

***THE NECESSITY OF COLLABORATION BETWEEN DLAF AND  
ACCOUNTING PROFESSIONALS IN ROMANIA IN THE FIGHT AGAINST  
FRAUD AND IRREGULARITIES IN THE USE OF EU FUNDS***

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*Abstract: From 2005 until 2013, according to reports the EU Commission, the European Antifraud Office and the Fight against Fraud Department – DLAF, Romania registered an upward trend of fraud and irregularities in the use of EU funds. In this paper, in the mentioned period, we make a comparative analysis regarding the evolution of these findings, in order to detect factors that influence the development and maintenance of these negative issues that put Romania in an "unfavourable light". In our conclusions we take into account the views of experts in the Academic Society of Romania (the longest-standing active think tank in Romania), who published a "Manual of fraud of EU funds". Direct consequences of fraud and irregularities detected are found in the indictment and final conviction of persons found guilty of these problems (whose evolution we analyse over periods, types and amount of European funds involved). From the analysis of activities and collaborations between DLAF and other professional bodies in the fight against these negative aspects of the use of EU funds, we found the lack of collaboration of these organizations with expert accountants, auditors and fiscal consultants. High responsibility on the activities conducted by these professionals would substantially reduce the volume and value of fraud and irregularities identified.*

*Keywords: DLAF, OLAF, accounting professionals, fraud and irregularities, the EU funds.*

## **1. Introduction**

### *1.1. Brief introduction*

In order to strengthen the legal framework regarding the fight against fraud for protection of EU financial interests in Romania, the Romanian Government adopted on 1 June 2005 the Emergency Ordinance No. 49/2005. The duties of the Inspection Department of the Prime Minister (Institute of contact with the OLAF) were taken by the DLAF. The principal attribute of DLAF consists of carried out appropriate inspections concerning the obtaining, the performing and utilization of EU funds, in order to discover irregularities and fraud affecting the financial interests of the European Community. Since May 2011, according to Law No. 61/2011 and Government Decision 738/2011, DLAF is a structure with autonomous legal personality, functional and independent from the other decision-making authorities and other public institutions from Romania. An important role in the activities of OLAF at European level and state (of each EU countries) is for the Services for Coordination of Fraud Prevention (AFCOS). Such a structure exists in our country, called DLAF - AFCOS Romania. In

carrying out its activities in general and implementing the National Anti-Corruption Strategy in particular, DLAF made operational collaboration with the General Inspectorate of Romanian Police, National Customs Authority, Central Finance and Phare Contracting, Ministry of Justice, Ministry of Finance, the Court of Auditors, the Council of Magistrates, the Prosecutor's Office attached to the High Court of Cassation and Justice, the National Anticorruption Directorate, National Integrity Agency, Permanent Electoral Authority, the Competition Council, etc. .. Regarding irregularities and fraud discovered in the use of EU funds in the OLAF report for 2013, Romania shows an indictment rate of 46%, which highlights the many problems facing our country in this regard. This finding can be seen in the figure below (Table 1) extracted from the OLAF report mentioned above.

**Table 1 – Actions taken by national judicial authorities following OLAF judicial recommendations per Member State between 1 January 2006 and 31 December 2013**

(Source: [http://ec.europa.eu/anti\\_fraud/documents/reports-olaf/2013/olaf\\_report\\_2013\\_en.pdf](http://ec.europa.eu/anti_fraud/documents/reports-olaf/2013/olaf_report_2013_en.pdf) )

Number of judicial recommendations	No decisions taken		Decisions taken			Rate of Indictment	
	Reporting period	Ongoing criminal investigation	Total	Dismissal	Indictment		
Austria	5	-	2	3	1	2	67 %
Belgium	43	-	14	29	15	14	48 %
Bulgaria	27	2	7	18	8	10	56 %
Cyprus	4	-	3	1	-	1	100 %
Czech Republic	7	2	1	4	1	3	75 %
Denmark	4	1	2	1	1	-	0 %
Estonia	2	-	-	2	1	1	50 %
Finland	1	-	-	1	1	-	0 %
France	20	-	6	14	4	10	71 %
Germany	30	-	6	24	7	17	71 %
Greece	22	4	8	10	1	9	90 %
Hungary	4	-	3	1	-	1	100 %
Ireland	1	-	1	-	-	-	0 %
Italy	71	2	26	43	18	25	58 %
Latvia	1	-	1	-	-	-	0 %
Lithuania	5	-	1	4	3	1	25 %
Luxembourg	8	-	6	2	1	1	50 %
Malta	6	1	-	5	-	5	100 %
Netherlands	16	1	2	13	7	6	46 %
Poland	17	2	4	11	5	6	55 %
Portugal	10	-	3	7	5	2	29 %
Romania	70	17	31	22	12	10	46 %
Slovakia	9	3	1	5	5	-	0 %
Slovenia	1	-	-	1	-	1	100 %
Spain	30	-	7	23	14	9	39 %
Sweden	3	1	-	2	-	2	100 %
United Kingdom	19	1	3	15	11	4	27 %
<b>Total</b>	<b>436</b>	<b>37</b>	<b>138</b>	<b>261</b>	<b>121</b>	<b>140</b>	<b>54 %</b>

