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**Follow-up of recommendations to the Commission report on the protection of the EU's
financial interests – fight against fraud, 2013**

Accompanying the document

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THE COUNCIL**

**Protection of the European Union's financial interests - Fight against Fraud
Annual Report 2014**

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1. SUMMARY

In the 2013 Report on the protection of the European Union's financial interests, the Commission made certain recommendations to the Member States. The Commission has followed up on the implementation of these recommendations by the Member States as part of the 2014 reporting exercise.

2. CONCLUSIONS AND RECOMMENDATIONS

As the mandate of the 2010-2014 Commission has now come to an end, it is worth taking retrospective look at the most significant initiatives undertaken and the results achieved in 2014, and the four years previous, regarding the protection of the EU's financial interests and the fight against fraud.

2.1. An unprecedented set of anti-fraud measures

Unprecedented legal and administrative measures were taken and unparalleled proposals were made, which profoundly impacted upon how the Commission and the Member States approach protecting the EU's financial interests from fraud and other illegal activities.

2.1.1. *The beginning of the road: CAFS*

In 2011, the Commission adopted its multiannual Anti-Fraud Strategy (CAFS). Initially addressed to the Commission services, the Strategy was pivotal in raising fraud awareness and bringing the issues of fraud detection and prevention into the spotlight.

The Strategy led to Commission services and EU agencies adopting sectoral anti-fraud strategies. The addition of anti-fraud provisions to the new legal framework for spending programmes in 2014-2020 was also a significant achievement.

The actions implemented in the framework of the Strategy have increased the Commission's and national authorities' awareness and capabilities.

2.1.2. *The reform of the European Anti-Fraud Office*

In 2012, the European Anti-Fraud Office carried out an extensive reorganisation to step up efficiency in its investigative process and streamline governance and policy actions.

The adoption of Regulation (EU) No 883/2013 provided an improved legal framework which strengthens the rights of the persons concerned by an OLAF investigation, and also enhances the necessary cooperation with Member States through the appointment of the AFCOS.

Recommendation 1:

The four Member States who have not yet designated AFCOS are invited to do so by the end of 2014.

While seventeen Member States¹ reported no new information since the report of 2013, Ireland, Denmark, Greece, Finland, Spain, Sweden, Luxembourg and the UK designated their countries' AFCOS in 2014. The four Member States explicitly invited by the Commission to designate their AFCOS in 2014 did so. All but one Member State AFCOS were established with coordinative, rather than investigative powers. The UK AFCOS has both administrative

¹ Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Italy, Cyprus, Lithuania, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Slovenia, Slovakia

and investigative powers. Spain highlighted its intention to establish an Advisory Council, which will bring together all Spanish authorities involved in managing EU funds and will assist the AFCOS in its functions.

While many Member States had already established an AFCOS before 2014, some provided updated information on the main tasks and responsibilities of their designated AFCOS in this reporting period. In this regard;

- France informed OLAF of the improved online communication strategy of their AFCOS.
- Croatia reported that in March 2013, in an effort to strengthen the administrative capacities of the AFCOS (SCIF), SCIF employees visited the Bulgarian AFCOS with the aim of familiarising its employees with the functioning of an AFCOS in another Member State.
- Latvia introduced a regulation to strengthen the AFCOS, which now includes a representative of the State Audit Office.
- Romania stated that there are bilateral talks taking place at present with OLAF on the renewal of the Cooperation Agreement between the two institutions.

2.1.3. *Measures to fight fraud and corruption in public procurement*

Public procurement is a 'hot spot' for fraud and corruption. In 2012, the Commission started to modernise the existing rules to strengthen transparency and their anti-corruption purpose. In February 2014, three directives were adopted.

In 2013, OLAF presented a study on the 'Costs of corruption in public procurement', and in February 2014 the first EU anti-corruption report was adopted. Both reports contain recommendations and highlight best practices.

In addition, Member States reported a significant number of legislative and administrative measures aimed at strengthening work in this area.

Recommendation 2:

Member States are invited to take into account the recommendations included in the anti-corruption reports and the best practices highlighted there.

Regarding this recommendation, the Member States' replies mainly focussed upon the transposition of the public procurement directive into national legislation. It would appear that in 2014, the vast majority of measures taken at Member State level regarding public procurement involved preparations for the transposition of the directive.

Most Member States² have commenced preparations for the transposition of the package of public procurement directives into national law, with most undertaking significant national measures in the last year in order to allow for such transposition. In this regard, 15 Member

² Belgium, Bulgaria, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Slovenia, Finland, Sweden.

States³ have either drafted the necessary national legislation that will transpose the package, or are in the process of doing so. While the deadline for the transposition of the directives is April 2016, three Member States⁴ foresee the adoption of the aforementioned acts into national law before the end of 2015.

During the transposition process five Member States⁵ launched consultations; Cyprus, Ireland and Sweden carried out public consultations, while Slovakia launched an interdepartmental consultation and Slovenia consulted with the relevant contracting authorities.

Three⁶ Member States established working groups to enable the transposition of the directives, while Romania and Denmark established committees to do so. Bulgaria adopted a 'special' strategy for the development of the public procurement sector for the period 2014-2020.

E-Procurement is already in place in both Portugal and Slovenia.

2.1.4. Sectoral measures: revenue

In order to step up the fight against VAT fraud, a directive was adopted in 2013 to implement the Quick Reaction Mechanism to deal with massive and sudden VAT fraud. Established in 2010⁷, the Eurofisc network started operational work in 2011 with the progressive establishment of four working fields and specific risk-analysis projects.

The fight against illicit tobacco products gained momentum. In 2010, the two latest cooperation agreements with tobacco manufacturers were concluded. In 2011, the Commission prepared an action plan to fight cigarette and alcohol smuggling along the EU's eastern border. In June 2013, a comprehensive EU strategy and an action plan to fight smuggling and other forms of illicit trade in tobacco products were adopted. At the end of 2013, the Protocol to eliminate the illicit trade in tobacco products appended to the World Health Organisation's (WHO's) Framework Convention on Tobacco Control (FCTC) was finalised and signed by the EU.

2.1.5. Sectoral measures: expenditure

In 2013, the main regulatory provisions for the 2014-20 spending programmes were adopted. For the first time, they contain a specific requirement for national authorities to set up effective and proportionate anti-fraud measures taking into account the risks identified.

National audit authorities and the Commission will monitor the correct implementation of such requirements. In addition, guidelines on fraud risk assessments and effective and proportionate anti-fraud measures were prepared together with the national authorities⁸.

³ Belgium, Denmark, Estonia, Greece, France, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Slovenia, Slovakia, Sweden.

⁴ Belgium, Denmark, Finland, Sweden.

⁵ Ireland, Cyprus, Malta, Slovakia, Sweden.

⁶ Latvia, Lithuania, Finland.

⁷ Regulation (EU) No 904/2010

⁸ In 2013 and 2014

Member States will need to respect these to ensure that the EU's financial interests are protected against fraud.

Recommendation 3:

The Commission recommends that Member States implement the legal requirements according to the adopted guidelines.

In 2014, Greece, Malta and Croatia adopted National Anti-Fraud Strategies (NAFS) in relation to the cohesion policy funds, while Bulgaria and Slovakia adopted NAFS covering both the revenue and expenditure areas. Romania, Italy and Slovenia began the process of developing NAFS in 2014. Lithuania put a National Anti-Corruption Programme for 2015-2025 in place. Denmark developed an Anti-Fraud Action Plan in 2014 and Latvia expressed that each managing authority will develop an anti-fraud action plan in the future. Finland also commenced work towards developing a national anti-fraud action plan in 2014.

2.1.6. What lies ahead

Three main legislative proposals have been submitted to the co-legislators in previous years and are awaiting approval:

- (a) a directive on the fight against fraud by means of criminal law;
- (b) a regulation to set up the European Public Prosecutor's Office;
- (c) the amendment of Regulation (EC) No 515/97 on mutual administrative assistance in the customs area.

