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ASSIGNMENT

IMPORTANT NOTICE

This document presents a fictitious scenario. It has been produced solely for the purpose of this exercise. All references to existing countries, international organisations, private companies, departments and their representatives, etc. have been invented purely as examples. Any views expressed should not be taken to represent the opinions of those bodies or persons.

For this exercise, you will take on the role of an adviser to the Anti-Fraud Agency (AFAG) of the European Union (EU), who has been asked to provide advice on how to improve the efficiency of AFAG's operational activities. The documentation you need is included in this booklet. It comprises a number of emails, reports and other information that you will have to analyse and digest in order to be able to deal properly with the assignment given to you. This is your first day in your new job.

It is important that you accept the scenario as it is presented. Although in real life you would have access to other sources of information and would be able to consult your colleagues, in this exercise you are limited to the information provided. You are, however, allowed to make logical assumptions where information is missing or incomplete. You may print the documents, rearrange them in any order you wish and add comments or make notes as necessary; these documents and your notes will remain available to you during the Oral Presentation.

This Oral Presentation aims at assessing the following competencies: Analysis & Problem Solving, Communication, Delivering Quality & Results, Prioritising & Organising and Resilience. Your knowledge in the field will not be assessed; therefore, conducting additional research is unnecessary.

You are expected to prepare **a presentation** for AFAG Deputy Director Chris Caulier and AFAG Director Dominique Vanneste in which you provide an overview of the current situation and the issues affecting the efficiency of AFAG's operational activities. On the day of the Assessment Centre, you will have 5 minutes to give your presentation. This will be followed by a 15-minute question and answer session, during which the assessors will ask you specific **questions**.

Please note:

Today is Monday, 5 March 20XX

Last year was 20XX-1, next year will be 20XX+1

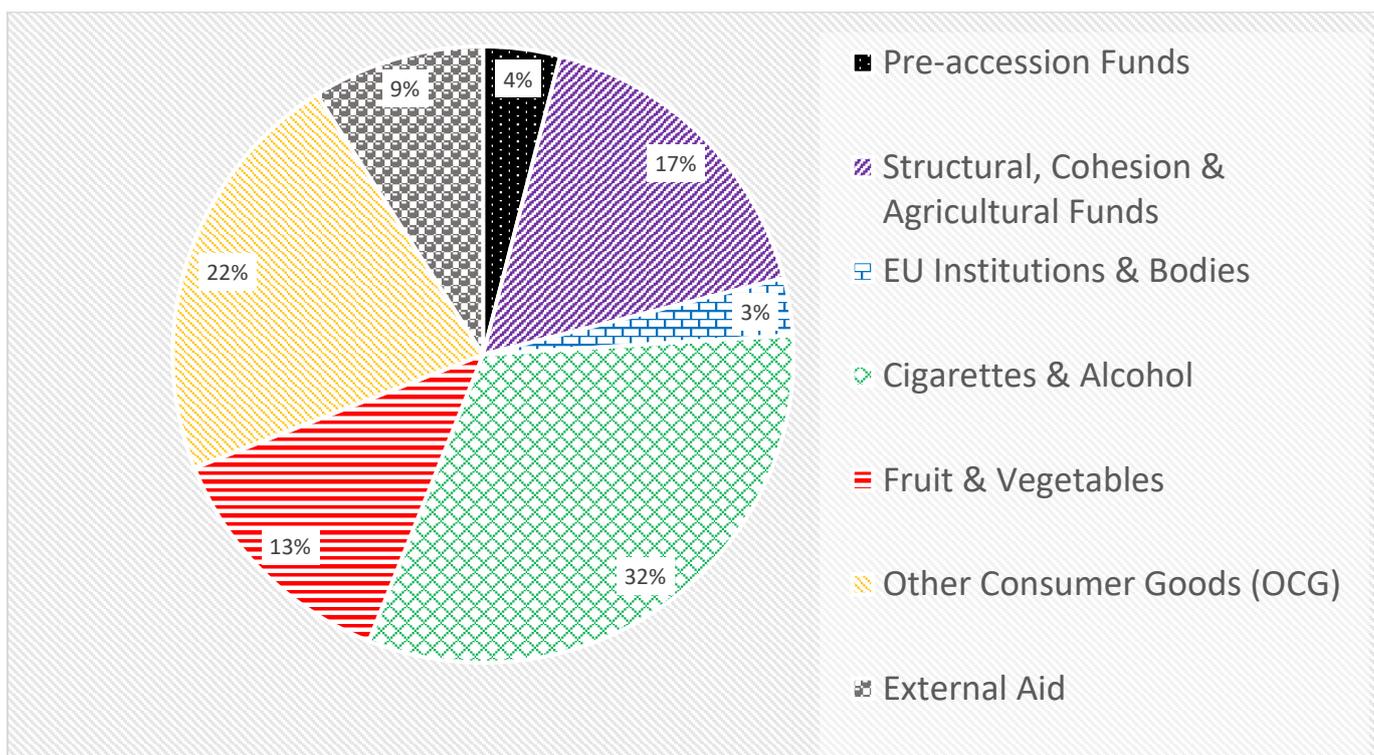
ABBREVIATIONS USED

AFAG	Anti-Fraud Agency of the European Union
CCS	Customs Communication System
EU	European Union
JCO	Joint Customs Operation
MS	Member State(s)
OCG	Other Consumer Goods