To understand the work done by DLAF - AFCOS Romania to eliminate unfavorable situations (outcomes from the figure above), you must perform a review of the reporting activities of this institution. That is the reason why, this paper aims to formulate relevant opinions, in order to eliminate negative situations identified by OLAF in Romania. In our approach, we started to explain irregularities and fraud through false accounting records, incomplete financial statements and lack of responsibility for accountants and managers involved in these illegal activities. In addition, in analyzing the DLAF reports (from the period 2005-2013), we noticed the lack of collaboration between this institution and the professional bodies of accountants (Body of Expert and Licensed Accountants of Romania),

auditors (Chamber of Financial Auditors of Romania), tax consultant (Chamber of Tax Consultants in Romania) and evaluators (National Union of Evaluators from Romania). We approached to this subject of our paper, because we are part of professional bodies mentioned above and we have participated in European funded projects. During the implementation of these projects, we have experienced officers unable to understand the distinction between deductible and eligible expenses, excessive paperwork and deadlines settlement non-respected by the authorities for implementation. Considering the subject of our work, from the beginning we must emphasize that we have not found any concern of Romanian and / or foreign specialist to this topic. Instead, we found the opinions of experts in similar topics.

### *1.2. Literature review*

Related to work of OLAF, White S. (1999) realized a paper in which he debated about some issues raised by OLAF's increasing powers: independence, lifting of immunities and the possibility of an inter-institutional role. Ilett N. (2004) has outlined in his study the function of the European Anti-Fraud Office, known as OLAF and created in 1999: to protect the finances of the European Commission by fighting fraud, corruption and other irregular activities. Vlogaert J. (2006) present in his paper OLAF's overall structure, legal basis, competencies and operational network, and will also give an insight into day-to-day investigative activities, showing the problems that OLAF is currently facing in investigations in this area. European organizations are supported in their work by the quality of specific policy makers. That is why, Quirke B.J. (2007) believed that the fight against fraud was fatally undermined by the high degree of fragmentation due to the multiplicity of national and EU agencies involved. Again, Quirke B.J. (2007) has considered, in his research, the role of the European Anti-Fraud Office, OLAF, in the fight against EU fraud and to consider the difficulties and problems it has to contend with in attempting to carry out its mission. On the other hand, Harmati J., Laris L. and Meresz T. (2008) emphasizes in their study that OLAF mandate is to increase the effectiveness of the fight against fraud and other illegal activities detrimental to the financial interests of the Communities. Ghinea N. and Petcu P. (2009) explained in their research that Anti-Fraud Department - DLAF ensure operational coordination at national level by conducting inspections in cooperation with representatives of financial control bodies of tax police, police force or other public servants. Quirke B. (2010) examined OLAF powers and its capacity to coordinate the activities of anti-fraud agencies in twenty seven member states and it also considered the constraints which prevent it from operating in a more effective manner. The same author (Quirke B, 2010) in other study has provided an insight into the difficulties facing both OLAF and the agencies of new Member States in terms of fragmentation and seeking to acquire investigative and other technical skills in a very short period of time. On the other hand, Neagu N. (2010) has identified the linkages between the common legislation applicable to fraud offences and offences affecting the EU's financial interests, which are still blurred even for Romanian legislators, especially in the field of Community revenue. Instead, White S. (2010) developed a study focused on legal problems and blockages experienced by OLAF investigators in the present legal framework. Xanthaki H. (2010) has assessed in her paper the real reasons behind the widely accepted view that the European Anti-Fraud Office (OLAF) is not performing to its full potential. Furthermore, the study provides a list and an analysis of the main lacunae in

OLAF's regulatory framework, an operation which has been neglected in the academic literature. Furthermore, Bosie (Ungureanu) I. and Puica A. (2011) conducted an analysis of the EU's structural funds, highlighting the importance of accessing them and the degree to which Romania and member countries benefits of income support. Even more, Levi J. (2011) claims that OLAF has some investigators keenly focused on criminal sanctions they rarely achieve, and thus frustrated workers alongside contented ones. Vlad M., Tulvinschi M. and Chirita I. (2011) emphasizes that the achievement of financial reporting by so-called "fraudulent scheme" refers to short-term achievement of "management earnings", inducing negative consequences in time, ruining public confidence and trust in accounting and auditing profession. Károly M. and Gábor B. (2014) tried to explain, in their study, how the rules of the game of EU cohesion policy shape the behaviour of Member State governments as they pursue their development goals.