The adoption of these proposals would complement and strengthen the legal framework shaped in 2009-13. It would strengthen the fight against fraud and would ensure stronger coordination with and between Member States.

Recommendation 4:

The Commission invites the co-legislators to swiftly complete the legislative work started and to adopt the pending proposals.

In light of the fact that the three legislative acts have not yet been finalised, and negotiations are still on-going, many Member States have not yet taken a final position on the acts, and in many cases no preparations have begun regarding their implementation. Many of the Member States where preparations have not yet begun highlighted that work will commence on the adoption of the regulations and the directive when the final texts are agreed.

Several Member States provided information on the actions they have taken in respect of these proposals:

a) The directive on the fight against fraud:

- Belgium has set up a working party to co-ordinate the Belgian position on the proposal.

- Germany adopted a bill in 2015 broadening the criminal liability for corruption by, and in respect of, EU officials.
- Finland set up a project toward the implementation of the directive in the Ministry of Justice.
- Bulgaria voiced its support for the proposal.

b) The regulation on the European Public Prosecutor's Office:

- Belgium has set up a working party to co-ordinate the Belgian position on the proposal.
- The Supreme Public Prosecutor's Office of the Czech Republic has been assessing the proposed regulation.
- Bulgaria supported the Commission proposal for a regulation for the establishment of an EPPO.
- Finland has set up a project toward the establishment of the EPPO in the Ministry of Justice.
- Germany is examining the possible impact of this on national law.
- France recommends that the scope of the European Public Prosecutor's powers be amended to better limit it to the most serious and significant cases, rather than dealing with most commonly committed offences, as France's opinion is such that this could have a negative impact on procedures for identifying and reviewing customs infringement cases affecting the Union's financial interests.

c) The amendment of Regulation (EC) No 515/97 on mutual administrative assistance in the customs area:

- Hungary noted that the application of this regulation in the national legal system did not cause any difficulty.

Some Member States also cited participation in the negotiations in the Council and in the activities of the working groups for drafting the proposals.

2.2. Operational results: a different pace

Although the legislative landscape has changed considerably over the last few years, the analysis described in section 2.2 of this report shows that the impact of these measures is not as evident as one might have expected.

The overall trend in detecting and reporting potentially fraudulent irregularities in the last five years shows a slow decrease (although this reversed since 2012). On the other hand, however, the number of irregularities not reported as fraudulent has progressively increased. The decreasing trend is even more evident on the revenue side than it is on the expenditure side.

2.2.1. Revenue: Quality of information and control strategies

On the revenue side, it is not clear whether the trend is due to a shift towards detecting irregular cases or to the way in which Member States classify cases. Other possible reasons could include: the new fraud prevention measures implemented in Member States to identify vulnerabilities; the possibility of Member States pursuing financial interests without further investigation of the potential criminal offence; the possibility that Member States' control strategies may need to include more dynamic factors to better adapt to the changing environment.

Recommendation 5:

In view of the decreasing number of fraud cases reported, the Commission recommends that Member States review their control strategies to ensure that well-targeted, risk-based customs controls are in place to make it possible to effectively detect fraudulent import operations.

Regarding Member States' customs control strategies, nine Member States⁹ improved, or are in the process of updating, the information systems used in the customs domain, in order to combat the occurrence of irregularities or fraud in this area.

Furthermore, four Member States¹⁰ developed and implemented a strategic control plan in the last year in the customs field, while Denmark and Germany are in the process of developing such strategies. Finland's Analysis and Intelligence/Fiscal Risk Management is reviewing its strategy, which will include OWNRES reporting.

Recommendation 6:

Member States should step up work to ensure timely reporting on and updating of fraud and irregularity cases. To ensure effective monitoring and follow-up, reliable information on fraud and irregularity cases should be entered in OWNRES.

In this regard, several¹¹ Member States reported that they believe their quality and timeliness of reporting in OWNRES is sufficient and no new measures are necessary.

However, six Member States¹² introduced, or are in the process of introducing, new specific guidelines, instructions or training on the reporting in OWNRES for those staff members who use the system.

Furthermore, eight Member States¹³ developed, or are in the process of developing improved internal rules and processes which will help to ensure that the data in OWNRES is accurate, reliable and up-to-date.

⁹ Belgium, Bulgaria, Estonia, Greece, Spain, Cyprus, Latvia, Lithuania, Sweden

¹⁰ Croatia, Romania, Slovenia, UK

¹¹ Czech Republic, Germany, Ireland, Italy, Lithuania, Poland

¹² Denmark, Estonia, Greece, France, Cyprus, Latvia

¹³ Belgium, Czech Republic, Cyprus, Hungary, Latvia, Malta, Slovakia, Sweden

2.2.2. Expenditure: a developing landscape

On the expenditure side, the changes in the number of fraudulent irregularities reported in the last five years are more difficult to interpret (decreasing over 2009-2011, and then increasing in the following two years). However, it appears to be linked to the fact that most spending programmes are multi-annual (structural and rural development funds and pre-accession assistance).

An unexpected change was observed in 2013 in the agriculture sector, with significantly more cases of potential fraud detected and reported. However, this could be the result of ad hoc investigations, and might not be continued in years to come.

The role of managing authorities in fraud detection has grown, in particular since 2012. Their role should grow further in the coming years, thanks to the recently developed anti-fraud strategies that will be implemented fully throughout 2014-2020.

Recommendation 7:

The Commission recommends that Member States correctly implement the EU's anti-fraud rules, based on carefully prepared and up-to-date fraud risk assessments, and supported by adequate IT tools that will help to better target checks. Structured coordination (exchange of data and information) between anti-fraud bodies and managing authorities has proved to be a best practice and should be implemented in all Member States.

Regarding structured co-ordination, several Member States described the interaction between the relevant managing authorities and anti-fraud bodies in detail. In this regard; nine Member States¹⁴ noted the collaboration that takes place between relevant the managing authority and anti-fraud bodies within the framework of their national AFCOS.

Regarding the IT tools currently in use in the Member States, seven Member States¹⁵ described the I.T tools that they are currently in the process of developing, while other Member States noted¹⁶ that they are exploring the possibility of introducing the ARANCHE risk management tool. The Italian AFCOS is developing a specific IT tool, the Anti-Fraud Information System (SIAF) in order to help to prevent fraud against the EU's financial interests. The development is co-funded by OLAF under the Hercule II program.

Belgium requested that the Belgian AFCOS be given access to IMS.

Fraud detection practices vary greatly between Member States, and the Commission remains concerned with the low number of potentially fraudulent irregularities reported by some countries. The Commission will continue its work to raise fraud-awareness and to provide guidelines to improve the convergence of national systems, in order to protect the EU's financial interests against fraud more efficiently.

Recommendation 8

As some Member States report very low numbers of fraudulent irregularities, the Commission recommends strengthening their work on detecting and/or reporting fraud:

¹⁴ Belgium, Bulgaria, Denmark, Croatia, Italy, Cyprus, Latvia, Malta, Slovakia

¹⁵ Bulgaria, Czech Republic, Greece, Italy, Hungary, Slovakia, Finland

¹⁶ Bulgaria, Spain, Croatia, Cyprus, Netherlands, Slovenia

- **in the area of cohesion policy: France, Spain, Ireland, Hungary, Denmark and the Netherlands;**
- **in the area of agriculture: Lithuania, the Netherlands, Portugal and Finland.**

Denmark, Ireland, Luxembourg and the Netherlands noted that the low level of fraudulent activities reflects the low level of fraud that actually takes place. Denmark also stated that the low level of fraud reflects the preventive measures taken nationally against fraudulent activity.