BACKGROUND INFORMATION

AFAG's mission

Since 20XX-12, the Anti-Fraud Agency of the European Union (AFAG) has been responsible for protecting the financial interests and the reputation of the European Union (EU) by combating fraud and other illegal activities affecting the EU's €167.2 billion budget in an accountable and cost-effective manner. The total financial impact of fraud on the EU budget is estimated to be €2.9 billion annually. The impact by area is illustrated below:



AFAG accomplishes its mission by

- conducting anti-fraud investigations;
- coordinating anti-fraud operations;
- contributing to the EU anti-fraud strategy through prevention and detection initiatives and support.

AFAG is made up of Departments and Units.

As criminal methods become increasingly ingenious, it is inevitable that AFAG will need to purchase new, advanced technological equipment to use in its anti-fraud investigations and operations. In order to cut costs and foster further cooperation and operational excellence within AFAG, the Agency has set up agreements with the authorities of Member States (MS) – each of which possesses some advanced investigation equipment – to facilitate the exchange and/or borrowing of scarce, costly and/or highly technical equipment. In addition, given that some AFAG units might need similar or identical technical equipment for their projects, they have the possibility of joining forces to lend more weight to their purchase request(s).



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WELCOME



From Chris Caulier, Deputy Director, AFAG

Monday 05/03/20XX

To <Your name>

CC Dominique Vanneste, Director, AFAG



Organisation_chart_20XX-3.pdf

Dear <Your name>,

Welcome to AFAG: thank you for taking on your role so quickly. In order to improve the efficiency of AFAG's operational activities, we are reviewing our 20XX+1 Management Plan, which should act as a guide to help AFAG improve its operations and internal functioning and thereby increase its ability to (a) combat fraud successfully and efficiently and investigate it and (b) recover any budgetary funding lost to fraud. The Management Plan should also ensure that all units have sufficient resources to allow them to fulfil AFAG's mission.

As part of the same effort to improve efficiency, AFAG wants to set up a clear procedure that will oblige every unit to consider carefully all potential purchases of advanced technological equipment for use in fraud investigations. This new procedure should help us to avoid making economically unjustified equipment purchases, by helping our units to decide whether a new call for tender needs be launched or whether the existing available technologies will suffice. In order to make such decisions, a quantitative cost-benefit analysis and a qualitative assessment of the advantages and disadvantages of the equipment in question will be necessary, and so both should be part of the new procedure.

Regarding the latter, keep in mind that the final decision on whether to purchase specific technical equipment is always made by AFAG's Director. In addition, AFAG's Budget Unit is always very busy, so we should avoid submitting random purchasing requests to it before we have explored all other options for acquiring a particular piece of equipment.