## 2. Hypotheses and data resources

Given the importance of the collaboration between professional bodies of accountants, auditors, tax consultants, evaluators and DLAF in the fight against fraud, we have proposed in our paper the following hypotheses:

*H1: There is a direct relationship between the increase in value of irregularities and fraud specified in DLAF activity reports during 2005-2013 on the one hand and lack of cooperation of this institution with professional bodies concerned, on the other hand?*

*H2: There is a direct relationship between financial corrections for European funds projects on the one hand, and irregularities and fraud which were discovered in this area, in Romania and reported by the European Parliament, on the other hand?*

## 3. Activities carried out by the DLAF to identify irregularities and fraud, which affecting the financial interests of the EU in Romania

In order to establish the checking or cancellation of the first hypothesis stated above, we must analyze all the DLAF activity reports, published on the official website, between 2005 - 2013. In all the tables below (from Table 2 to Table 10) is presented, briefly, an extract from each of these DLAF reports, for each year included in the analyzed period.

**Table 2- Extract from the Report of the DLAF in 2005**

(Source: [www.antifrauda.gov.ro/docs/raport\\_dlaf/DLAF\\_Raportul\\_anual\\_de\\_activitate2005\\_ro.pdf](http://www.antifrauda.gov.ro/docs/raport_dlaf/DLAF_Raportul_anual_de_activitate2005_ro.pdf))

Control activities	Intimation source for control actions	Objective of control actions	DLAF documents submitted to the Managing Authority of European funds , to other national authorities and to the European Commission structures
- in 2005	- a total of 48, of which 43 were	48 actions in progress	✓ 30 control documents have
		In total 48 actions in progress – checking the	

finished ; - from 43 finished ac-tions, in 26 were found indications of fraud, in 6 have found irregularities and in 11 the facts notified do not have confirmed		obtaining and utilization of funds	been used as evidence for NAD preparation by prosecutors to 5 indictments (of which 5 to the DLAF's complaint) for the indic-tment of 39 defendants.
	43 completed actions	43 completed actions (in value of 100.000 € ) – checking the obtaining and utilization of funds	
	34 finished actions - found indica-tions of fraud	34 finished actions	

**Table 3 - Extract from the Report of the DLAF in 2006**

(Source:www.antifrauda.gov.ro/docs/raport\_dlaf/DLAF/introducere.pdf )

Control activities		Intimation source for control actions	Objective of control actions	DLAF documents submitted to the Managing Authority of European funds , to other national authorities and to the European Commission structures
- in 2006	- a total of 87, of which 82 were finished ; - from 82 finished actions, in 8 were found indications of fraud, in 2 have found irregularities and in the 2 the facts notified do not have confirmed	87 actions in progress	In total 87 actions in progress – checking the obtaining and utilization of funds	✓510 reports submitted by DLAF related to irregularities for OLAF; ✓330 Notes of control;
		82 completed actions	82 completed actions (in value of 1.800.000 € ) – checking the obtaining and utilization of funds	
		8 finished actions- found indications of fraud	8 finished actions	

**Table 4 - Extract from the Report of the DLAF in 2007**

(Source:www.antifrauda.gov.ro/docs/raport\_dlaf/DLAF\_Raportul anual de activitate2007\_ro.pdf )

Control activities	Intimation source for control actions	Objective of control actions	DLAF documents submitted to the Managing

				Authority of European funds , to other national authorities and to the European Commission structures
in 2007	- a total of 103, of which 84 were finished ; - from the total of 103 actions, 42 were opened during the year; - from 84 finished actions, in 56 were found indications of fraud and in 14 have found irregularities	103 actions in progress	In total 129 actions in progress – checking the obtaining and utilization funds	✓ 169 reports submitted by DLAF related to irregularities for OLAF; ✓ 82 Notes of control;
		42 actions opened during the year	31 actions opened during the year	
		84 completed actions	84 completed actions (in value of 2.600.000 € ) – checking the obtaining and utilization funds	
		56 finished actions - found indications of fraud	14 finished actions	

**Table 5 - Extract from the Report of the DLAF in 2008**

(Source:www.antifrauda.gov.ro/docs/raport\_dlaf/DLAF\_Raportul anual de activitate2008\_ro.pdf )

