Report on the protection of financial interests of the EU in Sweden 2010-2012
Foreword

The Swedish Council for the Protection of the European Union's Financial Interests (the SEFI Council) was established by the government in order to promote an efficient and correct use of EU-related funds in Sweden. Government authorities involved in the administration and protection of the EU's funds in Sweden are represented in the Council, either by their own member or via another participating party. The Swedish Economic Crime Authority is responsible for the Council's chairmanship and its secretariat.

Every three years, the SEFI Council reports to the government on the protection of the EU’s financial interests in Sweden. The present report is the second such triennial report, covering 2010 until 2012 inclusive. It describes the measures undertaken during the period to promote an efficient and correct management of EU-related funds and to coordinate the affected authorities’ actions against fraud, misuse and other irregular handling of such funds. The report further details how the Council’s work has developed and how it plans to conduct its activities over the next three years.

It may be noted that the number of reports regarding suspected EU fraud has been low for several years. The SEFI Council is actively involved in the issue, and as a part of that work a common policy for reporting suspected EU fraud was adopted in February 2011. The policy agreed on by the government authorities involves the reporting of all suspected instances of EU fraud to the Swedish Economic Crime Authority. Issues regarding the reporting of suspected crime involving EU funds were also on the agenda at a conference about the protection of the EU’s financial interests arranged by the Council in October 2011. During 2011 and 2012 a slight increase in the reporting of suspected fraud was noted. The Council will continue to monitor trends in terms of the number of reports of suspected EU fraud.

Several of the member authorities in the SEFI Council view the rules for managing EU funds as complicated and ambiguous, for both beneficiaries and the authorities administering aid. All of the Council's authorities are currently working on simplification issues, but more could be done. Issues regarding simplification and clarification of regulatory frameworks will therefore be one of the Council’s focus areas over the coming three years.

During the period covered by the present report, chief of staff Fredrik Holmberg has chaired the SEFI Council. As of 1 January 2013, senior legal officer Lena Lindgren Schelin is the new chairperson of the Council.

Stockholm, February 2013

Lena Lindgren Schelin
Chairperson of the SEFI Council

Fredrik Holmberg
Chairperson of the SEFI Council
2009–2012

1 Reports were annual until 2006. The SEFI Council’s previous report was for 2007–2009.
## Table of contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>3</td>
</tr>
<tr>
<td>Table of contents</td>
<td>4</td>
</tr>
<tr>
<td>Abbreviations and terms</td>
<td>5</td>
</tr>
<tr>
<td>Summary</td>
<td>6</td>
</tr>
<tr>
<td>2. EU:s finansiella intressen i Sverige</td>
<td>8</td>
</tr>
<tr>
<td>2.1 The EU’s financial interests in Sweden 2010–2012</td>
<td>8</td>
</tr>
<tr>
<td>2.2 Organisation and management of EU funds in Sweden 2010-2012</td>
<td>10</td>
</tr>
<tr>
<td>2.3 New multiannual budget period 2014–2020</td>
<td>14</td>
</tr>
<tr>
<td>3. The SEFI Council</td>
<td>15</td>
</tr>
<tr>
<td>3.1 Background to the creation of the SEFI Council</td>
<td>15</td>
</tr>
<tr>
<td>3.2 The Council’s tasks and composition</td>
<td>16</td>
</tr>
<tr>
<td>3.3 The SEFI Council’s activities 2010–2012</td>
<td>16</td>
</tr>
<tr>
<td>3.4 The SEFI Council’s work 2013–2015</td>
<td>17</td>
</tr>
<tr>
<td>4. Measures taken by the SEFI Council authorities to promote the efficient and correct management of EU funds</td>
<td>18</td>
</tr>
<tr>
<td>4.1 Introduction</td>
<td>18</td>
</tr>
<tr>
<td>4.2 Payment of customs duties and charges to the EU</td>
<td>18</td>
</tr>
<tr>
<td>4.3 Agricultural aid</td>
<td>19</td>
</tr>
<tr>
<td>4.4 Aid to the fishing industry</td>
<td>19</td>
</tr>
<tr>
<td>4.5 Structural fund aid</td>
<td>20</td>
</tr>
<tr>
<td>4.6. Aid within the SOLID programme</td>
<td>22</td>
</tr>
<tr>
<td>5. Measures for coordination and collaboration</td>
<td>23</td>
</tr>
<tr>
<td>5.1 Introduction</td>
<td>23</td>
</tr>
<tr>
<td>5.2 Agricultural aid</td>
<td>23</td>
</tr>
<tr>
<td>5.3 Structural fund aid</td>
<td>23</td>
</tr>
<tr>
<td>5.4 Stöd inom SOLID-programmet</td>
<td>25</td>
</tr>
<tr>
<td>5.5 Ekobrottssmyndigheten</td>
<td>25</td>
</tr>
<tr>
<td>6. Experiences of the National Financial Management Authority</td>
<td>26</td>
</tr>
<tr>
<td>7. Reporting of irregularities to OLAF</td>
<td>27</td>
</tr>
<tr>
<td>7.1 General assumptions</td>
<td>27</td>
</tr>
<tr>
<td>7.2 Statistics on reported irregularities</td>
<td>28</td>
</tr>
<tr>
<td>7.3 Analysis of the irregularities</td>
<td>31</td>
</tr>
<tr>
<td>8. Reported EU fraud</td>
<td>33</td>
</tr>
<tr>
<td>8.1 Investigating EU fraud</td>
<td>33</td>
</tr>
<tr>
<td>8.2 Notifications of suspected crimes</td>
<td>33</td>
</tr>
<tr>
<td>ANNEX</td>
<td></td>
</tr>
<tr>
<td>10. Contact persons for issues concerning EU fraud</td>
<td>37</td>
</tr>
</tbody>
</table>
## Abbreviations and terms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESV</td>
<td>Ekonomistyrningsverket (the Swedish National Financial Management Authority)</td>
</tr>
<tr>
<td>EFF/the fisheries fund</td>
<td>The European Fisheries Fund</td>
</tr>
<tr>
<td>ERF/the refugee fund</td>
<td>The European Refugee Fund</td>
</tr>
<tr>
<td>EAGF/the agricultural fund</td>
<td>The European Agricultural Guarantee Fund</td>
</tr>
<tr>
<td>EBF/the borders fund</td>
<td>The External Borders Fund</td>
</tr>
<tr>
<td>EIF/the integration fund</td>
<td>The European Fund for the Integration of Third-Country nationals</td>
</tr>
<tr>
<td>Commission</td>
<td>The European Commission</td>
</tr>
<tr>
<td>EAFRD/the rural fund</td>
<td>The European Agricultural Fund for Rural Development</td>
</tr>
<tr>
<td>OLAF</td>
<td>The European Anti-Fraud Office</td>
</tr>
<tr>
<td>ERDF/the regional fund</td>
<td>The European Regional Development Fund</td>
</tr>
<tr>
<td>SEFI Council</td>
<td>The Council for the Protection of the EU’s Financial Interests</td>
</tr>
<tr>
<td>ESF/the social fund</td>
<td>The European Social Fund</td>
</tr>
<tr>
<td>Solidarity funds</td>
<td>Funds within the Framework programme on solidarity and management of migration flows</td>
</tr>
<tr>
<td>RF/the return fund</td>
<td>The European Return Fund</td>
</tr>
</tbody>
</table>
Summary

The EU has considerable financial interests in Sweden. The country’s EU membership means that Sweden handles different types of funds destined for, or coming from, the EU’s budget. Every year Sweden pays a contribution to the EU made up mainly of a proportional share of its gross national product (GNI) and of customs and farm trade duties. Funds flowing from the EU to Sweden are primarily various types of aid paid to beneficiaries in Sweden, mostly agricultural aid and payments from structural funds.

In order to guarantee close cooperation between both administrative and crime-fighting authorities charged with ensuring the correct use of EU funds in Sweden, the government formed the Council for the Protection of the EU’s Financial Interests (the SEFI Council). The Council is a forum for collaboration and experience exchange between Swedish authorities involved in various ways with the administration and protection of the EU’s financial interests in Sweden.

Every year the SEFI Council arranges three full-day meetings at which the authorities in the Council get together to exchange information and experiences. In connection with these meetings, lectures are held on current and relevant subjects. During the period from 2010 to 2012, the Council’s work focused mainly on increasing the number of reports regarding suspected EU fraud. As a part of these efforts, the Council has drawn up a common reporting policy for suspected EU fraud. In the coming three-year period, the Council will focus in various ways on issues related to the simplification and clarification of the regulatory frameworks governing the EU funds.