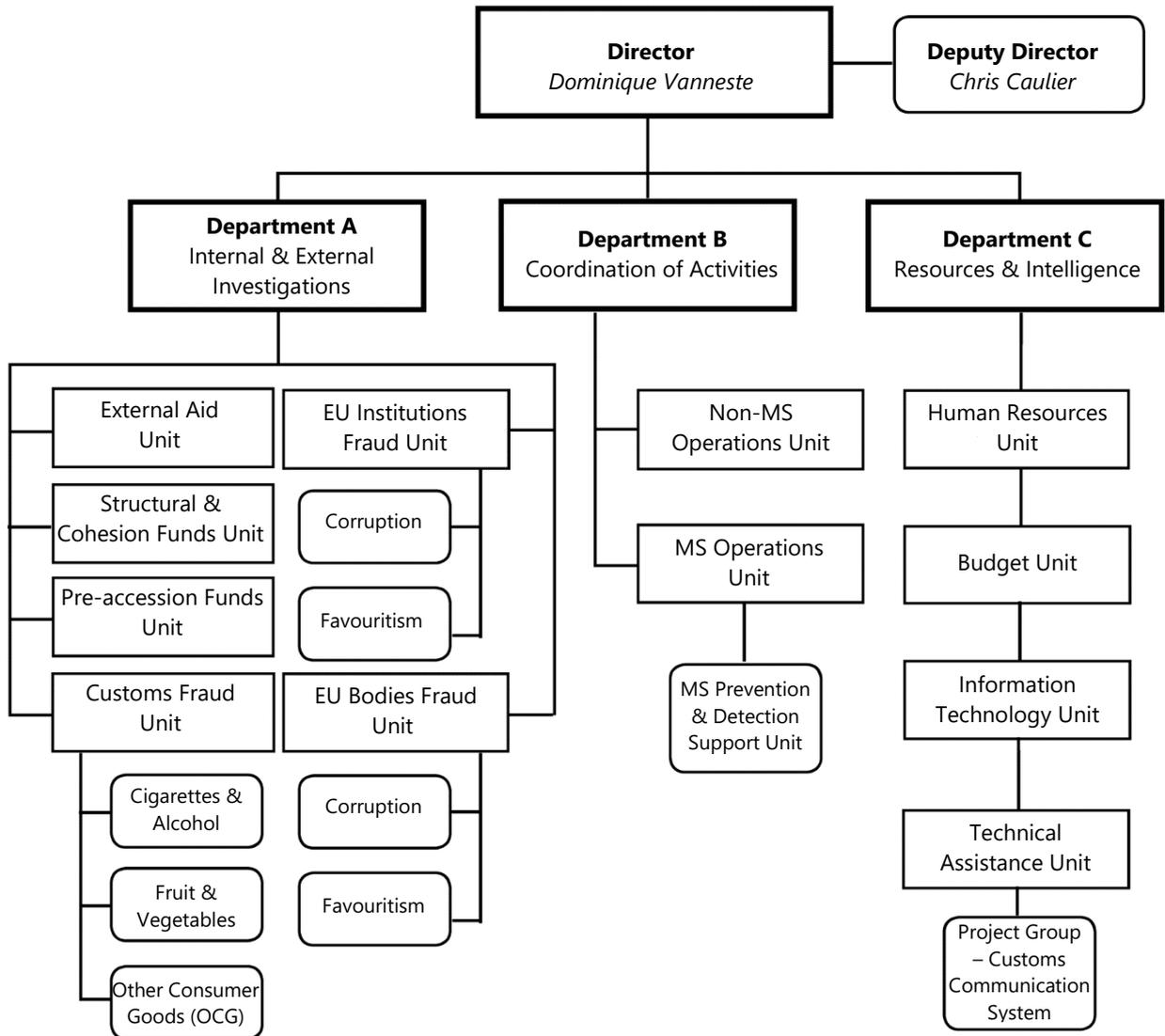
Please find attached our current organisation chart. I have asked my assistant to send you on some background documents that you might find useful, and I have already scheduled a meeting for us to discuss the issues at stake. The Director and I are looking forward to your presentation.

Kind regards,

Chris Caulier
Deputy Director
AFAG



Organisation_chart_20XX-3.pdf



ANNEX TO ORGANISATION CHART

Description of AFAG's Units

(...)

Budget Unit:

- to ensure objectivity, this unit independently prepares its quantitative analyses, the results of which are used to inform and advise AFAG's units on their purchase requests.

(...)

Technical Assistance Unit:

- has extensive knowledge of the technical equipment that is available on the market in the field of investigating and combating fraud. The unit often exchanges information and knowledge with police forces and relevant authorities in the MS whenever new technical equipment is being used, either by criminals or by those authorities.
- has a good overview both of the different technical options available for advanced equipment and of the extent to which such options are required, based on the requesting unit's needs. These technical options affect the price of the equipment.

(...)