Control activities	Intimation source for actions	Objective of control	DLAF documents	
- in	- a total of 129, of 106 were finished (of 84 confirmed and 22 confirmed); - from the total of 112 s, 31 were opened during ar; - from 84 conformed finished actions, in 14 found indica-tions of in 18 have found	129 actions in progress	In total 129 actions in ss – checking the ing and utilization funds	✓203 reports tted by DLAF to irregula-rities for (of which 97 initial s and 106 update s)
		31 actions opened the year	31 actions opened the year	
		84 completed actions	84 completed actions lue of 4.500.000 € ) – ng the obtaining and tion funds	
		14 finished actions -	14 finished actions	

irregularities and in the 52 the notified do not have confirmed	indications of fraud		
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**Table 6 - Extract from the Report of the DLAF in 2009**

(Source: [www.antifrauda.gov.ro/docs/raport\\_dlaf/DLAF\\_Raportul\\_anual\\_de\\_activitate2009\\_ro.pdf](http://www.antifrauda.gov.ro/docs/raport_dlaf/DLAF_Raportul_anual_de_activitate2009_ro.pdf))

Control activities	Intimation source for control actions	Objective of control actions	DLAF documents submitted to the Managing Authority of European funds, to other national authorities and to the European Commission structures
- in 2009 - a total of 112, of which 75 were finished; - from the total of 112 actions, 37 were opened during the year; - from 75 finished actions, in 25 were found indications of fraud, in 9 have found irregularities and in 41 the facts notified do not have confirmed	112 actions in progress	In total 112 actions in progress – checking the obtaining and utilization of funds	✓747 reports submitted by DLAF related to irregularities for OLAF (of which 214 initial reports and 533 update reports)
	37 actions opened during the year	37 actions opened during the year	
	75 completed actions	75 completed actions (in value of 16.410.000 €) – checking the obtaining and utilization of funds	
	25 finished actions - found indications of fraud	25 finished actions	

**Table 7 - Extract from the Report of the DLAF in 2010**

(Source: [www.antifrauda.gov.ro/docs/raport\\_dlaf/DLAF\\_Raportul\\_anual\\_de\\_activitate2010\\_ro.pdf](http://www.antifrauda.gov.ro/docs/raport_dlaf/DLAF_Raportul_anual_de_activitate2010_ro.pdf))

Control activities	Intimation source for control actions	Objective of control actions	DLAF documents submitted to the Managing Authority of European funds, to other national authorities and to the European

				Commission structures
- in 2010	- a total of 373, of which 49 were finished; - from the total of 373 actions, 78 were opened during the year; - from 49 finished actions, in 19 were found indications of fraud, in 8 have found irregularities and in the 22 the facts notified do not have confirmed	For 373 actions in progress: OLAF 96; Individual person 64; Legal person 16 ; Mass-media 16; From state authorities: 181. 78 actions opened during the year 49 completed actions 19 finished actions - found indications of fraud	In total 373 actions in progress – checking the obtaining and utilization funds 78 actions opened during the year 49 completed actions (in value of 58.361.949 €, but the value of financial estimated impact for irregularities and possible fraud was 2.781.114 € ) – checking the obtaining and utilization of funds 19 finished actions were found indications of fraud (including administrative recovered debts totaling 1.452.887 €)	✓646 reports submitted by DLAF related to irregularities for OLAF (of which 235 initial reports and 411 update reports)

**Table 8 - Extract from the Report of the DLAF in 2011**

(Source: [www.antifrauda.gov.ro/docs/raport\\_dlaf/DLAF\\_Raportul\\_anual\\_de\\_activitate2011\\_ro.pdf](http://www.antifrauda.gov.ro/docs/raport_dlaf/DLAF_Raportul_anual_de_activitate2011_ro.pdf))

Control activities	Intimation source for actions	Objective of control actions	DLAF documents submitted to the Managing Authority of European Union, to other national authorities and to the European Commission structures	
- in 2011	- a total of 178 actions, of which 97 were finished; - from the total of 178 actions, 125 were opened during the year	178 actions in progress	In total 178 actions in progress – checking the obtaining and utilization of funds from the: ✓ post-accession period: 85 (ARD 41, SAPS 10, POSDRU 19, CE 7, POR 5, Other 3); ✓ pre-accession period: 93 (ARD 64, PHARE 22, ISPA 7)	✓ 79 Notes of findings; ✓ 20 control documents have been used as evidence for NAD prosecution by prosecutors 5 indictments (of which 9 to the DLAF's