Regarding the remaining Member States explicitly mentioned in the recommendation in the area of cohesion policy:

- France set up a 'preventing and combating fraud' working group as part of the European programme, bringing together coordinating ministries, managing authorities, inspection bodies and the Association of French Regions.
- Hungary passed the new Government Decree No 272; this legal instrument will enhance the legal basis for the detection of fraud affecting the budgets of Hungary and the EU.

As regards the remaining Member States explicitly mentioned in the recommendation in the area of agriculture:

- Lithuania organised seminars, training and traineeships related to fraud prevention measures, the assessment of fraud risk and the investigation, identification and the elimination of infringements.
- The Portuguese Agriculture and Fisheries Financing Institute decided to review, amend and broaden the anti-fraud procedures in place. Portugal also drafted legislation regarding risk analysis, and the existing provisions on the procedure applicable in cases of complaints or suspicions of intentional non-compliance were reviewed and amended. Action was also taken to raise awareness via seminars.
- Finland evaluated the reporting process and guidelines to ensure the detection and reporting of fraud.

3. REPLIES OF MEMBER STATES

3.1. An unprecedented set of anti-fraud measures

3.1.1. The reform of the European Anti-Fraud Office

In 2012, the European Anti-Fraud Office carried out an extensive reorganisation to step up efficiency in its investigative process and streamline governance and policy actions.

The adoption of Regulation (EU) No 883/2013 provided an improved legal framework which strengthens the rights of the persons concerned by an OLAF investigation, and also enhances the necessary cooperation with Member States through the appointment of the AFCOS.

RECOMMENDATION 1:

The four Member States who have not yet designated AFCOS are invited to do so by the end of 2014.

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| BE | <i>No information provided</i> |
| BG | <i>No information provided</i> |
| CZ | <i>No information provided</i> |
| DK | <p>1.1 Den danske Koordineringstjeneste for Bekæmpelse af Svig [Danish anti-fraud coordination service]</p> <p>1.2. Danish anti-fraud coordination service The decision to designate the Danish AFCOS was taken by the Government at a ministerial meeting on 21 May 2014. At the same time, a decision was made to create a "Fraud fighting network" with the participation of the Public Prosecutor for Economic and International Crime, the Danish AgriFish Agency, the Danish Business Agency and SKAT.</p> |

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| | <p>1.3.3 This is a very new set-up, so it is difficult to assess its efficiency. The cooperation in the AFCOS network has been positive however, in terms of exchanges of experience and other factors.</p> <p>1.3.4 A unit at the Ministry, which heads the "fraud fighting network", which consists of a number of other authorities.</p> <p>1.4.3 Coordinating role, no involvement</p> |
| DE | There have been no changes as regards Germany compared to the information contained in the 2013 questionnaire. |
| EE | <p>AFCOS Estonia has been active in the Ministry of Finance in the Financial Control Department since 2003 together with the Auditing Authority for the Cohesion Policy, Norway and Swiss contributions. The only legal act that stipulates AFCOS's function in Estonia is the Statutes of the Ministry of Finance and there is established that the Financial Control Department is responsible for "performance of the functions of an official cooperation partner of the European Anti-Fraud Office".</p> <p>Estonian AFCOS main tasks are grouped into:</p> <ol style="list-style-type: none"> 1) Preventive activities related to the protection of the EU financial interests – coordination with national legislative and administrative measures; fraud risk assessment; taking the lead in formulating, disseminating, co-ordinating and implementing the national anti-fraud strategy. 2) Exchange of information – access to all project information is given to main partners (the Police, the Prosecutor's Office, Tax and Customs Board, AGRI and Cohesion Policy 1st and 2nd level implementers, other institutions); information on new irregularity cases reaches the partners within two weeks from the moment the detection and notification by the 2nd level Intermediate Body has occurred; regular and ad-hoc meetings with partners; contacts in law enforcement institutions who we send all doubtful information to in order to consult with them if there are any signs of crime, and how to move on; IMS liaison officers' function. Irregularity reporting is moved from AFCOS to the Managing Authority since 2014 January. |

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| | <p>3) Training – we organise different seminars for all partners.</p> <p>4) Assisting OLAF in their visits to Estonia.</p> <p>For all these tasks we have one full-time official – the AFCOS adviser who is sometimes supported by the department manger.</p> |
| IE | <p>The EU Budget Unit in the Department of Finance was designated as Ireland’s Anti – Fraud Coordination Service (AFCOS). OLAF was informed of this decision in December of 2014.</p> |
| EL | <p>AUTHORITY - The National Anti-corruption Coordinator</p> <p>Article 69 of Law 4316/2014 (Government Gazette, Series I, No 270) ‘Establishing an observatory for dementia, improving perinatal care, regulating issues falling within the competence of the Ministry of Health and other provisions’, amended paragraph (M) of Law 4152/2013 ‘Emergency measures for the implementation of Laws 4046, 4093/2012 and 4127/2013’ and assigned to the National Anti-corruption Coordinator the competences of Anti-fraud Coordination Service (AFCOS), according to Article 3(4) of Regulation (EU) No 833/2013 of the European Parliament and of the Council.</p> <p>In particular, according to subparagraph M.1 of paragraph M, Law 4152/2013 (Government Gazette, Series I, No. 107), as in force,</p> <p><i>‘The National Coordinator has the following mission:</i></p> <p><i>(a) to draw up a National Strategy in order to: (aa) combat corruption at all levels of public life (political, governmental, judicial, administrative); and (bb) to counter fraud affecting the financial interests of the Greek State and the European Union (hereinafter ‘fraud’);</i></p> <p><i>(b) monitoring and evaluating the implementation of the strategy in question; and</i></p> <p><i>(c) coordination among all bodies involved in the implementation of the aforementioned national strategy’.</i></p> <p>In addition, according to subparagraph M.2 of paragraph M, Law 4152/2013 (Government Gazette, Series I, No 107), as in force, the National Coordinator, <i>inter alia</i>, ‘coordinates all services and authorities involved in implementing the national strategy to combat corruption and fraud. For this purpose, the National Coordinator shall take the necessary initiatives and actions in order to ensure the coherence and efficiency of the national strategy, with the exception of the coordination between audit bodies, whereas the National Coordinator shall be the competent Anti-fraud Coordination Service (AFCOS), according to Article 325 of the Treaty on the Functioning of the European Union and within the meaning</p> |

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| | <i>of Article 4(3) of Regulation (EU, EURATOM) No 883/2013 of the European Parliament and of the Council of 11 September 2013'.</i> |
| ES | <p>Royal Decree 802/2014 of 19 September 2014 (published in the Official State Gazette on 26 September 2014) established Spain's Anti-Fraud Coordination Service (AFCOS). AFCOS is part of the General State Audit Body (Intervención General de la Administración del Estado), an Undersecretariat that is itself part of the Ministry of Finance and Public Administration.</p> <p>The role of AFCOS is to:</p> <ol style="list-style-type: none"> a) Develop and implement national strategies and promote the necessary legislative and administrative changes to protect the European Union's financial interests. b) Identify possible weaknesses in Spain's systems for managing European Union funding. c) Establish channels for coordinating and sharing information on irregularities and suspected fraud between the various national bodies and OLAF. d) Promote training on preventing and combating fraud. <p>As such, these tasks are administrative in nature, primarily focusing on coordination and organisational aspects. AFCOS is the Central Contact Point for OLAF to communicate with the national authorities. AFCOS does not have investigative powers, although it does cooperate with the relevant authorities and can also take part in missions led by national bodies and OLAF.</p> <p>A further legislative change is planned with a view to establishing an Advisory Council. The Council will bring together all the authorities that are involved in managing EU funding or resources, along with those that should be involved in protecting the European Union's financial interests.</p> <p>In the proposal that has been drawn up, the Advisory Council's role will be to advise and support AFCOS to help it successfully carry out its duties. It is expected that the Council will be headed by the Auditor General (Interventor General de la Administración del Estado), with the AFCOS Director as First Vice-President, and that it will comprise the following members:</p> <ul style="list-style-type: none"> - A representative of each of the following Ministries: Foreign Affairs and Cooperation, Interior and Justice. - Two representatives of the Autonomous Communities designated by the Council for Fiscal and Financial Policy (Consejo de Política Fiscal y Financiera). - One Local Authority representative appointed to the National Commission for Local Administration (Comisión Nacional de |