In addition to the measures undertaken as part of the SEFI Council’s activities between 2010 and 2012, the authorities in the Council carried out a series of initiatives aimed at further improving and increasing the efficiency of the management of the EU aid that each is responsible for. Targeted training programmes, improvements to technical systems, development of guidelines and procedures, and organisational changes are just some examples of measures undertaken during the period. In order to coordinate actions against the irregular and inefficient management of EU funds even more, several of the authorities in the SEFI Council have in-depth collaboration schemes with each other beyond the activities of the Council.

Sweden, like all EU member states, is required to report irregularities detected in the management of some of the EU’s funds² to the Commission. One aim of the reporting requirement is to allow for various types of follow-up. It is important in this context, however, not to confuse the term ‘fraud’ with the term ‘irregularity.’ The reporting of irregularities includes all types of aberrations, from inadvertent mistakes by the beneficiary and the authorities managing the EU funds to intentional deception and deliberate fraud. Only crime statistics can provide an idea of the number of actual frauds.

Regarding suspected crimes involving EU funds, the number of notifications has increased somewhat compared with the previous three-year period. A total of 38 notifications were received by the Economic Crime Authority in the period from 2010 to 2012, to be compared with 29 notifications during the previous reporting period, 2007 – 2009. Notifications concerning the hiring of associated consultants or firms have become more common during the most recent period.

² In Sweden, the reporting requirement applies to the administration of the agricultural funds (EAGF and EAFRD), the structural funds and the fisheries fund (EFF), as well as to the management of the EU’s customs duties and charges.
1. Introduction

A large part of the EU’s budget is allocated to financing agricultural and structural funds, and for aid in the migration area. The responsibility for administering and controlling this aid lies with national authorities in the member states. The EU’s regulatory framework places stringent demands on Swedish authorities for correct and reliable management of EU funds. Partly due to the complex regulatory framework, which includes several different types of aid and customs charges and which involves a large number of inward and outward payments, there is a risk that irregularities occur and that aid payments are made on incorrect grounds. This means that the authorities responsible for the management of EU funds in Sweden must have effective administrative procedures and secure systems in order to prevent and detect irregularities.

If and when the Commission considers the protection of EU funds insufficient in a member state, it can impose financial sanctions. In practice this means that the Commission decides not to finance certain aid with funds from the EU’s budget. In some cases the member state must then finance the aid exclusively with national funds. Shortcomings that have come to the Commission’s attention may also have an effect on the allocation of funds for the upcoming programming period. It is therefore important to ensure that Sweden provides satisfactory protection for EU funds administered in the country.

In Sweden, the government has established the SEFI Council to promote an efficient and correct use of EU-related funds. The Council is charged with coordinating measures against fraud, misuse and other irregular handling of such funds in the country. The Council is made up of representatives of authorities that are responsible in different ways for the management of EU funds in Sweden. The member from the Economic Crime Authority is the Council’s chairperson, and the Authority is also responsible for running the Council’s secretariat.

Every three years, the SEFI Council also has to present a report to the government on the protection of the EU’s financial interests in Sweden. The report presented here covers the years from 2010 to 2012 inclusive. All of the Council’s authorities have contributed to the report, and the Economic Crime Authority has compiled and supplemented their material.
2. The EU’s financial interests in Sweden

2.1 THE EU’S FINANCIAL INTERESTS IN SWEDEN 2010-2012

As a result of Sweden’s EU membership, various types of funds destined for or coming from the EU’s budget are handled in the country. Every year Sweden pays a contribution to the EU made up mainly of a proportional share of its gross national product (GNI) and of customs and farm trade duties. Funds flowing from the EU to Sweden are primarily various types of aid paid to beneficiaries in Sweden, mostly agricultural aid and payments from structural funds.

The size of Sweden’s contribution to the EU and of the funds flowing back varies. To illustrate the EU’s financial interests in Sweden, the situation in 2011 can be used as an example.3

2.1.1 EU budget financing – Sweden’s contribution to the EU

The EU’s budget is financed mainly by the contributions of the member states. The contribution that Sweden pays to the EU is made up of several parts. As shown in Diagram 1 above, a large part of the contribution is a proportional share of Sweden’s gross national income (GNI based contribution). Another sizeable part is made up of customs and farm trade duties, and a further part is the VAT-based contribution, which is a percentage of Sweden’s value-added tax base. A number of countries including the United Kingdom have been granted special reductions to their contributions, which in turn are financed by the other member states. This is the final part of the Swedish contribution (the UK rebate). The present report will only deal with the customs duties that Sweden pays to the EU via Swedish Customs.

3 The data in Diagram 1 and 2 are from the State’s Annual Financial report, publ. 2011/12:101, p. 264.
2.1.2 EU budget expenditure – funds from the EU to Sweden

Sweden receives transfers from the EU’s budget through various types of funds and programmes, which then go to Swedish beneficiaries. Associations, organisations, firms, individuals etc. can apply for financial aid from the EU’s budget. The present report will only deal with those EU funds that are under shared management, which means that the money is managed jointly by Swedish authorities and the Commission. This arrangement hands the overall responsibility for the funds to the Commission, while Swedish authorities are responsible for setting up a management and control system that guarantees sound economic management of the funds’ transfers.

Such money as is paid directly by the Commission to beneficiaries in Sweden (direct aid or grants) is not dealt with in the present report, as the responsibility for administering and protecting this money lies fully with the Commission or with other institutions within the EU. Direct aid and grants are mainly in the form of aid to trans-European networks and to research and education programmes.

Table 1. Total transfers from the EU’s budget to Sweden (MSEK) 4

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>13 036</td>
<td>11 035</td>
<td>11 682</td>
<td>12 977</td>
<td>12 328</td>
</tr>
</tbody>
</table>

2.1.3 EU funds in Sweden

The distribution of EU aid to different funds and programmes is determined within the EU’s multiannual financial framework. The current framework runs from 2007 to 2013. Below are brief presentations of the EU funds managed by Swedish authorities during the current budget period. There are nine of them, in four different areas:

Agricultural funds

The European Agricultural Guarantee Fund (EAGF)
The EAGF’s remit includes financing different types of direct aid to farmers as well as market support aimed at stabilising the agricultural market.

The European Agricultural Fund for Rural Development (EAFRD)
The EAFRD’s remit is both to promote the environment and to further competitiveness and quality of life in rural areas.

Structural funds

The European Regional Development Fund (ERDF)
The ERDF is aimed at reducing economic and social differences between Europe’s regions and inhabitants. The fund finances measures in infrastructure, employment and for local and regional development. In Sweden the fund finances eight regional and five territorial programmes.

The European Social Fund (ESF)
The ESF supports projects that promote skills development and counter social exclusion. During the current programming period the ESF is supporting one national programme in Sweden.

---

4 The data is from the State’s Annual Financial report, publ. 2011/12:101, p. 264.
5 The SEFI Council’s 2007-2009 report presented the accrued outcome for the return flows from the EU to Sweden. This report presents the cash flow outcome instead, as this has been judged to be more correct. Hence the differences for 2007 and 2008.
6 See footnote 5 above.
Aid to the fishing industry

The European Fisheries Fund (EFF)
The aim of the EFF is to promote an ecologically, economically and socially sustainable fishing industry.

Aid within the framework programme on solidarity and management of migration flows

The European Refugee Fund (ERF)
The ERF aims to facilitate the EU countries’ reception of asylum seekers and refugees by co-financing projects in such areas as reception of asylum seekers, introduction of refugees and asylum policy development. Another purpose of the fund is to work towards the goal of a common solidarity policy between EU countries, and to contribute to the creation of a common asylum system.

The European Return Fund (RF)
The RF supports projects aimed at improving the handling of individuals who have not been granted a residence permit in Sweden and who are returning from where they came. In particular, the fund is to contribute to countries setting up an organisation, or improving an existing one, for efforts with returnees, and to strengthening cooperation between countries on these issues.

The European Fund for the Integration of Third-Country nationals (EIF)
The EIF aims to support projects for improving systems of reception and integration of third-country nationals in Sweden, i.e. nationals from countries outside the EU. The target group is principally those who have recently arrived as family members of earlier immigrants.

The External Borders Fund (EBF)
The EBF supports projects whose aims include contributing to effective control and surveillance of external borders, effective management of person flows at external borders, a consistent application of the EU’s laws, and improvements regarding member states’ consular activities in third countries.