<p>- from 97 ed actions, were found tions of in 7 have irregularities 37 the facts d do not onfirmed</p>	<p>For 125 actions opened the year: NAD 77; OLAF Managing Authority / menting Authority 36; tion Office 2; 7.</p>	<p>125 actions opened during the aint and 7 to the s complaint) for the ment of 37 defen-</p>	<p>✓821 reports tted by DLAF</p>	
	<p>97 completed actions</p>	<p>97 completed actions (in value 7.140.915 €, but the value of ial estimated impact for larities and possible fraud was 3.658,88 € ) – checking the ing and utilization of funds from</p> <p>✓ post-accession period: 49 DR 23, SAPS 8, POSDRU 8, CE 5, POR 4, Other 1); ✓ pre-accession period: 48 ARD 36, PHARE 10, ISPA 2)</p>	<p>l to irregula- rities for (of which 317 reports and 504 reports)</p>	
	<p>96 finished actions - found tions of fraud</p>	<p>In total 96 finished actions were indications of fraud (including istrative recovered debts totaling 302 €) for:</p> <p>✓ post-accession period: 54 l actions completed with tions of fraud (POSDRU 28, R 26) ; ✓ pre-accession period: 42 l actions com- pleted with tions of fraud; (SAPARD 42)</p>		

**Table 9 - Extract from the Report of the DLAF in 2012**

(Source: [www.antifrauda.gov.ro/docs/raport\\_dlaf/DLAF\\_Raportul\\_anual\\_de\\_activitate2012\\_ro.pdf](http://www.antifrauda.gov.ro/docs/raport_dlaf/DLAF_Raportul_anual_de_activitate2012_ro.pdf) )

Control activities	Intimation source control actions	Objective of control actions	DLAF documents ed to the Managing ty of European funds , er national authorities to the European ssion structures
1	2	3	4
			5

1	<p>in a total of 310, of which 94 were finished; from the total of 310, 230 were opened during the year; from 152 finished in 96 were found indications of fraud, in 7 have irregularities and in the facts notified do not confirmed</p>	<p>310 actions in progress</p>	<p>In total 310 actions in progress checking the obtaining and utilization of funds from the:</p> <p>✓ post-accession period: 222 actions (SAPARD 50, SAPS 20, POSDRU 63, LEADER 53, POR 16, POS Transport 2, POCA 8, Border Cooperation 2, POS Environment 6, etc.);</p> <p>✓ pre-accession period: 88 actions (SAPARD 55, PHARE 18, ISPA 15, etc.)</p>	<p>✓ 129 Notes of control which 96 for fraud, 6 for irregularities and 27 confirmed);</p> <p>✓ control documents have been used as evidence for the preparation by prosecutors to 23 indictments which 15 to the DLAF's indict and 8 to the NAD's indict) for the indictment defendants;</p>
2		<p>3 For 230 actions opened during the year: SAPARD 65; OLAF 26; Managing authority 60; Commission Office 53; Authority at the Romanian Court of Appeals 13; DIOCT 3; 10</p>	<p>4 In total 230 actions opened during the year - checking the management and utilization of funds</p>	<p>5 ✓ 1.375 reports issued by DLAF related to irregularities for OLAF (of which 730 initial reports and 645 late reports)</p>
		<p>152 completed</p>	<p>152 completed actions (in value of 678.572.779 €, but the value of financial estimated impact for irregularities and possible fraud was 274 €)</p>	
		<p>96 finished actions were found indications of fraud</p>	<p>In total 96 finished actions found indications of fraud including administrative recovered totaling 1.706.851,16 € and 21,52 lei) for:</p> <p>✓ post-accession period: 54 actions completed with indications of fraud (POSDRU 28, SAPARD 26);</p> <p>✓ pre-accession period: 42 actions completed with indications of fraud; (SAPARD 42)</p>	

**Table 10 - Extract from the Report of the DLAF in 2013**

(Source: [www.antifrauda.gov.ro/docs/Raportul\\_anual\\_de\\_activitate2013.pdf](http://www.antifrauda.gov.ro/docs/Raportul_anual_de_activitate2013.pdf))