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| | <p>Administración Local).</p> <ul style="list-style-type: none"> - One representative of the State Prosecutor's Office (Fiscalía General del Estado). - One representative of the Tax Administration Agency (Agencia Estatal de la Administración Tributaria). - Three representatives of the designated Authorities. <p>As we are still in the preparatory phase, it is too soon to evaluate its performance.</p> <p>The scope of these tasks will be defined in greater detail when setting up the Advisory Council, without prejudice to what may be decided in agreement with OLAF at a later date.</p> <p>This legislation, and the scope of any agreement that may be signed with OLAF, will determine the relationship with OLAF and any investigative powers it might exercise; in any case, it is expected that OLAF will act as an observer.</p> <p>Other issues that will be addressed include the scope of cooperation between AFCOS and the judicial authorities, and arrangements for initiating regulatory proposals and recommendations, guidelines, exchange of good practice, etc.</p> |
| FR | <p>In May 2013, by a decision of the Ministry of Finance, the French authorities designated the National Anti-Fraud Unit (Délégation nationale à la lutte contre la fraude - DNLF) as the national contact point for OLAF. Since then, the DNLF has thus been operating as an AFCOS in order to enhance the protection of the EU's financial interests. No changes were made to the DNLF's mandate in 2014. Nevertheless, in 2014 the DNLF used part of its website to improve communication on anti-fraud measures concerning European Union interests. In the international section of the website there is an area devoted to European activities. This section contains information summarising the DNLF's role as AFCOS, action undertaken by relevant national administrations, a presentation of OLAF that has been approved by its communication service, an interactive map of Europe showing all European AFCOS that are DNLF partners (with a description and contact details) and, since December 2014, all of OLAF's press releases have been included on the site.</p> |
| HR | <p>1. Introduction</p> <p>As it was stated in last year's report the obligation set in Article 3 (4) of the Regulation 883/2013 which stipulates that "<i>Member States shall, for the purposes of this Regulation, designate a service ('the anti-fraud coordination service') to facilitate effective cooperation and exchange of information, including information of an operational nature, with the Office</i>", is fulfilled by the Republic of Croatia, hence the Republic of Croatia as a Member State has an ACFOS in place. AFCOS is established and functions as a system and is comprised of 3 main elements:</p> |

- Network of accredited bodies managing and using EU funds (**Irregularity Reporting System**)¹⁷;
- Network of bodies dealing with combating fraud, corruption or some other form of illegal activities (**AFCOS network**)¹⁸;
- Ministry of Finance - **Service for Combating Irregularities and Fraud (SCIF)**, carrying out a **coordinative role** within the system and representing the European Anti Fraud Office (OLAF) **contact point**.

Legal basis:

- **Budget Act** (OG 87/2008, 136/2012) - Article 114 (a) provides for the obligation of the Republic of Croatia to set up system for combating irregularities and fraud in order to protect the EU financial interests.
- **Regulation on the institutional framework of the system of combating irregularities and fraud** (OG 144/2013) - lays down rules for the functioning of the AFCOS system.
- **Decision on the establishment of AFCOS Network** (OG 151/2013) - lays down rules on the functioning and role of the AFCOS Network in the AFCOS system. AFCOS Network is established in order to achieve full operability of the AFCOS system.
- **Government Decree on internal organization of the Ministry of Finance** (OG 32/12, 67/12, 124/12, 78/13, 102/13, 24/14, 134/14, 154/14).

2. Service for Combating Irregularities and Fraud (anti-fraud coordination service)

The Service for Combating Irregularities and Fraud (SCIF) is established within the Ministry of Finance. *Government Decree on internal organization of the Ministry of Finance* (OG 32/12, 67/12, 124/12, 78/13, 102/13, 24/14, 134/14, 154/14) sets up the organizational framework as well as tasks and responsibilities of SCIF.

Government Regulation on the institutional framework of the system of combating irregularities and fraud (OG 144/13) describes the position/role of SCIF within the AFCOS system. Namely, the Regulation explicitly points out that SCIF has a coordinative role between the bodies of the Irregularity Reporting System and the bodies of the AFCOS Network. It is also a main contact point for OLAF in the Republic of Croatia and ensures the performance of inspections by OLAF in the territory of the Republic of Croatia. SCIF also receives checks and consolidates the reports on irregularities for the purpose of submitting them to OLAF. SCIF also independently produces Guidelines for Managing Irregularities approved by the Minister of Finance which are binding for all the bodies of the Irregularity Reporting System.

¹⁷ Quarterly reporting on irregularities which occurred within EU pre-accession funds (CARDS, PHARE, ISPA, SAPARD and IPA) and ESI Funds.

¹⁸ The AFCOS Network is established in order to achieve full operability of the AFCOS system. The main role of the AFCOS Network is to provide advises and recommendations to all the bodies within the AFCOS system.

SCIF is made up of 3 departments (*Department for Data Collection and Analysis, and Irregularities Reporting, Department for Monitoring Notified Irregularities Procedures and Co-ordination with Competent Bodies, Department for Training and Risk Management*) and has 6 employees.

3. The National Anti-Fraud Strategy in the Field of Protection of EU Financial Interests for the period 2014-2016

The Republic of Croatia is continuously working on strengthening and improving the system of protection of the EU financial interests. Accordingly, the National Anti-Fraud Strategy in the Field of Protection of EU Financial Interests for the period 2014-2016 was adopted by the Government on 23 January 2014.

The purpose of the Strategy is to ensure effective and efficient protection of the EU financial interests by strengthening the AFCOS system in the Republic of Croatia, by carrying out predefined measures and achievement of the set objectives

While describing each chapter of the Strategy special attention was paid what was done in particular area during implementation of the National Anti-fraud Strategy for the Protection of the European Union Financial Interest for the period 2010 – 2012 and what should be done in order to strengthen the AFCOS system and enhance protection of EU financial interests by implementing measures set in the Action Plan.

Important measures for improving the protection of the EU financial interests set in accompanying Action plan for the period 2014- 2016 include:

Drafting of the Communication Strategy;

Drafting of the Irregularity and Fraud Risk Management Methodology;

Drafting of a Training Strategy;

Drafting the Guidelines for Managing Irregularities;

Maintaining regular communication with the AFCOS system bodies;

Signing cooperation and information exchange protocols with the State Attorney's Office, the Ministry of Interior and OLAF;

Further strengthening of administrative capacities of the AFCOS system bodies.

4. Administrative capacity building

In order to strengthen administrative capacities of SCIF, in March 2013, SCIF employees visited AFCOS Department Bulgaria with the aim of familiarizing with the functioning of AFCOS department in Member states. The visit was financed by Institution Building Unit of DG Enlargement of the European Commission (TAIEX).

Moreover, representatives of SCIF were conducting trainings under Module 11 "*Irregularities and Fraud*", within the frame of the project "*Establishing a training system for Financial Management and Control (FMC)*" for which organization Central Finance and Contracting Agency was responsible. In the year 2013 education seminar was conducted on 22nd and 23rd April (24 participants).