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PRESS RELEASE

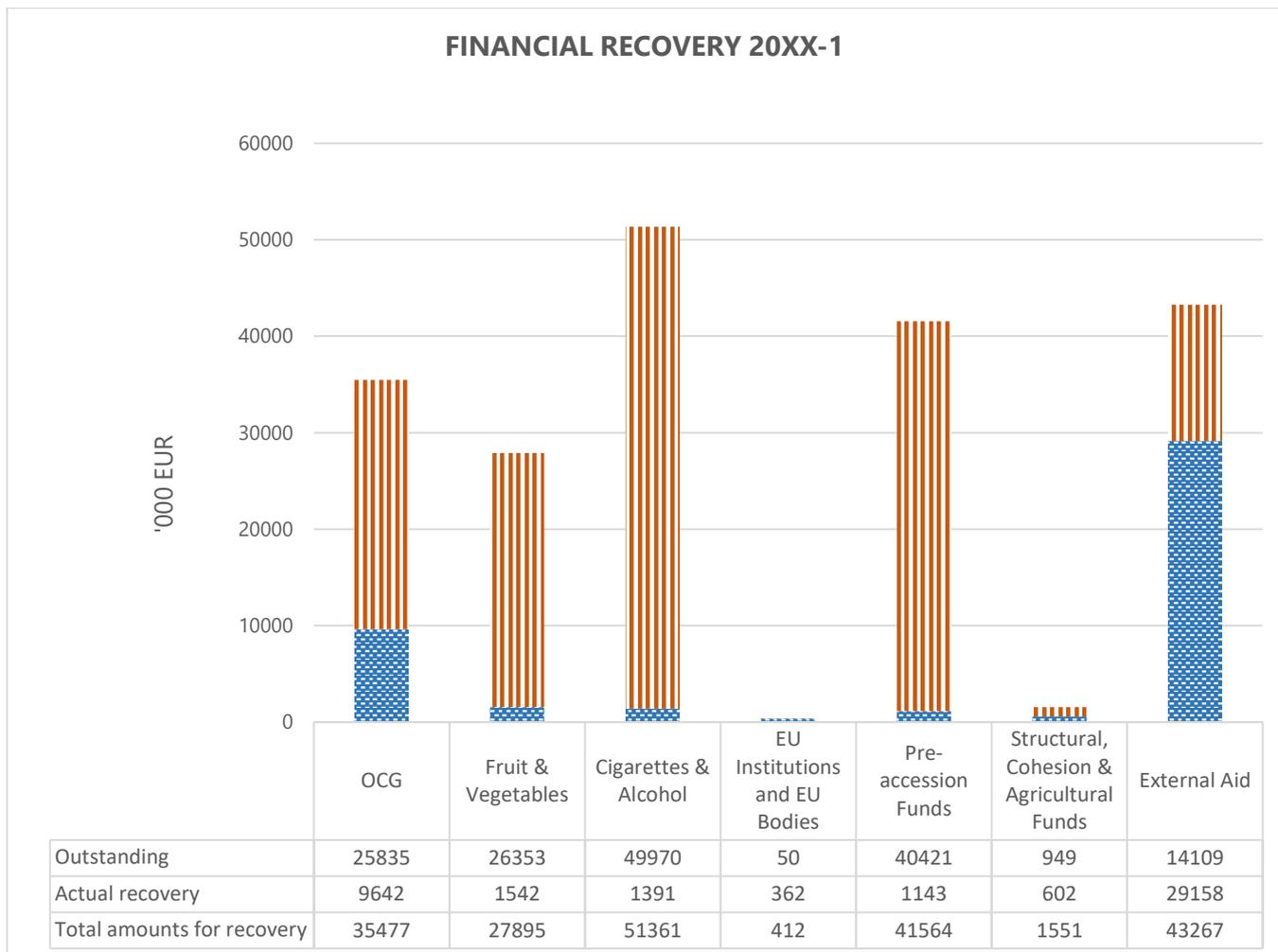
03/12/20XX-1

**PROTECTION OF THE FINANCIAL INTERESTS OF THE EU:
DIRECTIVE ENTERS INTO FORCE**

The final MS having acted on the Directive on the Protection of the EU's Financial Interests, the Directive has now been brought into effect throughout the territory of the EU. This means that, finally, the legislation in all MS now includes a common criminal offence of fraud and of active and passive corruption affecting the EU's finances. However, the Commission takes the view that Article 280 of the Treaty on the Functioning of the EU confers the power on the EU to adopt criminal law provisions within the field of EU law. The EU Commissioner for Anti-Fraud Measures and Auditing, Joris Mertens, welcomed the take up of the Directive by the MS as, at least, a first step in the right direction: "At long last the MS will have to use the same criteria in treating fraud affecting the EU budget as a criminal offence. This is a major step forward in the fight against fraud, but it will now be up to law enforcement authorities to make use of it."



AFAG ACTIVITY REPORT 20XX-1 PRESENTATION



Customs Fraud Unit:

- The number of investigations in the customs sector involving false product (ingredient) information is increasing. This is linked to the increase in the number of goods that, if released on the market, could be a danger to consumer health.
- The number of non-MS textile smuggling cases (false origin claims) is increasing.

EU Bodies Fraud Unit:

- As no investigations fell within this unit’s remit and because of the critical situation with regard to agricultural funding fraud, the unit’s staff members were assigned to a temporary working group on agricultural funds. The number of fraud cases involving agricultural funding has increased over the last few years and this trend will most probably continue.

External Aid Unit:

- The relatively high recovery rate can be attributed to the successful outcome of one particular case in which the fraud spanned four years of recurrent funding.

Budget Unit:

- As was the case in 20XX-2, the Budget Unit received far too many requests last year. In future, it cannot afford to spend time carrying out unnecessary cost-benefit analyses. From 20XX, this unit should be contacted only when purchasing is either the sole or the best option for acquiring specific technical equipment. It has been decided that if the requesting unit, together with the Budget Unit, concludes that a purchase is necessary, the Director will still be the only person who can validate this.