Control activities	Intimation source for control actions	Objective of control actions	DLAF documents
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			submitted to the Managing Authority of European funds, to other national authorities and to the European Commission structures	
- in 2013	- a total of 290, of which 194 were finished; - from the total of 290 actions, 132 were opened during the year;	For 290 actions in progress: NAD 102; DIOCT 3; OLAF 21; Managing authority 96; Intimation Office 41; Audit Authority at the Romanian Court of Accounts 12; ANRMAP 4; Others 11.	In total 290 actions in progress – checking the obtaining and utilization of funds from the: ✓ post-accession period: 244 (PNDR 60, SAPS 30, POSDRU 47, POSCCE 58, POR 22, POS Transport 7, PODCA 7, Interregional cooperation1, Border Cooperation1, Operational Programme for Fisheries 1, POS Environment 5, Others 6); ✓ pre-accession period: 46 (SAPARD 23, PHARE 7, ISPA 8, Youth in Action 8)	✓139 Notes of control (from which 114 for NAD3 for DIOCT, 3 for The Prosecutors' office attached to Court of Appeal in Cluj, The Prosecutors' office attached to Law Court from Piatra Neamt and The Prosecutors' office attached to Law Court from the sector No 1 Bucharest) and 60 Addresses for information; ✓ control documents have been used as evidence for NAD preparation by prosecutors to
	- from 194 finished actions, in 93 were found indications of fraud, in 10 have found irregularities and in the 91 the facts notified do not have confirmed	For 132 actions opened during the year: NAD 61; OLAF 1; Managing authority 59; Intimation Office 3; Audit Authority at the Romanian Court of Accounts 2; Others: 6.	In total 132 actions opened during the year – checking the obtaining and utilization of funds from the: ✓ post-accession period: 122 (PNDR 45, SAPS 18, POSDRU 16, POSCCE 15, POR13, POS Transport7, PODCA 2, Interregional cooperation 1, Operational Programme for Fisheries 1, POS Environment 1, Life+PEAD Grant Contract 3); ✓ pre-accession period:10 (SAPARD 2, PHARE2, ISPA4, Youth in Action 2)	
		For 194 completed actions: NAD 57; DIOCT 3; OLAF 20; Managing authority58; Intimation Office 39; Audit Authority at the Romanian Court of Accounts 9; ANRMAP	In total 194 completed actions (in value of 624.466.739,13 €, but the value of financial estimated impact for irregularities and possible fraud was 31.623.093,47 € ) - checking the obtaining and utilization of funds from the: ✓ post-accession period: 153;	

	4; Individual person 3; Legal person 1.	✓ pre-accession period: 41 (SAPARD 23, PHARE 6, ISPA 5, Youth in Action 72)	23 indictments (of which 12 to the DLAF's complaint and 11 to the NAD's complaint) for the indictment of 40 defendants.
	93 finished actions - found indications of fraud: NAD 36; DIOCT 3; OLAF 1; Managing authority 35; Intimation Office 10; Audit Authority at the Romanian Court of Accounts 6; Individual person 1; Legal person 1.	93 finished actions - found indications of fraud (including administrative recovered debts totaling 4.971.702 €) for: ✓ post-accession period: 79 control actions completed with indications of fraud; ✓ pre-accession period: 14 control actions completed with indications of fraud; (SAPARD 4, PHARE 4, ISPA 2, Youth in Action 4)	

The main types of irregularities / frauds identified by DLAF were related to utilization of false documents, changing the destination of EU funds received, non-compliance with public procurement, including conflict of interest for the persons involved in the process. Analyzing the information presented in the above tables (from Table 1 to Table 9) we formulate the following conclusions:

- from one year to another, increasing the irregularities and fraud detected by DLAF;
- the process for trial and conviction of guilty persons of criminal fraud in the EU funds is very slow;
- frequent legislative changes affecting in a negative way DLAF's activities, because legislative gaps from time to time help guilty person to perform fraudulent operations;
- lack of cooperation between professionals 'bodies and specialists hampering DLAF's activities.

Considering the above conclusions, we can say that the no1 hypothesis is verified, meaning that: *"There is a direct relationship between the increase in value of irregularities and fraud specified in DLAF activity reports during 2005-2013 on the one hand and lack of cooperation of this institution with professional bodies concerned, on the other hand (H1)".*

#### **4. Financial corrections for European funds projects, irregularities and fraud reported by the European Parliament, regarding Romania**

On 17 July 2014, the European Parliament published the report of the European Council for 2013, regarding the Fight against fraud for EU funds. In this report is presented the situation of Romania (together with other European countries) regarding financial corrections on 31.12.2013 for EU funds, irregularities identified and reported or not as fraudulent, by the bodies involved. Extracts from this report regarding the issues mentioned are shown in the tables below (Tables 11-13).

**Table 11 – Financial corrections implemented under shared management (EUR million)**

(Source: [http://ec.europa.eu/anti\\_fraud/documents/reports-commission/2013/1\\_act\\_part1\\_en.pdf](http://ec.europa.eu/anti_fraud/documents/reports-commission/2013/1_act_part1_en.pdf))