2.2 ORGANISATION AND MANAGEMENT OF EU FUNDS IN SWEDEN 2010-2012

2.2.1 General structure for the management of EU funds in Sweden
Between 2010 and 2012 there were a total of nine authorities appointed to manage and certify EU funds in Sweden. The responsible/managing authorities were in charge of payments and for ensuring that funds were used in an efficient and correct manner. The task of the certifying authorities was, for most funds, to assess whether expenditure was eligible for aid and to certify to the Commission that the statement of expenditure was correct. The National Financial Management Authority (ESV) has been appointed as the auditing authority for all structural fund programmes, funds within the SOLID programme and for the EFF. The ESV is also the certifying body for the agricultural funds.

7 The SOLID programme.
8 The National Fisheries Board (until 1 July 2011), the Board of Agriculture, the Migration Board, the National Police Board, the Swedish ESF Council, the Agency for Economic and Regional Growth, and the county administrative boards in Jämtland, Norrbotten and Västerbotten counties.
<table>
<thead>
<tr>
<th>Area</th>
<th>Fund</th>
<th>Responsible/Managing authority</th>
<th>Certifying authority</th>
<th>Auditing authority/Certifying body</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agricultural aid</strong></td>
<td>The European Agricultural Guarantee Fund</td>
<td>The Board of Agriculture</td>
<td>-</td>
<td>ESV</td>
</tr>
<tr>
<td></td>
<td>The European Agricultural Fund for Rural Development</td>
<td>The Board of Agriculture</td>
<td>-</td>
<td>ESV</td>
</tr>
<tr>
<td><strong>Aid to the fishing industry</strong></td>
<td>The European Fisheries Fund</td>
<td>The National Fisheries Board/ the Board of Agriculture</td>
<td>The National Fisheries Board/ the Board of Agriculture</td>
<td>ESV</td>
</tr>
<tr>
<td><strong>Structural fund aid</strong></td>
<td>The European Regional Development Fund</td>
<td>The Agency for Economic and Regional Growth and the county administrative boards in Jämtland, Norrbotten and Västerbotten 11</td>
<td>The Agency for Economic and Regional Growth and the county administrative boards in Jämtland, Norrbotten and Västerbotten 10</td>
<td>ESV</td>
</tr>
<tr>
<td></td>
<td>The European Social Fund</td>
<td>The Swedish ESF Council</td>
<td>The Swedish ESF Council</td>
<td>ESV</td>
</tr>
<tr>
<td><strong>Aid within the SOLID programme</strong>13</td>
<td>The European Refugee Fund</td>
<td>The Migration Board</td>
<td>The Migration Board</td>
<td>ESV</td>
</tr>
<tr>
<td></td>
<td>The European Return Fund</td>
<td>The Migration Board</td>
<td>The Migration Board</td>
<td>ESV</td>
</tr>
<tr>
<td></td>
<td>The External Borders Fund</td>
<td>The National Police Board</td>
<td>The National Police Board</td>
<td>ESV</td>
</tr>
<tr>
<td></td>
<td>The European Fund for the Integration of Third-Country nationals</td>
<td>The Swedish ESF Council</td>
<td>The Swedish ESF Council</td>
<td>ESV</td>
</tr>
</tbody>
</table>

9 The National Fisheries Board ceased operations on 1 July 2011 and responsibility for managing the EFF was transferred to the Board of Agriculture.
10 See footnote 9 above.
11 In Sweden the EFRD is divided into eight regional and five territorial programmes. The Agency for Economic and Regional Growth is the certifying authority for the eight regional programmes and one territorial programme. The remaining four territorial programmes are managed and certified by the county administrative boards of Norrbotten, Västerbotten (two programmes) and Jämtland.
12 See footnote 11 above.
13 The Framework programme on solidarity and management of migration flows.
2.2.2 Organisation and management of EU aid, 2010–2012

Agricultural aid
In the current programming period, agricultural aid is financed by two funds – the EAGF and the EAFRD. The Board of Agriculture is the managing and disbursing authority for both agricultural funds. This implies a responsibility for achieving objectives and for the correct management of aid. However, management and control of most forms of aid are carried out by county administrative boards, the Swedish Forest Agency and the Sami Parliament. In total, around 1000 individuals at the Board of Agriculture and the other authorities are involved with aid. The National Financial Management Authority (ESV) is the certifying body for the expenditure financed by the funds, which means that it must report on the correctness of accounts and the effectiveness of internal controls.

Aid to the fishing industry
The Fisheries Board was the managing and certifying authority for the EFF until it ceased operations on 1 July 2011, at which point the Board of Agriculture took over the responsibility for the EFF. The Board of Agriculture is both managing and certifying authority for the fund, but the tasks for each function have been allotted to different sections of the Board to ensure their separation. The role as managing authority includes managing the fund’s means and disbursing aid. This makes it different from the EAFRD and is due to differences between the respective funds’ regulatory frameworks. The ESV is the auditing authority of the Swedish programme within the fund.

Structural fund aid
The Agency for Economic and Regional Growth is the managing and certifying authority for Sweden’s eight regional structural-fund programmes. The role as managing authority implies responsibility for ensuring that the programmes are managed and implemented in accordance with the principle of sound financial management, and for processing applications for aid as well as examining expenditure claims. The role as certifying authority implies responsibility for drawing up certified expenditure statements and applications, and for presenting these to the Commission. The Agency for Economic and Regional Growth is also the managing and certifying authority for the Öresund-Kattegatt-Skagerrak territorial programme. Approximately 90 employees at the Agency are involved with the management of the structural fund programmes, at eight different geographical locations in Sweden. The certifying function involves two employees in Stockholm.

The Agency for Economic and Regional Growth is further responsible for carrying out cost controls of the territorial programmes with managing authorities located outside Sweden. The reports produced following these cost controls are used as a basis for payment decisions by managing authorities abroad.

The county administrative boards of Västerbotten, Norrbotten and Jämtland are managing authorities of four territorial programmes. Västerbotten’s county administrative board manages the interregional programme Interreg IVA Botnia-Atlantica and the transnational programme Interreg IVB Northern Periphery. Norrbotten’s county
administrative board manages Interreg IVA North, and Jämtland’s county administrative board manages Interreg IVA Sweden-Norway. The certifying authority for each programme is located at the county administrative board in charge of management, but is kept organisationally separate. The county administrative boards are also responsible for inspection and control of expenditure in the programmes managed, which includes appointing special national controllers. At each administrative board, about 13 labour-years are required for the managing and certifying functions as well as for the national controllers. The secretariats for the Botnia-Atlantica, Northern Periphery, North and Sweden-Norway programmes employ about 20 individuals full- and part-time. Secretariat staff are located in Sweden as well as in Finland, Denmark and Norway.

The Swedish ESF Council is the managing and certifying authority for the European Social Fund, and is thereby responsible for ensuring that the fund is managed and implemented in accordance with the principle of sound financial management. The Swedish ESF Council has activities at eight regional offices in Sweden, at an inspection office in Falun and at the head office in Stockholm. Just over 120 individuals are involved in managing the EFF. The ESV is the auditing authority of the fund’s Swedish programme.

**Aid within the SOLID programme**

A framework programme on solidarity and management of migration flows (the SOLID programme) was established to provide aid to the EU’s asylum and migration policies. The programme consists of four different funds: the refugee fund (ERF), the return fund (RF), the external borders fund (EBF) and the integration fund (EIF).

The Migration Board has been appointed managing and certifying authority for the ERF and the RF. The Migration Board has a fund unit in Norrköping where 20 employees work with the management of the two funds. The certifying function is carried out by two employees who are also placed in Norrköping.

The National Police Board has been appointed managing and certifying authority for the EBF. In turn, the National Police Board has appointed the central border control unit at the National Bureau of Investigation as the managing unit for the fund. Two full-time employees at the unit’s fund secretariat manage the fund. The finance department of the National Police Board is the certifying authority for the external border fund and employs two people.

The Swedish ESF Council is responsible for managing the EIF, meaning that the authority processes applications for aid and for payments from the fund. About 10 employees are involved in managing the integration fund.

The ESV is the auditing authority for the funds’ Swedish programmes.
2.3 NEW MULTIANNUAL BUDGET PERIOD 2014–2020

As mentioned above, the EU’s expenditure – i.e. various types of funds and aid programmes – is divided into multiannual financial frameworks. The next budget period covers the years from 2014 to 2020. The Swedish administrative organisation for managing EU funds has to be adapted to the structure of the new programming period. This may mean that some authorities receive new or altered remits and that others no longer retain theirs.

Which authority or authorities in Sweden are appointed to manage the funds during the new programming period is decided by the government. The consequences of the new multiannual budget period will be dealt with in the next triennial report. The EU regulations governing the content of each fund during the new programming period have not yet been decided on. Nonetheless, the following overall information can be presented already.