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| | <p>Additional educational trainings for bodies constituting AFCOS system were also foreseen and conducted within the TWL Project “<i>Further enhancing the functioning of the Croatian AFCOS system with the aim of efficient protection of the EU financial interests</i>”. In the period of August and September 2013, within the premises of the Ministry of Finance and around 162 employees of the AFCOS system bodies were trained.</p> <p>Also, under the TAIEX programme, in October 2013, SCIF employees visited Romanian the Fight Against Fraud Department (DLAF) with the aim of further strengthening Croatian AFCOS system.</p> <p>Moreover, in cooperation with the Police Academy, the representative of SCIF was speaker during the special course for the police inspector on the Academy. The presentation about the functioning of the AFCOS system took place on 7 November 2013. Furthermore, in the period 28 – 29 November 2013, SCIF in cooperation with the Judicial Academy and with the Central Financing and Contracting Agency conducted a two day workshop on the topic “<i>Irregularities and fraud in the context of the EU funds</i>” for the participants of the Judicial Academy. Also, in cooperation with the Police Academy, a representative of SCIF participated as a lecturer at the “<i>Specialized course to work on issues of combating economic crime and corruption</i>” for police inspectors on the subject of the functioning of the AFCOS system in the Republic of Croatia. The aforementioned lecture was held on March 20th 2014.</p> <p>In March 2014, SCIF employees, in order to further strengthen administrative capacities of SCIF, visited Internal Audit and Investigation Department Malta with the aim of familiarizing with the functioning of AFCOS department in Member states. The visit was financed by Institution Building Unit of DG Enlargement of the European Commission (TAIEX).</p> <p>Following the same aim, but with an experience of a different Member States, expert mission was organized in the period of September 2014 in cooperation with colleagues from Bulgarian AFCOS. In the premises of the Ministry of Finance of the Republic of Croatia, Bulgarian colleagues held education for around 60 people from Irregularity Reporting System and AFCOS Network bodies, in the field of protection of the EU financial interests. The representatives of Bulgaria AFCOS also visited Customs Administration, Tax Administration and Ministry of Interior.</p> <p>Moreover, in September 2014, SCIF was the host institution for colleagues from AFCOS Montenegro and in December 2014 from Serbian AFCOS. The study visits were organized under the TAIEX programme, in order to share experience and knowledge regarding establishment of AFCOS System in the Republic of Croatia and protection of EU financial interests.</p> |
| IT | No information provided |
| CY | Cyprus confirmed the information provided in the 2013 report. |

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| LV | <p>In order to strengthen the Latvian Anti-Fraud Coordination Service (AFCOS) function, to bring it closer to the model set by the European Anti-Fraud Office (OLAF) and taking into account the adoption of Regulation (EU) No 883/2013, in 2014 the Cabinet of Ministers adopted new regulation of the Coordination Council for the Protection of the European Union's financial interests (Council).</p> <p>The Council was expanded with a representative of the State Audit Office (SAO) of the Republic of Latvia. The expert from the SAO has extensive knowledge and experience in the field of fraud prevention and protection of EU financial interests and holds an executive position as SAO council member and director of audit department.</p> <p>Amendments to the Council regulation provides additional task - at the request of OLAF the Council according to their competence shall provide the staff of OLAF with the assistance needed in order to carry out their tasks.</p> |
| LT | N/A |
| LU | Luxembourg confirmed the information provided in the 2013 report. |
| HU | Hungary is not affected by this recommendation. |
| MT | Malta confirmed the information provided in the 2013 report. |
| NL | In September 2013 the Netherlands notified the DG of OLAF, through a letter from the DG of the Tax Administration, that the Customs Information Centre (Douane Informatiecentrum – DIC) provides the Netherlands' AFCOS. The answers to the AFCOS questionnaire submitted in 2014 remain valid. |
| AT | Austrian answer: "As points 1-8 either refer to specific other MS or do not specifically mention Austria, please do not expect any further comment on this document." (Ares(2015)553829) |
| PL | Not applicable. This recommendation was not directed at Poland. |
| PT | <p>In the reply to the questionnaire in the 2013 Report on the fight against fraud and the protection of the EU's financial interests we indicated that the Inspectorate General of Finance (IGF) had been appointed as the Anti-Fraud Coordination Service (AFCOS) in Portugal by Order No 07/14/MEF of 10 January 2014 of the Minister of State and Finance. The tasks attributed to it were also specified.</p> <p>In view of the content of the above reply, we have no major changes or developments to report at this stage.</p> |

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| RO | <p>Fight against Fraud Department - DLAF is established as AFCOS since 2002 and ensures, supports and coordinates, as the case may be, the fulfilment of Romania's obligations with regard to the protection of European Union financial interests, as per Article 325 of the Treaty on the Functioning of the European Union. Over time, the institution was strengthening its capacity, so as, from 2011, it fulfils all the tasks of Guidance notes on main tasks and responsibilities of Anti-Fraud Coordination Service (AFCOS).</p> <p>It is worth mentioning that, at this time, there are bilateral talks to OLAF for renewal of the Cooperation Agreement (Administrative Cooperation Arrangement (ACA)) between the two institutions.</p> <p>In terms of national duties, in 2014 DLAF continued to carry out the control activities, ensured irregularity reporting and technical assistance to OLAF and reinforced prevention activities.</p> <p>The Department has started:</p> <ul style="list-style-type: none"> - developing National Anti-Fraud Strategy by conducting an internal assessment (SWOT) of the existing situation, - coordination and support Managing Authorities in implementation of DG Regio Guidance Note on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures - Programming Period 2014-2020, - strengthening the professional training capacity through employing new staff and developing new training programs. |
| SI | AFCOS was formed in 2002 and is actively working for the protection of EU financial interests. |
| SK | No information provided |
| FI | Finnish AFCOS was officially appointed under the Government Financial Controller's Function in the Ministry of Finance on 16 December 2014 based on State Budget Act (423/1988) Section 24 f (1216/2003). |
| SE | Sweden designated the Swedish Economic Crime Authority as AFCOS on 16 th of October, with the AFCOS coming into force on the 1 st of January 2015. The AFCOS' tasks are coordinative rather than investigative. |
| UK | The City of London Police was designated as AFCOS on the 28 th of April 2014; it was established with both coordinative and investigative powers. |

3.1.2. *Measures to fight fraud and corruption in public procurement*

Public procurement is a “hot spot” for fraud and corruption. In 2012, the Commission started to modernise the existing rules to strengthen transparency and their anti-corruption purpose. In February 2014, three directives were adopted.

In 2013, OLAF presented a study on the ‘Costs of corruption in public procurement’, and in February 2014 the first EU anti-corruption report was adopted. Both reports contain recommendations and highlight best practices.

In addition, Member States reported a significant number of legislative and administrative measures aimed at strengthening work in this area.

RECOMMENDATION 2

Member States are invited to take into account the recommendations included in the anti-corruption reports and the best practices highlighted there.

BE

CHANCELLERY OF THE PRIME MINISTER:

Belgium is currently transposing the three EU directives on public procurement and concessions (Directives 2014/23/EU, 2014/24/EU and 2014/25/EU) into Belgian law. Belgium hopes that the Belgian Parliament will adopt the draft transposing legislation in 2015 and that its implementing decrees will be published before 18 April 2016, by which date the EU Member States are expected to have transposed these directives.

Against this background, Belgium is particularly mindful of the arrangements designed to combat corruption and fraud in public procurement. Nevertheless, since the relevant acts are still being drafted, the measures referred to below may yet be modified during the legislative process. More specifically, these acts comprise:

1. General rules designed to compel contracting authorities to take the necessary measures to effectively prevent, identify and remedy conflicts of interest arising in the award and implementation of contracts so as to avoid any distortion of competition and to ensure equal treatment of all economic operators.

Against this background, Belgium is mindful of the 'revolving door' mechanism, which is designed to prevent any natural person who has worked in-house at a contracting authority, in a hierarchical relationship or otherwise, from subsequently playing any part in a public procurement contract awarded by this contracting authority, where a direct link exists between the activities previously performed by this person for the contracting authority and their activities under the contract;

2. Measures designed to exclude candidates or tenderers from participating in a contract because of specific conduct or acts at any stage of the procedure.

As already stipulated in the law of 15 June 2006 on public procurement, a mandatory exclusion will be applied to candidates or tenderers convicted of corruption or fraud by a judicial decision having final and binding effect.

