%
11	Belgio	19	10	425	454	3,97%
12	Bulgaria	149	220	11	380	3,32%
13	Portogallo	239	42	31	312	2,73%
14	Lituania	135	86	54	275	2,41%
15	Svezia	12	19	200	231	2,02%
16	Rep. Slovacchia	60	152	6	218	1,91%
17	Danimarca	33	23	100	156	1,36%
18	Estonia	36	115	4	155	1,36%
19	Austria	3	42	76	121	1,06%
20	Croazia	51	27	24	102	0,89%
21	Lettonia	24	39	39	102	0,89%
22	Finlandia	33	11	32	76	0,66%
23	Slovenia	5	15	18	38	0,33%
24	Irlanda	0	8	22	30	0,26%
25	Malta	7	1	2	10	0,09%
26	Cipro	0	4	5	9	0,08%
27	Lussemburgo	1	0	0	1	0,01%
TOTALIEU27		4.060	2.710	4.661	11.431	100,00%



Improving the fraud detection and reporting system

The Commission asks the Member States to pay **close attention to the correct feeding of the IMS system, especially to ensure a timely detection of fraud** in Cohesion Policies and the Common Agricultural Policy, through a closer link between the Judicial Authority and the Managing Authority.

COLAF, through the Guardia di Finanza's Unit for the repression of frauds against the European Union, as Technical Secretariat, **gave appropriate instructions to the National Managing Authorities.**



Strengthening anti-fraud governance

Innovations introduced by Law No. 56/2024

Art.3, Paragraph 1: In order to strengthen the unified strategy of activities to prevent and combat fraud and other illicit activities on funding related to the PNRR, the cohesion policies for the 2021 - 2027 programming cycle and the national funds related to them, **the functions of the Committee for the fight against frauds to the detriment of European Union are also extended to the NRRP**



Strengthening anti-fraud governance

Innovations introduced by Law No. 56/2024

Art.3 paragraph 2: for these functions, the Committee shall in particular

- (1) requesting information on the initiatives taken by institutions, bodies and organisations to prevent and counter fraud and other illegalities to the detriment of Cohesion Policies and the NRP;
- (2) promote the conclusion and monitor the implementation of memoranda of understanding between the Guardia di Finanza, central administrations, regions and local authorities for informative, analytical and operational cooperation;
- (3) assess the advisability of drawing up any proposals, including regulatory proposals, to be submitted to the competent Administrations or to the Steering Committee responsible for coordination on the subject of the PNRR;
- (4) develop analytical activities also with regard to the development of the results of action to prevent and combat fraud and other offences.

The results of COLAF's work, including in the new areas, are included in the annual report to Parliament.



Strengthening anti-fraud governance

Innovations introduced by Law No. 56/2024

Art.3, para. 3: For the purposes' in question, the membership of the Committee is supplemented with the participation:

- among the '**ex officio members**', the coordinator of the **PNRR mission structure**, the **Head of the Department for Cohesion Policies and the South of the Presidency of the Council of Ministers**, the coordinator of the **Special Economic Zone (ZES) mission structure**, the chairman of the **Network of PNRR anti-fraud contacts** set up at the Ministry of Economy and Finance - Department of the State General Accounting Office, and the **Chairman of the Coordination Committee** provided for by the Public Contracts Code;
- from among "**the appointed members**", a representative of, respectively, the General Command of the **Carabinieri**, the **General Command of the Guardia di finanza**, the **Special Public Expenditure and EU Fraud Repression Unit of the Guardia di finanza**, the **Court of Auditors**, the **National Anti-Corruption Authority**, the **Financial Intelligence Unit of the Bank of Italy**, the **National Anti-Mafia and Anti-Terrorism Directorate**, the **Ministry of the Interior - Central Directorate of the Criminal Police** and the **Anti-Mafia Investigative Directorate**



Strengthening anti-fraud *governance*

Innovations introduced by Law No. 56/2024

Representatives of other national and European administrations, institutions or bodies, as well as those responsible for implementing projects or investments, financed in whole or in part with resources from the NRP or cohesion policies, may be invited to the Committee's meetings, depending on the subject matter.



Conclusions

The **monitoring of the implementation of the Commission's Recommendations, as well as** of the guidelines and indications of other European institutions (e.g. the European Parliament or the European Court of Auditors) is, in fact, **the most important of the functions carried out by COLAF** in the area of the protection of the Union's financial interests.

The close cooperation that takes place in the Committee between all the Administrations that are part of it, has always allowed Italy to demonstrate to the European Union the **full and substantial implementation of the contents of all the Recommendations.**



**THE COMMITTEE FOR THE FIGHT AGAINST
FRAUDS TO THE DETRIMENT OF THE EUROPEAN
UNION AND THE IMPLEMENTATION OF THE
COMMISSION'S RECOMMENDATIONS ON THE
PROTECTION OF THE EU BUDGET**

Thank you for your attention