2.3.1 Strategic planning in the area of agricultural and structural funds to be strengthened

For the purpose of better coordinating the different funds, a common strategic framework will be drawn up in the coming budget period, at the EU level and at the national level. In Sweden this coordination will include the social fund, the regional fund, the rural fund and the newly formed European Maritime and Fisheries Fund, EMFF (which will partly replace the current fisheries fund). It can thus be expected that there will be a common regulation dealing with processes and rules which are the same for these four funds.

Additionally, each member state is to enter into a partnership agreement with the Commission. This agreement will be aimed at finding coordination possibilities for the four above-mentioned funds and will specify the goals and orientations for each programme. The idea is to implement the priorities in the common strategic framework at the EU level, the Europa 2020 strategy\(^\text{14}\), in national orientations. Europa 2020 is the EU’s strategy for promoting smart, sustainable and inclusive growth, and contains five main objectives to be achieved by 2020. The agreement is also to specify how coordination between the funds and other financial instruments can be guaranteed at the national and regional levels.

2.3.2 SOLID funds to be replaced by two new funds

According to the Commission’s proposal, the current four SOLID funds are to be replaced by two funds: the fund for internal security and the fund for asylum and migration. The proposed overall goals of the funds are to facilitate lawful travel, counter irregular migration and support a high level of protection at the external borders, while at the same time promoting easy passage in accordance with the Schengen regulations. Under the proposal, the fund for internal security would provide financial aid to measures for controlling the EU’s external borders, for police cooperation, crime prevention, fighting serious and transnational crime, crisis management and for protecting the EU’s critical infrastructure. It is further proposed that the asylum and migration fund provide financial aid for the development of the common European asylum system, resettlement programmes and the integration of third-country nationals.

3. The SEFI Council

3.1 BACKGROUND TO THE CREATION OF THE SEFI COUNCIL

The Economic Crime Authority has been responsible since 1999 for coordinating measures in Sweden against fraud, other irregularities and the inefficient management of EU-related funds. As part of that remit, a special council was established at the authority (the EU Fraud Council). The purpose of the council was to guarantee close cooperation between Swedish authorities, both administrative and crime-fighting, charged with guaranteeing the correct use of EU-related funds.

In 2007–2008, at the request of Economic Crime Authority, the then chairperson of the EU Fraud Council produced a proposal for further developing the council’s role as a forum for information and experience exchange. The proposal was put into practice in 2008, and included an alteration to the Economic Crime Authority’s instructions.

The proposal also included a somewhat altered description of the council’s mandate, which was further reflected in the council’s name change to “The Council for the Protection of the EU’s Financial Interests” (the SEFI Council). The previous name had contributed to the erroneous image of the Council as only focusing on EU fraud, while the new name indicates that the Council has a wider remit regarding the protection of the EU’s financial interests. For that reason, the SEFI Council’s remit now covers the whole chain from managing and disbursing authorities to auditing authorities and those responsible for penal sanctions. The Council is to act at the strategic and national level.

The EU Fraud Council’s previous requirement to present an annual report to the government was replaced by a requirement for the SEFI Council to report triennially to the government on the protection of the EU’s financial interests in Sweden. The Council submitted its first triennial report, covering the years 2007 to 2009 inclusive, in March 2010.

The chief of staff at the Economic Crime Authority was the Council’s chairperson between 2009 and 2012. As of 1 January 2013, the authority’s senior legal officer has taken over as the Council’s chairperson.

---

3.2 THE COUNCIL’S TASKS AND COMPOSITION

The SEFI Council’s tasks are specified in the Economic Crime Authority’s instructions. The Council’s overall mission is to promote the efficient and correct use of EU-related funds in Sweden. This also includes promoting measures against fraud, misuse and other irregular handling of such funds in the country. The Council is further to:

- Promote collaboration between affected authorities in order to increase effectiveness in preventing, discovering, investigating and taking action against suspected incorrect use of EU-related funds,
- Monitor developments in its area of responsibility and propose or initiate measures to uphold the protection of the EU’s financial interests, and
- Analyse and evaluate measures taken in the area.

The Council thus has a strategic role in governance and control issues in respect of the EU’s financial interests in Sweden. The authorities that are responsible in different ways for the management of EU funds in Sweden are represented, directly or through another participating party, in the Council. Currently these are the Economic Crime Authority, the National Financial Management Authority (ESV), the Board of Agriculture, Västerbotten county administrative board, the Migration Board, the Agency for Economic and Regional Growth, the National Police Board, the Swedish ESF Council and Swedish Customs.

During a large part of the period covered by the present report, the National Fisheries Board was also represented in the Council in its role as administrative and certifying authority for the fisheries fund. The National Fisheries Board ceased operations on 1 July 2011, and the management of the fund was taken over by the Board of Agriculture.

The composition of the Council is to reflect the current administrative organisation for the EU’s financial interests in Sweden. It may therefore come to be altered should the tasks or remits of the authorities represented change, e.g. due to alterations in the coming budget period between 2014 and 2020.

3.3 THE SEFI COUNCIL’S ACTIVITIES 2010–2012

The SEFI Council is a well-functioning forum for informal collaboration and experience exchange between those Swedish authorities which in various ways are involved in the management and protection of the EU’s financial interests in Sweden.

During the period from 2010 to 2012, the Council’s work focused mainly on increasing the number of reports regarding suspected EU fraud. As a part of these efforts, the Council has drawn up a common reporting policy for suspected EU fraud. This document is an agreement between the authorities to notify the Economic Crime Authority on cases of suspected EU fraud. The policy is also intended as practical support for

---

officials and management at the affected authorities. It therefore includes examples of concrete circumstances which may be cause for suspecting a crime, and information about what a crime notification should contain.

In October 2011 the Council organised a conference on the protection of the EU’s financial interests in Sweden. The aims of the conference were to highlight topical issues regarding the management of EU funds, offer participants an opportunity for information and experience exchange, and to emphasise the importance of reporting instances of suspected EU fraud. Speakers included Giovanni Kessler, Director General of OLAF, and state secretaries from the Ministries of Justice and Finance. Highlights also included talks about concrete examples of best practice and a much appreciated mini training programme on how to proceed in case of a suspected crime involving EU funds. About 150 participants from affected authorities and the Government Offices attended the conference.

As planned, the Council held three meetings a year in the 2010–2012 period. In connection with meetings, talks were held by Swedish and international specialists on various subjects including “Fighting EU fraud from a European perspective”, “Secrecy in matters concerning the management of EU funds” and a presentation of the new regulatory frameworks for the EU funds in the coming budget period, 2014–2020.

The Council’s activities in 2010–2012 have contributed in various ways to increased awareness and knowledge at the authorities represented in respect of issues regarding the efficient and correct management of EU funds.

3.4 THE SEFI COUNCIL’S WORK 2013–2015

The SEFI Council will continue to arrange three full-day meetings per year at which the authorities on the Council get together for information and experience exchange. The Council’s role is to work strategically, and the object of the meetings will remain the same: to increase knowledge at the affected authorities regarding the protection of the EU’s financial interests. The meetings are also to provide opportunities for the Council’s authorities to learn from and be inspired by each other’s experiences and methods, as well offer the opportunity to work out solutions to shared problems together.

During the coming three-year period the Council will focus in various ways on issues related to the simplification and clarification of the regulatory frameworks that govern the EU funds. These efforts will be aimed at both the managing authorities and the beneficiaries of EU aid. This also includes looking at how the regulations on public procurement affect the management of EU funds.

The meetings will include talks on subjects connected with the SEFI Council’s activities. The object of these talks will remain the same as in the past: to increase the knowledge levels of the participating authorities’ representatives in relevant areas. International as well as national speakers will be invited, and the talks will be open to all employees at the participating authorities, not just those who are members of the Council.
4. Measures taken by the SEFI Council authorities to promote the efficient and correct management of EU funds

4.1 INTRODUCTION

In addition to the measures taken within the framework of the SEFI Council’s activities during 2010–2012, the authorities in the Council carried out a series of initiatives in order to further improve and streamline management of the EU aid they oversee.

4.2 PAYMENT OF CUSTOMS DUTIES AND CHARGES TO THE EU

It is the task of Swedish Customs to ensure that the customs duties and charges that have to be paid to Sweden as part of Sweden’s contribution are paid correctly. By means of customs auditing activities in 2010–2012 Swedish Customs recovered approx. 189 MSEK and repaid 42 MSEK which had been wrongly declared by importers. The recovered funds were primarily for incorrectly declared imports and illegally imported goods which had not been declared at border crossings.