This exclusion will, however, be optional and left at the discretion of the contracting authority:

- when candidates or tenderers have committed grave professional misconduct laying their integrity open to question;
- when they have committed acts, entered into agreements or implemented restrictive practices with the aim of distorting competition;
- when a conflict of interest cannot be effectively remedied by other less intrusive measures;
- where a distortion of competition from the prior involvement of the economic operators in the preparation of the procurement procedure cannot be remedied by other, less intrusive measures;
- Where they have sought to unduly influence the decision-making process of the contracting authority, to obtain confidential information likely to give them an undue advantage in the procurement procedure or have negligently provided misleading information likely to have a material influence on decisions concerning exclusion, selection or award.

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| | <p>Directives 2014/24/EU and 2014/25/EU leave the Member States the option of obliging contracting authorities to exclude candidates or tenderers on the above optional grounds (and on the other optional grounds referred to in these directives), but Belgium has chosen not to do so;</p> <p>3. Governance and monitoring measures, in particular an obligation for Belgium to submit an audit report every three years to the European Commission focussing on the prevention, detection and reporting of cases of fraud, corruption, conflicts of interest and other serious irregularities in the field of public procurement.</p> |
| <p>BG</p> | <p>The following measures have been taken to ensure harmonisation of the rules governing the award of public procurement contracts:</p> <p>A National Strategy for the development of the public procurement sector for the period 2014–2020 was adopted by Decision No 498 of the Council of Ministers of 9 July 2014. It sets out measures in five impact areas to be implemented through a number of activities against fixed deadlines. The impact areas in question are adopting legislation, law enforcement, publicity and transparency of public procurement, strengthening of the administrative capacity, and professionalism in the public procurement sector and control systems.</p> <p>The principal measures include the adoption of a new legislative framework, notably a new framework Public Procurement Act (ZOP) and the necessary secondary laws to ensure its implementation. The new law will transpose the requirements of the new EU Directives on public procurement (Directives 2014/24/EU and 2014/25/EU of the European Parliament and of the Council).</p> <p>The aim of the measures relating to control systems is to set up mechanisms that ensure more efficient cooperation and interaction between the competent authorities, and streamline the administrative sanctions levied and their appeal procedures. The scope of the ex-ante controls performed by the Public Procurement Agency (AOP) will be expanded in three areas: technical specifications for the award of public procurement contracts; contracts awarded at lower thresholds (by means of performing random controls) and monitoring of some of the exceptions not covered by the ZOP.</p> <p>With a view to preventing and combating certain poor practices relating to the application of the ZOP currently in force, a number of actions aimed at overcoming the most common practical challenges have been planned. The implementation of the measure will rely mainly on methodological assistance from the AOP. Guidelines on certain matters will continue to be developed, updated and published on the public procurement web portal to provide the necessary assistance to contracting authorities to enable them to put an end to poor practices. Tender dossiers, methodologies, technical specifications and sample documents from completed public procurement calls that have stood up to all necessary checks and audit verifications will also be published on the web portal.</p> |

In order to improve the award of public procurement contracts in certain areas, the Managing Authorities responsible for the various operational programmes will draw up sets of uniform or other model documents. They will be a useful instrument to assist efforts to overcome the challenges stemming from the low skills base of contracting authorities, particularly at local level.

The ongoing monitoring of public procurement by the AOP, the managing authorities of operational programmes and the bodies responsible for ex-post controls should allow for the detection of errors and infringements, and analyses of the underlying reasons. Summaries of the information thus obtained should be compiled and used as a basis for updating published manuals and methodological guidelines in a timely manner.

The Strategy sets out measures that have been coordinated with the European Commission and progress on their implementation is therefore to be reported to the relevant Commission services in a timely manner. Implementation of the Strategy will improve the legislative and institutional framework of public procurement, and ensure greater transparency and publicity in the award of public procurement contracts through the introduction of e-procurement by 2016.

The new Directives on public procurement are to be transposed into national law by April 2016 at the latest. According to the National Strategy for the development of the public procurement sector for the period 2014–2020 and the plan for the implementation of the measures envisaged therein, the new Directives are to be transposed by the end of January 2016. Work is currently in progress to finalise the new framework Public Procurement Act and public consultations with all relevant stakeholders will be launched after the draft is published on the dedicated web portal.

Efforts are currently focused on the development of a new National anti-corruption strategy, which sets out new prevention and control measures for the public procurement sector. The Council of Ministers is expected to approve the strategy in March 2015.

The following anti-corruption measures have been taken by Bulgaria's law enforcement bodies:

I. General organisational measures taken by the Bulgarian Prosecutor's Office (PRB)

1. A functional analysis of the structure and work of the Prosecutor's Office was conducted in 2013.
2. On the basis of the findings set out therein, structural changes were undertaken with the aim of enhancing specialisation and efficiency of the efforts to combat serious crime, including fraud with implications for the financial interests of the EU. A specialist department has been set up at the Supreme Cassation Prosecutor's Office (VKP).

3. An analysis of the prosecution of corruption crimes in the period 2007–2013 has also been conducted. On the basis of the findings set out in the report a package of measures has been developed, which includes the following:

- A Single Catalogue of corruption crimes, which has outlined the scope of corruption crimes in line with international treaties and European case-law; a uniform reporting mechanism has also been introduced that enables monthly reporting and conducting analyses of this type of crime;
- Special supervision arrangements for high-profile cases monitored by the European Commission have been introduced, which require:
 - the submission of monthly reports by the administrative managers of prosecution services to the Prosecutor-General;
 - the submission of monthly reports to the VKP on proceedings instituted and the progress in cases subject to special supervision within each appellate district, based on a standardised electronic template;
- compiling monthly summaries of the cases on the record of the PRB and an analysis intended for the Supreme Judicial Council (VSS) and the Ministry of Justice for the purposes of the Cooperation and Verification Mechanism (CVM).
- Guidelines on the judicial review and ex officio checks conducted by higher ranking prosecution services with the aim of improving the standard of justice administration.
- Guidelines on the improvement of prosecutorial and court supervision arrangements have been drawn up. They seek to achieve better overall efficiency of prosecutorial work (during the pre-trial phase in order to reduce the number of cases remanded to the prosecution services by courts and—during the trial phase—in order to reduce the number of acquittals through analysis and action needed to overcome frequently encountered, recurrent deficiencies).
- With a view to ensuring a better standard of investigations and tapping the full potential of the investigators from the National Investigation Service, including the departments under the jurisdiction of provincial prosecution services, an extended mechanism (taking into account the instruments available under the current Criminal Procedure Code) has been set up for the allocation of cases of high legal and factual complexity, including arrangements enabling the follow-up and monitoring of their progress;
- A Specialist Judicial Anti-Corruption Unit has been set up by an order of the Prosecutor General and pursuant to an agreement between the PRB and the State Agency for National Security (DANS);
- Guidelines on cooperation between the Prosecutor’s Office and the DANS have been approved;

□ A cooperation agreement has been concluded between the PRB, the National Institute of Law (NIP), the Ministry of the Interior (MVR) and the DANS. One of the priority tasks set out therein is the introduction and use of modern, practical methods in the professional training of magistrates and employees working in the respective institutions, and the exchange of results of the analyses, research and methodologies developed by each institution;

□ Other cooperation and interaction agreements have been concluded between the PRB and institutions concerned in combating corruption crimes, inter alia, the National Audit Office, the National Financial Inspection Service, the Commission for Confiscation of Illegal Assets, etc.

The Specialist Administrative Directorate for Financial Intelligence of the DANS (SAD FR DANS) obtains, keeps, analyses and detects information about suspicious dealings, transactions and clients received from the persons referred to in Article 3(2) and 3(3) of the Anti-Money Laundering Act (ZMIP). Some of the preventive measures include extended checks and monitoring of current or former politically exposed persons (PEPs) and reporting cases of suspected money laundering relating to potential corrupt practices. The reports on suspicious operations connected with PEPs are a priority in the work of the SAD FR DANS. In 2014, the department handled 14 cases connected with PEPs and referred information about 8 cases to the competent directorates of the DANS. Reports on the remaining cases will be finalised within a short period of time. During the same period the SAD FR DANS, acting on requests from the competent authorities, conducted checks in four cases relating to potential corrupt practices.