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FINANCIAL RECOVERY



From Anna Callens, Member of European Parliament
Monday 19/02/20XX
To Dominique Vanneste, Director, AFAG

Dear Dominique,

I heard about the case in which you revealed the misuse of External Aid by a non-governmental organisation that was using low-quality materials to construct schools. Well done! This case goes to show how many people have to pay a high price for the fraudulent behaviour of just a few – not only will the EU have to invest for a second time to achieve the desired results, but the pupils will not be able to attend lessons until a new school has been built. This sort of situation puts the EU's reputation at stake.

Regardless of whether fraud relates to one-off awards of funds, grants, subsidies or periodic disbursements, it has an impact on European taxpayers. I therefore suggest that the well-being of the public at large should be taken into account when you open investigations. In return, your efforts will be appreciated by EU citizens, especially when the fraudsters are identified and reported to the national judicial authorities for criminal prosecution. I suggest you allocate more resources to investigating such cases to increase the chances of finding evidence and identifying and prosecuting suspects. Prosecution is important both for preventing fraud and for recovering taxpayers' money. The recent successes achieved in detecting External Aid fraud exemplify my point: after allocating more investigators to the unit, the recovery rate has increased threefold. Nevertheless, it would not be ethical to focus only on cases in which the likelihood of prosecution is highest, or in which the amounts to be recovered were shown to be the greatest.

I am happy to hear that, to cut costs where possible, AFAG is committed to cooperating more with its stakeholders and using their advanced equipment to investigate fraud. Given that AFAG's Technical Assistance Unit has both extensive technical knowledge and access to a broad network of technically skilled investigative authorities, it is best placed to research the alternatives to purchasing new equipment, such as borrowing or using technological equipment owned by AFAG stakeholders. However, we all know that highly specialised equipment might become crucial for certain investigations and that, in such cases, purchasing will be inevitable. Whether or not to purchase a specific piece of technical equipment is not a straightforward decision, and the final recommendation should always be based not only on cost considerations but also on an accurate understanding of AFAG's current and future needs.

Kind regards,

Anna Callens
Member of European Parliament

EUROPEAN OBSERVER EU

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CUSTOMS FRAUD NECESSITATES CUSTOMISED APPROACH

Published: Monday, 02.03.20XX-3

Combating customs fraud has always been high on governments' policy agendas for two reasons: one, because a decrease in smuggling should increase revenues from legal trade and, two, because counterfeiting is detrimental to law-abiding businesses.

World Customs Organization Spokesperson Salvo Beneventi says, *"Although the likelihood of recovery in the area of customs fraud is not very great, fraud of any kind is a matter of principle and deserves our attention. In today's increasingly complex transport networks, fraudulent origin claims for the purpose of manipulating custom duties seem to be increasing exponentially. When customs fraud networks remain unnoticed for years, the loss of revenue is breathtaking."*



The classic example of customs fraud is smuggling counterfeit cigarettes and alcohol. However, AFAG Head of Department, Martin Sommer, explains that *"globalisation and the opening of MS borders have given customs fraud a new dimension, expanding not only the market but also the type of goods involved, such as textiles. To be effective, we need to be one step ahead of the constantly evolving methods used by criminals for concealing goods."*

Cooperation between all partners and investment in advanced technological equipment are crucial to success. AFAG's Mr Sommer emphasised that the various AFAG units, AFAG's stakeholders, MS police forces and relevant authorities all need advanced technological equipment to collect and analyse intelligence and data for (fraud) investigations. *"Since the equipment we need – such as automated recognition tools and night-vision equipment – is extremely expensive and requires a certain level of expertise to use, we are obliged to deliver results to justify the investment in these tools to the taxpayer. The EU is under scrutiny: making the best use of citizens' money is important; harmonising equipment and avoiding redundancy are key. AFAG still has a lot to learn in this regard: most AFAG units do not have sufficient knowledge or expertise to draft a cost-benefit analysis. Of course, AFAG's Budget Unit has far more expertise in this area, but it would struggle to carry out such analyses without having any qualitative input on how such equipment will be used."*

To conclude, Joint Customs Operations (JCOs) have proven to be an effective way of achieving results. It has therefore been decided to set up a new department (Department B) that will specialise in coordinating JCOs between MS and non-MS and their national police forces and customs authorities. The strategic know-how of the new department complements the areas of investigation covered by Department A's Customs Fraud Unit. The Customs Fraud Unit and all the units in Department B handle external cases only.