Within the EU there is a common certification programme known as AEO (Authorised Economic Operator). All member states use the same certification programme to guarantee increased security in the world and effective and consistent customs handling in the EU. During the 2010–2012 period Swedish Customs continued the process of AEO certification of importers and exporters. A business that has received certification is eligible for simplification of its customs handling, since Swedish Customs by means of the certification has acknowledged the high quality of its information and goods flows.

In order to ensure that the certified companies’ systems for customs handling maintain a high level of quality, regular quality audits are carried out. If deficiencies in handling are discovered or if any risk of error is found, the operator must immediately remedy these and guarantee that the corrected behaviour will be maintained. Certification is questioned for operators who don’t fulfil the requirements, and those who don’t correct errors have their certification withdrawn.

Another measure applied by Swedish Customs was to continue the implementation of the joint systems that exist within the EU and which are aimed at making customs handling more effective and secure. Examples of such systems include prior notification of import and export goods and EORI (Economic Operator Registration and Identification), a system of identification numbers for all customs operators within the EU.

Swedish Customs is additionally engaged in continuous development of its ability to detect fraud and evasion of customs duties, VAT and charges. During the 2010–2012 period Swedish Customs reinforced its verification process and carried out certain organisational changes with the aim of further improving that process.
4.3 AGRICULTURAL AID

The Board of Agriculture is the managing and disbursing body for the agricultural fund and the regional fund. In order to put the EU’s altered requirements on the paying agent into practice, the Board of Agriculture has consolidated all activities connected to control, payment and reporting of aid into one operation. The new payment operation was launched on 1 September 2012 and is intended to create greater transparency and security in the management of aid – internally, nationally and in relation to the EU. Internal governance and control are also to be improved, which will lead to further quality assurance of the activity.

The Board of Agriculture has additionally adopted a number of initiatives to raise the quality of its work involving the EU’s funds. During the spring of 2012 training programmes were held on OLAF issues and on reporting suspected EU fraud. These programmes were aimed particularly at officials and managers at the Board of Agriculture and on county administrative boards.

During the autumn of 2012 the Board of Agriculture began a project of system and substance auditing regarding parts of the regional fund. The project was concluded on 31 December 2012, and the result will be utilised to increase the correct use of the fund’s means. In order to minimise the number of payments to incorrect account numbers, the Board of Agriculture has also introduced a new client register and new procedures for registering clients’ account numbers.

In 2011 and 2012 the Board of Agriculture devoted intensive efforts to producing a new technical basis for the regional fund during the new programming period. An important goal of these efforts was to simplify the application procedure for aid and to make it easier to fulfil the conditions for aid.

An inventory of all agricultural land was carried out in 2008–2010, and the result is stored in a database with all agricultural partitions in Sweden. With this information as a basis, the Board of Agriculture has quality assured farmers’ holdings of aid entitlements. Aid entitlements are one of the foundations for correct agricultural aid. The results of the inventory have also been used to recover aid paid out incorrectly between 2005 and 2008.

4.4 AID TO THE FISHING INDUSTRY

As of 1 July 2011 the Board of Agriculture has taken over the administration of the fisheries fund from the National Fisheries Board (now defunct).

In April 2011 a new quality assurance system was adopted by the Fisheries Board. The system is intended to follow up whether the managing authority is operating in accordance with the regulatory framework and with established processing procedures. By extension, this will allow the managing authority to ensure that the content of a specific statement of expenditure is true, correct and complete. The quality assurance system amounts to quality control of processing by county administrative boards and the Board of Agriculture/Fisheries Board. It is carried out by an official who has not been involved in the aid matter under scrutiny. The Board of Agriculture will follow up all quality control reports from the period of control that ended on 31 August 2011. The quality assurance system also entails physical control of the projects that have been granted aid.
The transfer of the fisheries fund to the Board of Agriculture has meant that the management of the fund is coordinated with that of the other forms of aid at the Board, which in turn has meant that the development potential of the fisheries fund’s management has been highlighted. The quality assurance system will be updated, the follow-up of quality controls will be improved, the selections for physical control will be reviewed, and a computer system for processing that includes version handling will be introduced.

The administrative authority for the fisheries fund is further responsible for coordinating reports to OLAF, and efforts are already in place to update the information regarding OLAF directed at rapporteurs.

The Board of Agriculture has additionally developed a technical basis for aid to the fishing industry in the new programming period. In the same way as for the agricultural funds, an important focus has been to simplify the application procedure and to make it easier to fulfil the conditions for receiving aid.

4.5 STRUCTURAL FUND AID

4.5.1. The Agency for Economic and Regional Growth – the regional fund

During 2011 the Agency for Economic and Regional Growth implemented a reorganisation aimed at making reporting to OLAF more efficient. This included clarifying responsibilities and tasks within the organisation, as well as the creation of new posts to strengthen administrative continuity.

In order to guarantee lawful and efficient administration, a review was held in 2012 of the Agency’s internal guidelines on recovery and OLAF reporting.

The Agency has further held a number of training programmes to promote the correct management of EU funds. In 2010 an internal training programme was carried out in cooperation with the Economic Crime Authority, to increase knowledge about economic crime and incorrect management of EU funds. The authority’s annual introductory training programmes about the regional structural fund programmes also contain a module on how officials are to act in case of a suspected crime, and how OLAF reporting is to be done.

In addition to these training programmes, the Agency organises internal seminars every year for the purpose of increasing knowledge about public procurement. These seminars also deal with issues regarding conflicts of interest, irregularities and other problems in connection with procurements. Improved knowledge in the field strengthens the capacity for risk assessment and leads to improved possibilities of detecting economic crime and incorrect handling of EU funds. Training programmes are also held twice annually for aid beneficiaries, within the framework of the territorial structural fund programmes. These also emphasise procurement issues, with the aim of increasing knowledge and highlighting the importance of following current regulations.
4.5.2 The county administrative boards of Västerbotten, Norrbotten and Jämtland – the regional fund

In the current budget period, the county administrative boards of Västerbotten, Norrbotten and Jämtland are responsible for four territorial programmes financed by the regional fund.\textsuperscript{18}

During the period from 2010 to 2012, the county administrative boards of these three counties have carried out internal audits of the management of EU-related funds and worked on risk analysis in their operational planning. The Västerbotten county administrative board has additionally carried out process surveys of the application, payment and inspection processes. In order to clarify the efforts being made to ensure correct payments of EU funds, the certifying authority at the county administrative board in Västerbotten has implemented a thorough review of written procedures and other documentation for guidance.

Training opportunities for aid beneficiaries have been arranged on a continuous basis within the programmes managed by the Västerbotten county administrative board. Training programmes have also been arranged for the national controllers who are responsible for inspection and expenditure control in each country. The Västerbotten county administrative board has furthermore organised an internal training programme in interpreting and analysing financial reports and accounts.

4.5.3 The Swedish ESF Council – the social fund

The Swedish ESF Council has established management and control systems for the handling of applications for aid and for payments from the social fund. During the period, the authority took measures to ensure that the selection of operations for financing by the social fund was done according to the criteria for operative programmes, and that the implementation of these operations then complied with applicable rules. The authority also ensured, by means of on-the-spot audits\textsuperscript{19}, that co-financed products and services were delivered and that the expenditure reported by the beneficiaries for operations had actually been incurred and complied with the rules.

The authority has begun work on simplification measures, including the possibility of applying templates, standard costs and lump sums.

The authority also held training programmes on state aid and on-the-spot audits among other subjects. The authority’s internal guidelines for prosecution notification, OLAF reporting and recovery claims were also updated.

\textsuperscript{18} See sections 2.1.3 and 2.2.2 above.

\textsuperscript{19} On-the-spot audits as defined in Council Regulation (EC) no. 1083/2006.
4.6. AID WITHIN THE SOLID PROGRAMME

4.6.1. The Migration Board – the refugee fund and the return fund
In order to promote the protection of EU funds, the Migration Board has during 2010-2012 worked with the SEFI Council’s reporting policy. The policy was communicated to all employees at the fund unit, to serve as support when examining reports. Information on the reporting policy is now also part of the fund unit’s administrative procedures, and has been published on the authority’s website. The policy was furthermore a valuable tool and support in the fund unit’s handling of a number of projects with suspected irregularities.

4.6.2 The National Police Board – the borders fund
The responsibility for the borders fund involves the fund secretariat at the National Police Board making decisions on aid to projects and reporting to the EU on what measures Sweden will undertake during the programming period. In order to promote the efficient and correct management of EU funds, a written agreement is drawn up between the National Police Board and the beneficiary as soon as a decision on aid has been taken. This agreement includes rules on eligible expenditure. The fund secretariat has compiled a description of the regulations that govern what expenditure is eligible, and the rules related to the public procurement act have been emphasised. In order to prevent errors and facilitate matters for beneficiaries, the fund secretariat also arranged training programmes in accounting for EU projects.