Member State	EAGF	Rural development	ERDF	Cohesion Fund	ESF	Other	Total 2013	Total 2012
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Belgique/België	7	0	12		5		24	14
Bulgaria	13	2	3		0	0	19	30
Ceská republika	5	6	22	2	41		76	125
Danmark	10	1	0		0	1	12	22
Deutschland	7	5	3		23	0	39	10
Eesti	0		10		1		10	1
Éire/Ireland	5	2	1			0	9	9
Ellada	-1		86	7	-110	0	-18	262
España	4	2	193	46	459	14	717	2 172
France	6	35	17		36	1	96	123
Hrvatska				1			1	-
Italia	111	6	157		106	2	382	275
Kypros	0	0					0	8
Latvija	0	1	19		8	0	24	12
Lietuva	0	8	0		0	0	8	10
Luxembourg	0	0	0				0	0
Magyarország	15	4	51	89	1		160	6
Malta	0	0					0	0
Nederland	2				44	1	47	20
Österreich	1				0		1	1
Polska	24	118	8	33	11	0	195	162
Portugal	0		3	22	6	0	31	134
Romania	28	17	0	21	219		285	139
Slovenija	4	5	12	2	0		23	0
Slovensko	1	4	23	45	1		73	57
Suomi/Finland	5	1	0		0	0	6	1
Sverige	20				0	1	22	74
United Kingdom	211	12	2		3	0	228	50
Interreg/Cross-Border			1				1	24
<b>TOTAL IMPLEMENTED</b>	<b>481</b>	<b>230</b>	<b>622</b>	<b>277</b>	<b>842</b>	<b>21</b>	<b>2 472</b>	<b>3 742</b>

**Table 12 – Irregularities reported as fraudulent**

(Source: [http://ec.europa.eu/anti\\_fraud/documents/reports-commission/2013/1\\_act\\_part1\\_en.pdf](http://ec.europa.eu/anti_fraud/documents/reports-commission/2013/1_act_part1_en.pdf))

Member States	Agriculture		Fisheries		Cohesion Policy		Pre-Accession		TOTAL		REVENUE	
	N	€	N	€	N	€	N	€	N	€	N	€
Belgique/België					2	0			2	0	34	10 257 534
Bulgaria	82	2 930 979	2	477 927	5	528 970	8	5 455 219	97	9 393 095	8	300 422
Ceská republika	15	1 509 736			20	11 879 090			35	13 388 827	3	45 098
Danmark	66	2 555 374							66	2 555 374	4	711 748
Deutschland	9	915 590			38	22 838 370			47	23 753 960	70	7 856 134
Eesti	4	1 220 196			3	5 680 149			7	6 900 345		0
Éire/Ireland									0	0	5	566 258
Ellada	25	1 844 031			30	26 381 356			55	28 225 388	20	2 187 041
España	12	801 903							12	801 903	121	12 160 427
France	15	1 460 097			1	197 681			16	1 657 777	84	5 124 158
Hrvatska							2	12 113	2	12 113	5	109 626
Italia	213	36 666 995	17	7 433 523	72	24 395 501			302	68 496 019	137	12 485 615
Kypros			3	203 450	3	111 735			6	315 185	1	76 603
Latvija	3	274 528			27	11 283 880			30	11 558 408	11	517 936
Lietuva					2	6 816 257			2	6 816 257	24	1 931 919
Luxembourg	1	252 050							1	252 050		0
Magyarország					2	226 808			2	226 808	6	131 689
Malta	5	113 814			14	246 439			19	360 253	4	444 171
Nederland	1	6 349 557							1	6 349 557	19	951 905
Österreich	6	53 167							6	53 167	13	301 255
Polska	42	4 382 479	1	1 034 465	48	43 292 921			91	48 709 866	17	2 544 607
Portugal					4	1 881 339			4	1 881 339	1	108 890
Romania	60	4 397 573			23	23 107 715	26	9 059 616	109	36 564 903	15	288 581
Slovenija	2	213 708			4	6 168 418			6	6 382 126	4	324 517
Slovensko	1	520 942			4	237 024			5	757 966		0
Suomi/Finland					2	179 375			2	179 375	5	351 061
Sverige	2	32 411							2	32 411		0
United Kingdom	1	14 278			17	10 878 059			18	10 892 337	22	741 066
<b>TOTAL</b>	<b>565</b>	<b>66 509 407</b>	<b>23</b>	<b>9 149 365</b>	<b>321</b>	<b>196 331 087</b>	<b>36</b>	<b>14 526 948</b>	<b>945</b>	<b>286 516 807</b>	<b>633</b>	<b>60 518 262</b>

**Table 13 – Irregularities not reported as fraudulent**

(Source: [http://ec.europa.eu/anti\\_fraud/documents/reports-commission/2013/1\\_act\\_part1\\_en.pdf](http://ec.europa.eu/anti_fraud/documents/reports-commission/2013/1_act_part1_en.pdf))