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MEETING ON JCOs



From Michelle Wiczorek, Manager, Customs Fraud Unit, AFAG
Tuesday 17/10/20XX-1
To Martin Sommer, Head of Department B, AFAG

Dear Martin,

As discussed during the MS & Non-MS JCO debriefing (13/10/20XX-1), I think we should organise a meeting between my unit and your unit managers to work out how we can improve cooperation between the Customs Fraud Unit on the one hand and both the MS and Non-MS Operations units on the other. This is not the first time that the units have experienced difficulties in working together and in sharing information. The success of our JCOs is highly dependent on effective communication, so I suggest that we organise the meeting as soon as possible.

In addition, I regret that AFAG is not automatically informed of, and that it does not proactively request, status updates on the fraud investigations that it has referred to the MS judicial authorities. I really believe that AFAG is missing out on the opportunity to work more closely with the MS to secure convictions and recover financial losses.

I am very enthusiastic about the fact that our Agency is to provide its units with more guidance on preparing purchasing request justifications for our Director. However, now that we will also have the option to borrow equipment from AFAG stakeholders, I fear that the entire purchasing request process might become more complicated. Given the importance of proving the cost-benefit of a purchase, I believe that any unit that needs advanced equipment should first critically investigate the cost of purchasing that equipment and carry out a cost-benefit analysis to compare the total estimated purchase and maintenance costs with the potential amounts that could be recovered as a result of using the equipment. I hope that you will share this suggestion at the next Heads of Department meeting.

Kind regards,

Michelle
Manager
Customs Fraud



ACTIVITY REPORT 20XX-1

INVESTIGATIONS SUMMARY (EXTRACT)

AREA	AGRICULTURAL FUNDS (ONE-OFF AWARDS)	EU INSTITUTIONS AND EU BODIES
TOTAL NUMBER OF INVESTIGATIONS	17	4
<i>Description</i>	<p>9 uses of funds for purposes other than those for which the subsidies had been granted</p> <p>8 misappropriations of funds for private gain</p> <p>All cases were referred to the respective national administrative authorities for recovery of the subsidies unduly granted</p>	<p>2 cases of favouritism</p> <p>2 cases of corruption</p>
NUMBER OF CASES REFERRED TO MS JUDICIAL AUTHORITIES FOR PROSECUTION*	10	3
<i>Description</i>	<p>2 with recovery</p> <p>3 cases led to recovery without prosecution</p> <p>5 without recovery (due to bankruptcy of suspects)</p>	<p>1 case of favouritism led to recovery and reallocation of the amount concerned</p> <p>1 corruption case led to partial recovery</p> <p>1 case without recovery</p> <p>All three cases resulted in internal disciplinary procedures</p>
Sentence	<p>1 conditional prison sentence**</p> <p>2 unconditional prison sentences**</p> <p>No sentence in the remaining 7 cases</p>	/
NUMBER OF CASES NOT REFERRED TO MS JUDICIAL AUTHORITIES	7	1
<i>Description</i>	<p>2 cases were dropped because of insufficient evidence</p> <p>5 cases did not constitute criminal offences but ineligible expenditures</p>	<p>1 case of favouritism was dropped because of insufficient evidence</p>
COMPETENT AUTHORITIES INVOLVED	Respective Agricultural Ministries, Anti-Fraud Departments and Police Forces of the MS and AFAG	AFAG is the only authority competent to investigate internal cases of fraud within the EU. However, the separate operations conducted by the EU Institutions Fraud Unit and the EU Bodies Fraud Unit prove rather inefficient for investigating internal fraud cases within EU Institutions and EU Bodies.

* MS judicial authorities can choose to drop these cases.

** These sentences related to a particularly severe case of fraud in which funds had been used to buy pesticides made from dangerous and illegal substances.

MEETING MINUTES



Date and time:	18/02/20XX – 03:00 pm –05:15 pm
Attendees:	Heads of Department (A, B and C)
Topics:	Status meeting

AGENDA TOPICS

GENERAL OPERATIONS	
◆	<p>(...)</p> <p>Department A's Customs Fraud Unit is much more involved with, and needs to be able to coordinate continuously with, Department B. Therefore, whether Department A is still the best and most efficient place for the Customs Fraud Unit is open to question.</p> <p>The EU Institutions Fraud Unit and the EU Bodies Fraud Unit have finished a pilot project in which they joined forces and worked intensively together on their investigations in the same offices throughout January. This produced some very positive and interesting results for their ongoing cases. In addition, optimal use was made of the available resources.</p> <p>A different and permanent solution should be found for investigations into Agricultural Funding fraud. It is important that AFAG agents can focus fully on their own fields of expertise.</p>
BRAINSTORMING ON DECISION-MAKING PROCEDURE FOR BORROWING/PURCHASING TECHNICAL EQUIPMENT	
◆	<p>Many units believe that conducting a cost-benefit analysis should be the first step in the new procedure. If the results of such an analysis indicated that it would be too difficult to recuperate the investment, a decision not to purchase the required equipment could be quickly and efficiently taken, and attention could instead immediately be switched to examining other options for sourcing the equipment (e.g. borrowing it), thereby saving time for everyone involved.</p>
◆	<p>Starting the purchasing decision-making process with a cost-benefit analysis could reduce the chances of acquiring the necessary equipment. If equipment purchasing decisions were based solely on cost-benefit analyses in which the costs involved were compared only with the sums that might be recovered, very few purchases would actually be possible, as predicting how much AFAG could potentially recover using the equipment (and by when) is very difficult. There is therefore a high risk that cost-benefit analyses might very often be negative. This would make AFAG highly dependent on its partners and stakeholders being willing to loan their equipment and, as a result, the Agency would struggle to keep up with evolving criminal practices.</p>