For the purpose of spotting possible accounting errors at an early stage, and to give beneficiaries the chance of correcting any errors, projects present their expenditure retroactively every three months. Advance financing of projects is never done within the borders fund. At the time of presenting accounts, the fund secretariat requests all the documentation required to guarantee a satisfactory verification chain.

4.6.3 The Swedish ESF Council – the integration fund
The Swedish ESF Council is responsible for ensuring that the integration fund is managed and implemented in accordance with the principle of sound financial management. To this end, the authority has established a management and control system similar to the system for the social fund, to guarantee the correct handling of applications for aid and for payment.

See section 3.3 above.
5. Measures for coordination and collaboration

5.1 INTRODUCTION

Below is a description of the coordination initiatives against misuse and incorrect management of EU funds carried out by the authorities on the Council during the 2010–2012 period. The activities of the SEFI Council are presented in Chapter 3 above.

5.2 AGRICULTURAL AID

During the period, the Board of Agriculture has run two projects for increased collaboration together with the county administrative boards. The projects are known as SUSS (“styr- och uppföljningssystem i samverkan”, or control and follow-up systems in collaboration) and handle aid from the agricultural as well as the regional fund. Timetables for the authorities’ work have been drawn up, operative goals have been specified and a follow-up system devised for the projects. These have led to improved synchronisation of interim processes and a greater clarity about when key audits will be held.

A collaboration between disbursing authorities in the EU, known as the Learning Network, was also initiated during the period. Sweden is a participant in this group. The aim of the collaboration group is to learn from each other and to present proposals for clearer regulatory frameworks.

5.3 STRUCTURAL FUND AID

5.3.1. The Agency for Economic and Regional Growth

The Agency for Economic and Regional Growth has participated since 2011 in a working party under OLAF aimed at countering corruption and the incorrect management of EU structural fund means. The group meets regularly in Brussels. Meetings are intended to improve the dialogue between the member states and with the Commission, and to serve as a forum for experience exchange.

The Agency collaborates with the Swedish ESF Council, both centrally at the management level and at the regional level. At the central level, the authorities’ representatives meet regularly to discuss and exchange experiences of shared legal issues including recovery claims and handling of irregularities. At the regional level, the two authorities are co-located and overall fund cooperation is continuous. In several regions there is also regular collaboration on the processing of concrete matters.

The Agency is further part of a national fund coordination group, together with the Swedish ESF Council and the Board of Agriculture. The purpose of the group is to

---

21 This is an ad-hoc working party on structural fund aid tied to OLAF’s body for contacts with the member states, COCOLAF (Advisory Committee for the Coordination of Fraud Prevention).

22 Until 1 July 2011, the National Fisheries Board was responsible for the fisheries fund and was therefore part of the group. This responsibility then passed to the Board of Agriculture.
deal with horizontal strategic issues regarding e.g. synergies and overlaps between financial instruments. Additionally, the group is to draw up coordinated procedures for aid management. Issues dealt with in the 2010–2012 period were primarily to do with administrative handling and interpreting regulatory frameworks. The group has also produced a joint brochure, “Synergies and delimitations between funds during the 2007–2013 period”. The brochure has been published on the authorities’ websites and has been distributed at joint conferences and seminars.

In February 2010 the Agency, the Swedish ESF Council and the Board of Agriculture arranged a national conference for experience exchange on EU aid, in collaboration with the Swedish Association of Local Authorities and Regions. The main purpose of the conference was to show the added value that EU aid can give to regions, businesses, regional development and employment.

For several years now the Agency has organised regular meetings for information and experience exchange within the framework of the territorial programmes (known as Interreg-ERFA meetings). These meetings are attended by representatives of the county administrative boards that manage territorial programmes in Sweden, and the programme secretariats. The agenda includes discussions on shared practical issues, and information is provided by the Government Offices and the Commission.

In 2012 the Swedish ESF Council and the Agency began a collaboration on simplification measures. The rationale is that many of the beneficiaries run projects which are financed by both funds in parallel. A coordination of the funds’ simplification measures should therefore contribute to increased clarity and efficiency for administrative authorities and audit bodies.

5.3.2 The county administrative boards of Västerbotten, Norrbotten and Jämtland
As mentioned above, representatives of all three county administrative boards take part in ERFA meetings arranged by the Agency for Economic and Regional Growth. The three administrative boards additionally arrange regular smaller collaboration meetings (known as North-ERFA meetings) at which the managing authorities discuss specific issues.

Västerbotten county administrative council also collaborates with the Swedish Tax Agency on information exchange regarding taxes and charges. Subjects discussed during the 2010–2012 period have included foreign VAT in project operations and how representation costs are accounted for in projects.

5.3.3. The Swedish ESF Council
As mentioned above, the Swedish ESF Council collaborates at various levels with the Agency for Economic and Regional Growth and the Board of Agriculture, e.g. on issues regarding the closing of programmes’ accounts.
The Swedish ESF Council has also formed eight Swedish structural fund partnerships (shared with the regional fund) with the aim of entrenching the social fund regionally. The partnerships are made up of elected representatives of municipalities and county councils, of labour market organisations, county administrative boards, the Swedish Employment Agency, interest groups and associations. The two northernmost regions also include representatives from the Sami Parliament.

5.4 AID WITHIN THE SOLID PROGRAMME

At the national level, the three responsible authorities within the SOLID programme have had a close and well established cooperative relationship since 2008. They meet regularly and discuss issues such as joint interpretations of regulatory frameworks and procedures for sound financial management. Other issues under discussion include the development of the funds at a more overall level. Over the past year, the focus has been on the shape of aid in the new programming period, 2014–2020.

The borders fund also collaborates internationally by participating in an informal working party made up of responsible authorities from thirteen member states. The authorities meet twice a year to exchange experiences of completed audits and the handling of irregularities, among other things.

5.5 THE ECONOMIC CRIME AUTHORITY

During the 2010–2012 period, personnel at the Economic Crime Authority held a total of 14 training programmes for officials involved with the management of EU funds. These programmes were held for personnel at the Board of Agriculture, the Swedish ESF Council, the Agency for Economic and Regional Growth and at the county administrative boards. The aims included increasing the managing authorities’ awareness of benefit fraud and their inclination to report suspected cases of fraud involving EU funds. The training further included descriptions of circumstances that may be cause for suspecting fraud, and of current legal cases in the area.
6. Experiences of the National Financial Management Authority

The National Financial Management Authority (abbreviated ESV in Swedish) is Sweden’s national auditing body for EU funds. Its remit comprises those EU funds that are managed jointly with the Commission and includes transfers from the agricultural funds, the structural funds, the fisheries fund and the funds in the SOLID programme. Other EU funds which are not managed jointly are not included.

Tasks include auditing and reporting any observations of deficiencies and errors in the management carried out by the Swedish authorities with the administrative responsibility. The audit is not intended to ascertain whether detected errors in management are due to fraud, irregularities or other incorrect use of EU funds. Auditing of expenditure reported for project operations is carried out at the responsible authorities and by systems put in place for a safe and efficient management. Auditing of the expenditure reported for project operations is done on the project location. For each programme, ESV submits an annual audit report and, in connection with this, an auditor’s statement as well.

In keeping with the requirement for independence, ESV has no formal collaboration with the other authorities. Alongside the ESV’s formal reporting to the authority in question, meetings are also held with it on a continuous basis, for the purpose of informally disseminating experience and knowledge of how management can improve prevention and detection of errors.

The audit results reported by ESV indicate that errors in management are primarily due to the projects’ failure to comply with the Public Procurement Act, with a lack of records and documentation to show that reported costs belong to the project, and with errors that have occurred in connection with handling at the responsible authorities. On a small number of occasions errors have been observed which have led ESV to file reports with the Economic Crime Authority and the National Anti-Corruption Unit for further investigation of suspected irregularities.
7. Reporting of irregularities to OLAF

7.1 GENERAL ASSUMPTIONS

In order to protect the EU’s financial interests, all EU member states are required to report to the Commission any irregularities discovered in the course of managing the EU’s funds.\(^{23}\) According to the Commission, the purpose of the reporting requirement is to prevent errors and to allow for administrative, financial and legal follow-ups. The reported information is used to carry out risk analyses, produce reports and develop systems for the early detection of risks, among other uses.\(^{24}\)

The term ‘irregularity’ is defined in EU legislation\(^{25}\) as

> “Any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure.”