Member States	Agriculture		Fisheries		Cohesion Policy		Pre-Accession		TOTAL EXPENDITURE		REVENUE		
	N	€	N	€	N	€	N	€	N	€	N	€	
Belgique/België	24	939 877			70	2 524 884			94	3 464 741	128	9 202	
Bulgaria	6	1 171 207			58	13 195 386			90	15 962 366	13	2 320	
Ceská republika	61	1 443 547	1	1 113 878	998	356 518 778		26	1 595 814	1 060	359 076 203	54	2 990
Danmark	18	731 486	13	2 287 911	5	70 106			36	3 089 502	36	1 425	
Deutschland	173	5 252 533			220	22 409 261			393	27 661 793	1 310	98 989	
Eesti	37	1 215 724	6	388 015	75	9 901 878			118	11 505 617	4	348	
Eire/Ireland	139	4 058 132			167	52 559 106			306	56 617 238	19	1 504	
Ellada	57	3 648 198	1	14 377	194	152 746 807			252	156 409 182	0		
España	215	15 245 207	28	3 713 821	277	86 834 854			520	105 793 883	236	16 965	
France	146	9 930 695			13	194 218			159	10 124 913	207	17 645	
Hrvatska								19	244 808	19	244 808	3	54
Italia	188	7 422 239	4	469 956	331	37 185 218			523	45 077 413	135	12 599	
Kypros	20	962 878	1	11 516	5	126 693			26	1 101 087	16	1 008	
Latvija	20	497 353	3	156 007	79	31 542 662			102	32 196 021	8	507	
Lietuva	78	2 243 509			142	29 912 978			220	32 156 487	23	768	
Luxembourg									0	0	0	0	
Magyarország	381	13 837 519	1	17 339	156	18 091 359		3	3 174	541	31 949 391	54	1 547
Malta					10	836 470			10	836 470	0	0	
Nederland	125	57 996 815	2	150 676	62	8 833 503			189	66 980 994	405	39 922	
Österreich	12	537 448	1	17 645	9	564 071			22	1 119 164	49	3 305	
Polska	282	13 325 663	16	1 022 798	685	107 518 991		1	89 357	984	121 956 809	90	6 406
Portugal	106	3 924 486	8	448 165	171	19 517 973			285	23 890 624	18	1 005	
Romania	509	30 802 914	25	3 408 417	242	44 643 607		128	43 740 166	904	122 595 105	65	4 266
Slovenija	11	363 467			46	7 474 094			57	7 857 561	8	227	
Slovensko	34	7 342 186			152	121 074 894			186	128 416 879	8	1 744	
Suomi/Finland	11	509 009			6	341 593			17	850 602	38	2 078	
Sverige	37	1 825 448	2	20 578	29	1 284 837			68	3 130 863	61	11 507	
United Kingdom	124	2 870 444	21	1 106 944	472	52 116 514			617	56 093 902	1 156	89 018	
<b>TOTAL</b>	<b>2 814</b>	<b>188 117 982</b>	<b>133</b>	<b>14 348 044</b>	<b>4 674</b>	<b>1 178 020 295</b>		<b>177</b>	<b>45 673 317</b>	<b>7 798</b>	<b>1 426 159 637</b>	<b>4 144</b>	<b>327 361</b>

Taking into account the information contained in the above tables (Tables 11-13) we formulated the following conclusions:

- Romania has many shortcomings, which resulted in more controls by the bodies concerned for the early identification of fraud;
- irregularities reported as fraudulent for Romania were most from rural development domain;
- frequent monitoring of Romania and legislative changes in our country have allowed the recording of a smaller number of cases (even as value) compared to other European countries;
- responsibility of decision makers in companies or institutions that benefit of European funds, can be achieved by involving members of professional bodies.

Considering the above conclusions, we can say that the no2 hypothesis is verified, meaning that:

*"There is a direct relationship between financial corrections for European funds projects on the one hand, and irregularities and fraud which were discovered in this area, in Romania and reported by the European Parliament, on the other hand (H2)".*

## 5. Conclusions, limits and perspectives

In order to aid the specialists in this field, experts from the Academic Society of Romania (the longest-standing active think tank in Romania) published a "Manual of fraud of EU funds".

Taking into considerations all the information presented above, we conclude that our hypothesis are verified. But, most of all is important to emphasize the important role of implication for expert accountants, auditors, tax consultants and evaluators in the management of EU funds, together with DLAF-AFCOS Romania and other involved entities. However, our research has been subject to certain limits, namely:

- lack of information on DLAF agreement for collaboration with professional bodies;
- lack of detailed information about actual amounts recovered from individuals and / or legal guilty persons for defrauding EU funds.

These limits will become **future prospects** of our research with the direct purpose of improving the relationship between academia and business, and to contribute to the efforts of DLAF and professional bodies.

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