**SECUROP***EU's Law Enforcement Agency*

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REPORT JCO ITALY–EGYPT 13/10/20XX-1

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From Lisa Sinclair, Chief Officer, Securoop

Friday 23/02/20XX

To Martin Sommer, Head of Department B, AFAG

Dear Martin,

I have just heard that – notwithstanding the positive outcome of the JCO – the judicial authorities have decided not to pursue the counterfeit cigarette smuggling case and thus not to initiate criminal proceedings against the offenders. Although we view prosecution as a successful outcome to an investigation and a fair return for our investigative work, our efforts have not been in vain. Despite our (i.e. AFAG and Securoop's) lack of judicial or disciplinary powers, we provided considerable support to MS Italy and non-MS Egypt in handling this complex case. Such recurrent cases of fraud have a major impact on the EU budget, and we should therefore be proud of our success in dealing with them. Please congratulate your staff on my behalf for their perfect coordination of the respective police forces' and customs services' activities. I believe that such cooperation between AFAG and its stakeholders could have benefits for fraud prevention as well. In addition, I think that AFAG's Department B should focus more on customs duties and on coordinating activities in this regard, as this is the domain where continuous cooperation between MS and non-MS is crucial. Well-thought-out and efficient cooperation is also needed between Department B and the Customs Fraud Unit, but a gradual approach should be taken here: rushing organisational changes can lead to suboptimal results.

I also found it encouraging that you mentioned in the conclusion of your report on the JCO that the cigarettes contained substances forbidden in cigarette production, as this definitely goes to show why financial considerations should not be the only reason for opening investigations – such products pose a significant risk to human health. The fact that the actual amount eventually recovered did not reflect, relatively speaking, the impact this type of fraud has on the EU budget is another major reason for believing that concerns about public well-being should be taken into account when opening investigations – especially bearing in mind that dealing with such concerns has a greater impact on the EU's reputation than any action taken to protect the EU's financial interests.

I hear that the Customs Fraud Unit is thinking about purchasing a new type of goods vehicle scanner, and although this would require a massive investment, I very much support the idea. Like AFAG, we at Securoop believe that the relevance and usefulness of a specific piece of equipment to a unit is a much more important consideration than its cost. And while the cost of a new goods vehicle scanner is high, I would definitely not consider it only a 'nice-to-have'. However, in any case, the Customs Fraud Unit is not the right entity to investigate the costs involved. It would be better if the requesting unit focused on providing a solid justification for why it needs new equipment for investigating and combating fraud, which it can do by making a qualitative assessment of the relevance and necessity of the desired equipment.