In the context of grants irregularities include all errors which have led to an incorrect payment or would have led to an incorrect payment of a grant if the error had not been detected. In the context of customs, irregularities similarly include all errors which have led to, or would have led to the evasion of customs duties or charges had the error not been detected. Regardless of whether the action was intentional or not, it must be reported to OLAF. According to this definition an irregularity can be everything from a simple mistake to criminal conduct.

Data on detected irregularities is submitted to OLAF on a quarterly basis. Each managing authority is responsible for its own reporting, and since 2008 Swedish reporting is done entirely by means of an electronic reporting system\(^{26}\). A common principle of all quarterly reports is that if the EU-financed part of the sum involved in an irregularity is less than 10,000 EUR, the irregularity is not to be reported other than at the express request of the Commission. The majority of all payments of EU aid in Sweden involve sums of less than 10,000 EUR. There are further special derogations from the reporting requirement for the various funds, such as the one for the structural funds that errors detected and corrected before they were included in the final statement of expenditure that is for submission to the Commission need not be reported.\(^{27}\)

---

\(^{23}\) This requirement is specified in the following regulations: for the structural funds Commission regulation 1828/2006, for the fisheries fund Commission regulation 498/2007, and for the agricultural funds Commission regulation 1848/2006. The requirement to report irregularities in the area of customs is specified in Council regulation 1150/2000.


\(^{25}\) Council regulation (EC, Euratom) 2988/95, Article 1 (2).

\(^{26}\) Information Monitoring System (IMS).

\(^{27}\) Commission regulation (EC) 1828/2006, Article 28 (2c).
In Sweden this reporting requirement applies to the management of the agricultural funds, the structural funds and the fisheries fund, and in managing the EU’s customs duties and charges (traditional own resources). In respect of the SOLID funds there is no reporting requirement, but authorities managing SOLID funds are required to inform the Commission about certain types of irregularities.

The data on irregularities presented in this chapter derive from the quarterly reports and from OLAF’s annual report on the protection of the EU’s financial interests.

It is important not to confuse the terms ‘fraud’ or ‘suspected fraud’ with the term ‘irregularity’. The reporting of irregularities includes all types of aberrations, from inadvertent mistakes by the beneficiary and the authorities managing the EU funds to intentional deception and deliberate fraud. Only crime statistics can provide an idea of the number of actual incidents of fraud.

### 7.2 Statistics on Reported Irregularities

#### 7.2.1 General Information

To illustrate the development in terms of detected and reported irregularities in Sweden and within the EU as a whole since 2001, diagrams are presented below of the number of reported irregularities and the total sums of the incorrect amounts reported. It is not possible to obtain statistical data on the reporting of irregularities within the EU as a whole for 2012, as this data will not be published until the summer of 2013. For that reason, statistics on the reporting of irregularities within the EU only extend as far as 2011.

In its reporting, OLAF has chosen to divide irregularities into two categories: irregularities reported as fraudulent and irregularities not reported as fraudulent. In order to allow for a comparison with statistics presented in previous reports on the protection of the EU’s financial interests, this compilation will instead present the total number of reported irregularities in Sweden and at the EU level.

---


7.2.2 Irregularities in Sweden 2001–2012

A total of 248 irregularities were reported from Sweden during the 2010–2012 period, comprising 23 million EUR.

The considerable reduction in the number of reported irregularities within the structural funds in Sweden between 2008 and 2009 is due to a change in the terms for reporting irregularities introduced with the 2007–2013 programming period. The change meant that irregularities which had been detected and corrected before the expenditure had been included in the expenditure statement to the Commission were not to be reported. Commission regulation (EC) 1828/2006, Article 28 (2c).

In Sweden a majority of irregularities within the structural funds are detected before means are audited from the EU, and these irregularities are not covered by the reporting requirement during the 2007–2013 programming period. In 2007 and 2008, irregularities were still reported according to the rules for the previous programming period.

Since the number of Swedish reports is relatively small, individual cases greatly influence the outcome. It is therefore difficult to draw any general conclusions on the basis of the statistics.

Since the number of Swedish reports is relatively small, individual cases greatly influence the outcome. It is therefore difficult to draw any general conclusions on the basis of the statistics.

7.2.3 Irregularities within the EU 2001–2011

At the EU level, the number of reported irregularities within the structural funds dropped dramatically from 2010 to 2011. There are several reasons for this decrease, including the introduction of an electronic reporting system in 2008 which led to a temporary increase in the number of reports over the following few years. Another reason is that the closing of accounts for the 2000–2006 programming period brought about more controls, which led to an increase in the number of notifications. A further reason may be the general improvements of management and control systems within the structural funds.

The number of reported irregularities within the agricultural funds dropped from 2006 to 2007, both in Sweden and at the EU level. This is due to a rule change that was introduced in 2007, under which the threshold for reporting irregularities within the agricultural funds to the Commission was raised from 4,000 EUR to 10,000 EUR.

---

31 Information Monitoring System (IMS).
33 Commission regulation (EC) 1848/2006, Article 6 (1).
7.3 ANALYSIS OF THE IRREGULARITIES

7.3.1. Irregularities reported from Sweden 2010–2012

During the 2010–2012 period, Swedish authorities have reported the following data to the Commission.

Customs duties and charges

In 2010, 56 irregularities were reported involving customs duties and charges. These comprised a total of 5.0 million EUR, which means the average sum per irregularity was approx. 89,000 EUR. In 2011 the number of reported irregularities was 57, comprising a total of 6.2 million EUR, or approx. 109,000 EUR on average. In 2012, 53 irregularities were reported, comprising a total of 6.3 million EUR, or approx. 118,000 EUR on average.

Agricultural aid

In 2010 there was one irregularity reported involving the agricultural funds. In 2011 the number was 13, and the irregularities comprised a total of 823,000 EUR, which comes to approx. 63,000 EUR per irregularity, on average. In 2012 there were 22 reported irregularities comprising a total of 620,000 EUR, or approx. 28,000 EUR on average.

Structural fund aid

In 2010, 13 irregularities were reported involving structural fund aid. These comprised a total of approx. 1.1 million EUR, which comes to an average incorrect amount of approx. 85,000 EUR. In 2011 there were 7 reported irregularities comprising a total of 1.2 million EUR, or approx. 171,000 EUR on average. In 2012 the number of reported irregularities was 26, comprising a total of 1.7 million EUR, which comes to an average amount per irregularity of approx. 65,000 EUR.

The average amount per irregularity varies greatly from year to year. This is due to the fact that managing authorities in Sweden report comparatively few irregularities, which means that individual cases have a very noticeable effect on the statistics.

7.3.2 Common irregularities at the EU level 2010–2012

Below are presented the most common types of irregularities in each area during the 2010-2012 period. The data is for irregularities at the EU level34; the reported number of irregularities in Sweden is so small that no meaningful conclusions can be drawn.

Traditional own resources: Most irregularities concerning traditional own resources involve illegally imported goods which have not been declared at border crossings. Roughly 80 per cent of incorrect amounts in traditional own resources are for this type of irregularity. Other common methods for irregularities include false goods declarations (misleading descriptions of the good, its value, its origin or preferential status) and formal errors (conditions or commitments that are not fulfilled). These methods are employed

in order to avoid having to pay customs duties and anti-dumping charges. Anti-dumping duties may be payable on certain types of goods and may also be dependent on the country of origin of the goods.

The agricultural funds: During the period, the most common type of irregularity within the agricultural funds was the incorrect declaration of eligible crop areas. The sectors with the highest proportion of irregularities were fruit and vegetables, sugar and wine production.

The structural funds: For the structural funds, reported irregularities are from several programming periods. Most, however, are from the 2000–2006 and 2007–2013 programming periods. The regional fund represents the highest number of reported irregularities, and two common types of errors are those related to the rules on public procurement and those involving expenditure that is not eligible.
8. Reported EU-fraud

8.1 INVESTIGATING EU-FRAUD

Under the Ordinance (2007:972) with instructions for the Swedish Economic Crime Authority, the authority is to deal with instances of what is termed EU-fraud, i.e. matters concerning fraud, fraudulent conduct and serious fraud as specified in Chapter 9, Sections 1-3 of the Swedish Penal Code, if the act impinges on the EU’s financial interests. Further, subsidy misuse is dealt with in accordance with Chapter 9, Section 3a of the Swedish Penal Code. As of 1 March 2001, the Economic Crime Authority is charged with investigating all such cases in Sweden.

A notification should be submitted to the Economic Crime Authority as soon as there is reason to assume that a crime according to the provisions mentioned above has been committed. There is no threshold amount for notifications, as there is when reporting irregularities to the Commission. Administrative sanctions may furthermore be imposed independently of any crime notification.