Measures taken by the authorities responsible for the administration of EU funds in the capacity as Managing Authorities/Executive Agencies

The bodies responsible for the administration of EU funds carry out ex ante, ongoing and ex post controls on the award of public procurement contracts, including checks to verify compliance with Council of Ministers Decree No 118/2014 laying down the rules and procedures for the award of public contracts by beneficiaries of the grant assistance under the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Fisheries Fund, and the Financial Mechanism of the European Economic Area and the Norwegian Fund (EEA and Norway Grants), which are not covered by the Public Procurement Act.

The controls include conducting checks on planned calls on the basis of a schedule of forthcoming tenders to ensure expenditure planning and the award of contracts by means of single procedures. Ex ante controls will be conducted on tender documentation prior to being published and on the checklists detailing the outcome of conducted checks. Ex post controls will be performed by way of monitoring the implementation of recommendations and conducting analyses of detected deficiencies with a view to precluding the verification of expenditure where infringements have been detected.

In line with established practice, upon the launch of new operations the Managing Authorities will organise training events for the beneficiaries that cover all aspects of contract performance, including the award of public procurement contracts, and familiarising participants with the definitions of irregularity and fraud with a view to preventing them.

The State Fund Agriculture (DFZ), in the capacity as a body with special competence for the disbursement of funds from the EU agricultural funds, has taken the following measures:

- Regulations Nos 24 of 29 August 2014 and 25 of 25 July 2014 have been amended laying down the rules for transfer to the DFZ of accumulated interest on advance payments, reimbursement, within a period of 10 days from the signature of a final annex in tenders conducted under the ZOP, advance payments that exceed 50 % of the amount of approved grants, and deduction from the amount of paid funds of the compensation agreed in concluded grant agreements in respect of breach of contract.
- In 2014, a survey aiming to gauge the level of corruption risk at DFZ units was conducted. A report setting out the survey results and corresponding proposals has been drawn up. The rules of procedure of the DFZ Inspection Service have been amended and additional anti-corruption rules have been drawn up with the aim of improving the whistleblowing mechanism, enhancing the protection of whistle blowers, ensuring objectivity and a high standard of conducted checks, and improving interinstitutional cooperation and the rules on detecting, documenting and levying sanctions for corruption.

Measures undertaken by the competent control bodies: the Public Financial Inspection Agency (ADFI) is part of the public internal financial control system in Bulgaria. The bodies under the jurisdiction of the Agency perform ex-post controls to verify the legality of the budget, economic or accounting activities of the organisations and entities specified in Article 4 of the Public Financial Inspection Act (ZDFI), including those relating to the award of public procurement contracts and their subsequent performance. They are further tasked with identifying irregularities, and detecting fraud and any resulting damage or loss sustained, levying financial and administrative penalties, and detecting fraud and irregularities with implications for the financial interests of the European Union. In 2014, during the course of conducted financial inspections the bodies under the jurisdiction of the ADFI identified and reported infringements and fraud indicators in the disbursement of EU funds in 19 cases. All detected infringements had implications for the award of public procurement contracts and their subsequent performance (breach of the rules laid down in the Public Procurement Act, the implementing regulation thereto and the Regulation on the award of small public procurement contracts). A total of 51 injunctions in respect of infringements have been drawn up and served on the responsible officials. Follow-up measures were taken in line with the ZDFI; copies of 5 reports detailing the outcome of the conducted financial inspections have been sent to the Prosecutor's Office on the grounds of competence; and the outcome of the 19 financial inspections in which

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| | <p>irregularities were detected have been notified to the financing bodies.</p> <p>Measures taken by the competent audit authorities: in June 2014, the Audit of EU Funds Executive Agency (IAOSES) updated the EU Funds Audit Manual. The sections setting out the rules on systems and operations audits and the standard of audit work were modified significantly. Several new model documents have been incorporated into the manual, including an audit sample and sub-sample memorandum and checklists to be completed for the audits conducted on operations and to verify the legality of the public procurement. For the purposes of the audits conducted in 2014, the financial implications of the infringements of public procurement rules identified by the Audit Authority were established in accordance with the Guidelines for determining financial corrections to be made by the Commission to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement, approved by Commission Decision of 19 December 2013. To ensure compliance with a recommendation received from the Directorate-General for Regional and Urban Policy, audits include detailed checks to verify compliance with the timeframes for obtaining tender documentation and submitting proposals. At the end of 2014 the register of public procurement calls on which checks were conducted during the audits on operations financed from operational programmes during the period 2010–2014 was updated. As a matter of good practice, the IAOSES, following the completion of audits on operations, has continued to compile annual summary analyses of frequently encountered irregularities with implications for the award of public procurement contracts under operational programmes, where detected errors have financial implications for which the Audit Authority has proposed that corresponding financial corrections be imposed by the responsible Managing Authority. These analyses, along with the register of audited public procurement calls, are used for the purposes of risk assessment in the context of further audits due to be conducted under the respective programme. The annual analyses are published on the webpage of the IAOSES.</p> |
| CZ | <i>No information provided</i> |
| DK | <p>Pursuant to the Procurement Directive 2014/24, purchasers are obliged to exclude economic operators from participation in a procurement procedure if the operator has been convicted in a final judgment of certain specific violations of the law, including corruption.</p> <p>In the Danish proposal for the transposition of the Procurement Directive, a sentence for corruption will entail that an economic operator will be excluded from participation in procurements for four years from the date of final judgment. A condition for a purchaser's being able to enter into a contract with an economic operator is that the operator must prove that it has not been convicted of corruption in the past four years. An economic operator cannot be excluded, however, if it can prove that it has taken appropriate action which demonstrates its reliability.</p> <p>It is expected that the Procurement Act transposing the Procurement Directive will be tabled on 25 February 2015. It is expected to enter into force on 1 October 2015. The Act is, among other things, an outcome of the work of the Procurement Act Committee, which was completed in</p> |

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| | November of last year. |
| DE | Work to implement the package of directives into national law has already begun. On 7 January 2015 the Federal Cabinet adopted the key points for the reform of procurement law that will provide the basis for implementation in Germany. |
| EE | <p>In 2014 the Ministry of Finance engaged stake-holders (including contracting authorities and unions of economic operators) to collaborate with us in order to agree upon a preliminary intent of the draft of the new public procurement law transposing the new procurement directives package. The collaboration was conducted in the form of written consultations and several thematic round-tables, as well as workshops in specific areas (i.e. social services). By the end of the summer the preliminary intent was completed and agreed upon between the stake-holders. During the rest of the year the Ministry of Finance has focused on writing the draft of the new act, which is foreseen to be agreed upon by the government in spring 2015.</p> <p>The detection and prosecution of corruption cases with identifying the proceeds of corruption and to ensure its rapid seizure and subsequent confiscation will be the priority of the law enforcement institution in the coming years. The changes to the Penal Code came into force in 2015 and case-law drafting or practice is required now.</p> <p>For example we improved § 300 Violation of requirements for public procurement and § 3001 Violation of procedural restrictions.</p> <p>https://www.riigiteataja.ee/en/eli/522012015002/consolide</p> |
| IE | <p>Transposition of the new procurement Directives, 2014/23/EU, 2014/24/EU, 2014/25/EU, into national law by Member States is required by April 2016. In 2014, Ireland carried out a public consultation process as part of its programme of transposition of these Directives.</p> <p>Updates on the status of the transposition process in Ireland will be available on www.procurement.ie</p> |
| EL | <p>AUTHORITY - Ministry of Economy, Infrastructure, Shipping and Tourism</p> <p>I. In the context of the reform of the national regulatory and institutional framework for public procurement, in implementation of specific actions laid down in the Memorandum of Understanding, the Single Independent Public Procurement Authority (SIPPA), within the scope of its competences arising from Law 4013/2011, as the institutionally specialised authority of the Hellenic Republic on the matter, coordinated the preparation of the legislative initiative for the creation of a cohesive and uniform legal framework for public procurement, leading to a vote and adoption by Parliament of Law 4281/2014 ‘Measures for the support and development of Greek economy, organisational issues of the Ministry</p> |