Kind regards,

Lisa



ACTIVITY REPORT 20XX-1 CASE STUDY

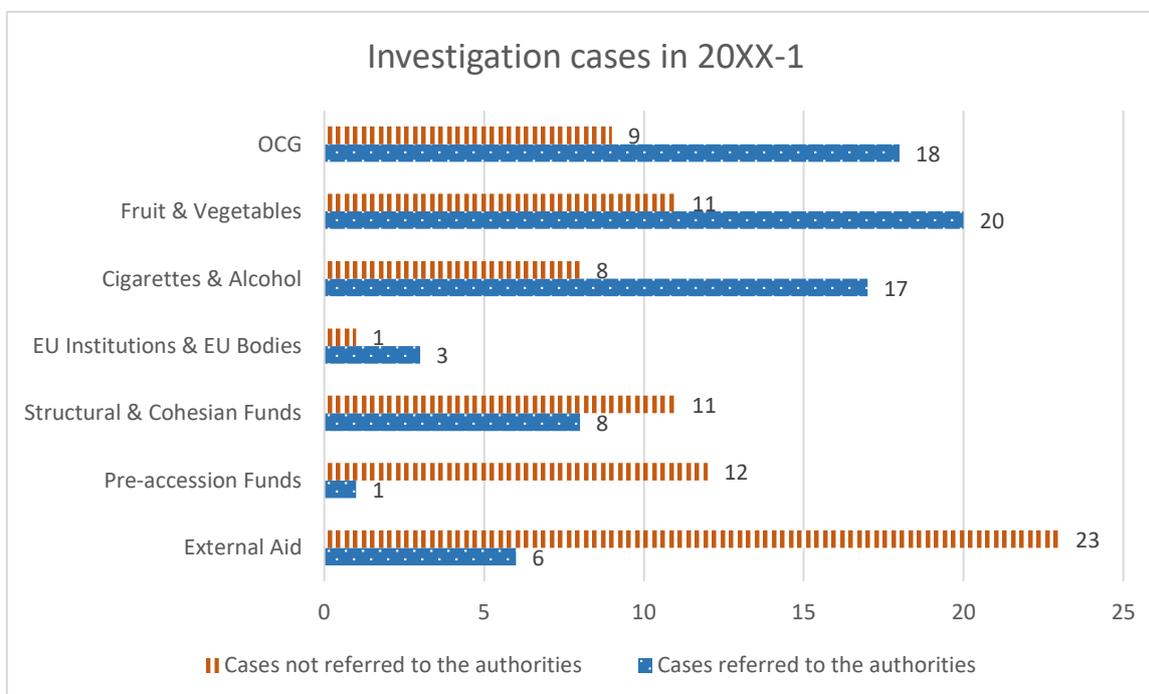
BANANAS AND PINEAPPLE JUICE IN THE PORT OF LISBON (PORTUGAL)

Following several investigations into fraud concerning fruit and vegetables, risk indicators were identified and added to the Customs Communication System (CCS) for the purpose of tracking suspicious containers.

The CCS warned the Port of Lisbon that 4 containers of organic bananas and 3 containers of sugar-free pineapple juice would be arriving from Brazil. The warning was given because of similarities between the circumstances under which the products were declared and previous incidents of fraud involving organic and sugar-free products from that region.

On-the-spot checks of the contents of the containers by the Port of Lisbon and the AFAG Fruit & Vegetables Smuggling Unit revealed that the bananas were not organic and that the pineapple juice contained large amounts of added sugar. This meant the evasion of 12 % customs duty in both cases. Further AFAG investigations resulted in the identification of the suspects, who were subsequently convicted and ordered to pay the residual customs duties. These investigations revealed that the fraudsters had been active for several months and had avoided paying the applicable duties on at least two other occasions. However, actual recovery of the customs duties is unlikely because of the suspects' insolvency. Clearly, the enormous impact of customs fraud on the EU budget must be taken seriously.

This case was coordinated by Department B and involved two of its units, Non-MS Operations and MS Operations, which needed to make continual use of each other's expertise and networks throughout the investigations. However, quite a lot of time and resources were lost by constantly having to align these two, separate units – a situation that has also occurred in many other investigations as well.





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20XX-1 ACTIVITY REPORT



From Joris Mertens, Commissioner for Anti-Fraud Measures and Auditing, European Commission
Friday 19/01/20XX
To Dominique Vanneste, Director, AFAG

Dear Dominique,

Thank you for sending me AFAG's 20XX-1 Activity Report. It made for satisfying reading, and it is obvious that you are doing a good job in performing your mission. Nevertheless, there were a couple of aspects in the report that I thought needed some clarification.

First of all, I thought that the chart showing the financial impact of the various areas of fraud on the EU budget was rather misleading, as the figures were in fact only estimates. In order to present a more complete picture, I suggest you distinguish between the types of impact these categories of fraud have. For example, customs duty evasion differs significantly from funding fraud. Secondly, with regard to your case studies, I suggest that breaches of rights should be taken into consideration, such as when financial reports contain false information, which essentially breaches the public's right to full financial disclosure. Nevertheless, the report clearly shows that your investigators are effective in solving one-off funding fraud cases, which, given the fact that these types of cases are so frequent, is good news, and something that EU citizens reading the report will certainly appreciate.

You asked for my advice on how AFAG can best organise the borrowing and/or purchase of advanced equipment. While I think it is a good thing that AFAG is more open to and interested in using new tools in its operations, from our experience at the Commission, I would suggest that AFAG's actual needs should always be assessed before any decision to acquire new equipment is made. To ensure that AFAG's Technical Assistance Unit does not have to deal with too many or very vague requests, the requesting unit should always be obliged first to examine critically and list the qualitative benefits of the equipment in question and to assess thoroughly whether it actually needs that equipment to investigate and combat fraud, before it contacts the Technical Assistance Unit. Furthermore, in order to decide whether it should make a request, the unit involved needs to receive sound and accurate advice regarding the cost-benefits of the purchase. Therefore, it should meet representatives of AFAG's Budget Unit to discuss any outstanding points, uncertainties and disagreements, so that together they can make a final joint decision on whether or not to recommend the option to purchase.

Kind regards,

Joris