The Economic Crime Authority investigates and institutes legal proceedings against all cases of EU-fraud at one economic crime chamber in Stockholm. 35 This arrangement, with one chamber and a limited number of officials being responsible for all EU-fraud investigation, produces increased and consolidated competence, more effective investigations and a more consistent application of the law. Moreover, authorities submitting notifications of crimes have one single recipient, which is an advantage for both the notifier and the Economic Crime Authority.

8.2 NOTIFICATIONS OF SUSPECTED CRIMES

In the period from 2010 to 2012 a total of 38 new notifications of suspected fraud involving EU funds were submitted to the Economic Crime Authority. Of these notifications, 5 were received in 2010, 13 in 2011 and 20 in 2012. This is a slight increase compared with the previous reporting period, 2007–2009, when a total of 29 notifications were received. In the current period, two indictments were brought and adjudicated in a court of law.

It is primarily the authorities who manage EU funds that submit notifications of suspected crimes to the Economic Crime Authority, but it is also becoming increasingly common for private individuals to submit notifications.

35 Cases of EU fraud were previously investigated by the National Economic Crime Chamber in Stockholm. When it was discontinued on 1 January 2012, the responsibility for investigating EU fraud was transferred to the First Economic Crime Chamber in Stockholm.
8.2.1 Analysis of received crime notifications

As shown in Diagram 7, the number of crime notifications increased between 2003 and 2006. One reason for this is that EU aid is paid over several-year programming periods and that payments are limited at the beginning of a programming period, which may lead to fewer reported crimes. In the previous programming period, 2000–2006, the Economic Crime Authority observed that few notifications were made during the first years, but that their number then grew towards the middle and end of the period. It may be noted that this pattern has not been repeated for the current programming period, 2007–2013.

It is important to underline that the authorities managing EU funds have no legal obligation to report suspected EU-fraud, but it is nonetheless a matter of urgency that suspected EU-fraud is reported and investigated. In February 2011 the SEFI Council therefore adopted, as a part of their efforts to increase the number of notifications, the previously mentioned common reporting policy for suspected EU-fraud. It may be noted that the number of notifications has grown since the policy was adopted.

8.2.2 Trends and methods during 2010–2012

The Economic Crime Authority has noted certain changes in the notifications made during the 2010–2012 period compared with the previous reporting period, principally in terms of the methods used and of what type of projects featured. The notifications submitted in the 2007–2009 period were mainly to do with structural fund aid for skills development in small and medium-sized companies, or for investments in equipment etc. Suspicions then were primarily that the beneficiary had referred to untrue or false documents, including participant lists and bookkeeping extracts.

In notifications from 2010 onwards it appears to have become more common that the project owner in an undue fashion hires associated consultants or firms in projects. These types of notifications are difficult to investigate and require a comprehensive audit of the entire bookkeeping records of those involved. Even if it can be established that incorrect information was provided, criminal liability can only be imputed if deliberate intent is proven.

The Economic Crime Authority has also noted that it has become more common during the period for private individuals to submit notifications – in 2012 about half of all notifications were submitted by private individuals. In the past it was principally the managing authorities that submitted notifications of suspected crimes.

---

Diagram 7. Received notifications regarding EU-fraud, 2001–2012

---

See section 3.3 above.

The EU’s financial interests in Sweden are considerable. Every year, Sweden receives approx. 12 billion SEK in grants from the EU and pays approx. 30 billion SEK to the EU’s budget. It is therefore important that these funds are managed correctly and that irregularities and fraud are detected, investigated and dealt with.

The protection of EU funds in Sweden has been built up over a period of several years and is made up of several parts. The effectiveness of the administrative systems, and their ability to prevent irregularities from happening, are important parts of the protection of EU funds. Simple, clear rules and forms are necessary in order to avoid mistakes that can lead to the incorrect use of the EU funds. Another important part is society’s ability to detect crime and the judicial system’s ability to investigate and take legal proceedings against committed crimes. Together, these parts form a whole with regard to the protection of EU funds. The measures undertaken jointly within the framework of the SEFI Council as well as independently by each authority must be seen in this light. All forms of collaboration between the authorities contribute in themselves to improving the protection of EU funds in Sweden. The role of the SEFI Council in this protection includes serving as a forum where the affected authorities can discuss current issues and exchange experiences.

In the SEFI Council’s first report it was pointed out that a common cause of irregularities and errors was the complex regulatory framework that governs the use of EU funds. This is very much still the case. Several of the authorities in the SEFI Council consider the rules surrounding the management of EU funds to be complicated and ambiguous, for beneficiaries as well as the managing authorities. All of the authorities in the Council are actively working with simplification issues – as an example, the Swedish ESF Council is looking at the possibility of using templates, standard costs and lump sums. Other simplification measures taken by the authorities include various types of training programmes, clearer guidelines and the implementation of more user-friendly technical systems.

In order to create an effective protection of the EU’s financial interests in Sweden, issues linked to simplification and clarification of regulatory frameworks are among the most important components. Preventive efforts, society’s ability to detect crimes and the judicial system’s ability to investigate and take legal proceedings against committed crimes are all dependent on clear and simple rules. The principal area of focus for the SEFI Council over the coming three years will therefore be issues concerning the simplification and clarification of regulatory frameworks.
It is difficult to create a simple and unambiguous system for measuring the protection of EU funds. The same difficulties are present when measuring the connection between investigating and controlling activities and crime prevention effects. The existence of an increased number of notifications about crimes or suspected crimes is not desirable, while at the same time a reduction in the number of such notifications may be a sign that the systems intended to detect and report crimes are not working everywhere. In other words, a drop in the number of crime notifications does not necessarily mean that the actual number of crimes has dropped.

The Economic Crime Authority notes that the number of crime notifications concerning suspected EU-fraud is low. However, since the SEFI Council adopted its common reporting policy in February 2011, the number of notifications has increased somewhat. This is of course a positive development, even if the number of notifications is still too low in relation to the amounts paid each year. The number of unreported cases is likely to be quite large, and the low incidence of notifications is probably a reflection of procedural shortcomings in their realisation.
Contact persons for issues concerning EU fraud

Lena Lindgren Schelin, the Economic Crime Authority (chairperson of the SEFI Council)  
lena.schelin@ekobrottmyndigheten.se  
+46(0)10-562 90 03

Anna Rahm, the Economic Crime Authority (secretary of the SEFI Council)  
anna.rahm@ekobrottmyndigheten.se  
+46(0)10-562 90 09

Ulrika Bergelv, ESV  
ulrika.bergelv@esv.se  
+46(0)8-690 44 69

Håkan Strid, the Board of Agriculture  
hakan.strid@jordbruksverket.se  
+46(0)36-15 52 48

Anneli Nilsson, Västerbotten county administrative board  
anneli.nilsson@lansstyrelsen.se  
+46(0)90-10 82 17

Henrik Blosfeld, the Migration Board  
henrik.blosfeld@migrationsverket.se  
+46(0)10-485 04 84

Päivi Kauppi, the National Police Board  
paivi.kauppi@polisen.se  
+46(0)10-563 55 16

Mia Sevebrant, the Swedish ESF Council  
mia.sevebrant@esf.se  
+46(0)8-579 17 141

Eva Lindahl Toftegaard, the Agency for Economic and Regional Growth  
eva.lindahl.toftegaard@tillvaxtverket.se  
+46(0)8-681 93 37

Hans Ohlsson, Swedish Customs  
hans.p.ohlsson@tullverket.se  
+46(0)8-456 52 01
Questions about suspected EU fraud, or about what a notification of suspected EU fraud should contain, can be put to the following contact persons at the Economic Crime Authority in Stockholm. See also the home page of the Economic Crime Authority, www.ekobrottsmyndigheten.se/lag-och-ratt/eu-bedragerier/

Chief Public Prosecutor Stefan Lundberg
stefan.lundberg@ekobrottsmyndigheten.se
+46(0)10-562 91 18

Regional Prosecutor Staffan Granerfeldt
staffan.granerfeldt@ekobrottsmyndigheten.se
+46(0)10-562 90 39

Forensic accountant Bo Henriksson
bo.henriksson@ekobrottsmyndigheten.se
+46(0)10-562 90 41

See also the SEFI Council’s reporting policy:
Swedish version
http://www.ekobrottsmyndigheten.se/Documents/Anmalningspolicy-SEFI.pdf
English version
http://www.ekobrottsmyndigheten.se/Documents/SEFI_council_reportingpolicy.pdf
AUTHORITIES COMPRISED EU ANTI-FRAUD COUNCIL (SEFI-COUNCIL)