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| | <p>of Finance, and other provisions'. This Law, which will become fully effective as of 1 March 2015, will modernise, simplify and systematise in a single, uniform manner national legislation on public works contracts, public supply contracts and public service contracts, in full compliance with both EU legislation and case-law of the Court of Justice. This Law codified the existing institutional framework and created a modern legislative framework for public procurement, and paved the way for the transposition of the new directives, which is expected to be completed within the timeframe indicated in the new directives (April 2016).</p> <p>In particular, regarding the fight against corruption, the law introduces strict and detailed transparency guarantees and, in particular, the obligation of the contracting authority to take the necessary measures for the effective prevention, detection and remedy of conflicts of interest which may arise during tenders (Article 45 of the Law). In addition, certain provisions set out the contractor's obligation to comply with a clause of integrity, which sets out that the contract shall be obligatorily terminated if it is found that the contractor's behaviour has been illegal before or during the award procedure, as well as at the stage of the contract's implementation (Article 46 of the Law). The provisions of the Law regulating the environment of Electronic Public Procurement in Greece are also of utmost importance (Articles 134-138).</p> <p>II. As is well known, the new Directives 2014/23/EU (L94), 2014/24/EU (L94) and 2014/25/EU (L94) must be transposed into Greek national legislation by 16 April 2016. The Hellenic Republic, in the context of the working parties coordinated by the Single Independent Public Procurement Authority (SIPPA), with the participation of representatives from the competent Ministries and other authorities, as notified to the competent authorities of the European Commission, has drawn up and is currently implementing the National Integration Plan (NIP). The NIP sets out a number of actions and an indicative timetable for their implementation, as well as the organisational structure, to be adopted for the successful implementation of the integration project.</p> |
| <p>ES</p> | <p>Other measures related to spending and resources:</p> <p>Procurement-related measures</p> <p>In 2014, the necessary measures were implemented to apply Law 19/2013 of 9 December 2013 on Transparency, Access to Public Information and Good Governance (Ley 19/2013 de Transparencia, acceso a la información pública y buen gobierno). For example, 2014 saw the launch of the Transparency Portal, giving access to the most frequently requested central government information. Also, Royal Decree 919/2014 of 31 October 2014 approving the Bylaws of the Transparency and Good Governance Council (Consejo de Transparencia y Buen Gobierno) was adopted.</p> <p>The aim of the Transparency Portal is to improve access to information on various issues, including those outlined below.</p> <p>a) All contracts, with details of the subject, the duration, the amount of the tender and award, the procurement procedure used, the</p> |

instruments used to publicise the tender where applicable, the number of tenderers taking part in the tendering procedure, the identity of the successful tenderer and any amendments to the contract. The decisions concerning withdrawal from and rejection of contracts will also be published. Information pertaining to contracts of lesser value will be published quarterly.

- b) Description of the agreements signed, indicating the signatories, subject matter, duration, amendments, obligation to provide services, and, if necessary, any financial obligations agreed. Signed management agreements will also be published, indicating the subject, budget, duration, financial obligations and, if any subcontracting has taken place, details will be provided of the successful tenderers, procedure and contract amount.
- c) Subsidies and public aid granted, indicating the amount, the purpose/aim and the beneficiaries.
- d) The audited accounts that must be presented and the auditor's reports produced by auditing bodies.
- f) Annual remuneration received by high-ranking officers and the senior management of the bodies in question. If necessary, details will also be published of any compensation payments received by people leaving their post.
- g) Decisions authorising or recognising compatibility that affect public servants, along with decisions authorising high-ranking central government officials or similar who leave their posts to take up employment in the private sector, in accordance with the regulations in force at local or Autonomous Community level.
- h) Local representatives' annual declarations of assets and activities.
- i) Statistical information required to evaluate the level of compliance and quality of public services falling within their remit.

Autonomous Communities and Local Authorities have up to two years to adapt to the requirements of the Transparency Law. Nevertheless, various legislative measures have already been taken to implement the Law, including Law 4/2014 of 22 December 2014 of the Autonomous Community of Madrid; Decree 215/2014 of 16 December 2014 of the Autonomous Community of Aragon; Law 12/2014 of 16 December 2014 of the Region of Murcia; the Agreement of 3 September 2014 of Castile-La Mancha; Law 1/2014 of 24 June 2014 on Public Transparency of Andalusia (Ley 1/2014 de Transparencia Pública de Andalucía); and Law 19/2014 of 29 December 2014 on Transparency, Access to Information and Good Governance of the Regional Government of Catalonia (Ley 19/2014 de transparencia, acceso a la información y buen gobierno de la Generalitat de Catalunya), which creates a register of interest groups, for example.

Further laws have been adopted: Law 14/2013 of 26 December 2013 on Rationalisation of the Public Sector in the Autonomous Community of Galicia (Ley 14/2013 de racionalización del sector público autonómico de Galicia) and the Institutional Code of Ethics of the Regional Government of Galicia (Código ético institucional de la Xunta de Galicia) were adopted via the Resolution of 8 September 2014. Law 4/2011

of 31 March 2011 on Good Administration and Governance of the Balearic Islands (Ley 4/2011 de buena administración y gobierno de las Islas Baleares); and Law 1/2014 of 18 February 2014 regulating the Status of Public Officials of the Government and Administration of the Autonomous Community of Extremadura (Ley 1/2014 de regulación del Estatuto de los Cargos Públicos del Gobierno y la Administración de la Comunidad Autónoma de Extremadura).

Preparations are under way to amend the Law on Public Sector Contracts as soon as possible with a view to introducing various anti-corruption measures. Some of the most significant changes are listed below.

- Inclusion of political parties, foundations with links to political parties, trade union organisations and business associations in the subjective scope of application of the Law on Contracts.
- New rules concerning the profile of the contracting body. The contract law will implement a number of publicity-related measures, including a measure affecting all signed contracts, regardless of the contract type or size, and contracts that may be drawn up in the future.
- Introduction of an article obliging contracting bodies to take the necessary measures to combat fraud, favouritism and corruption, and to prevent, detect and effectively address any conflicts of interest that may arise in a public contract. The ultimate aim is to guarantee transparency in the procedure and equal treatment for all potential contractors.
- New rules concerning the contractor selection procedure. The negotiated procedure without publicity based on the criterion of contract size will cease to exist and a new procedure, the 'simplified open procedure', will be introduced; this process is also fast and flexible but offers benefits in terms of publicity and transparency. Any business can take part in this selection procedure; the tenders submitted are announced at a public event, attended by the legal adviser and the financial controller, and the contract award decision is based on automatic selection criteria (not subject to value judgements by the contracting body and thus easier to monitor).
- The number of prohibitions on taking part in a public tender procedure will be increased, including:
 - persons who have been convicted in a criminal court of corruption involving private individuals;
 - relatives of senior management, not restricted to the spouse or partner and their descendants, as was the case until now, but also including relatives in the ascending line and relatives up to the second degree of consanguinity or affinity. This will apply not only to central government officials but also to other administrations at local or Autonomous Community level.
- Measures will be adopted at local level, where a greater number of corruption cases have been reported. A series of changes will be introduced in the revised text of the Law on Public Sector Contracts (Ley de Contratos del Sector Público) and this will have a particular impact on two issues: the organisation and composition of the bodies responsible for public procurement issues at local level; and the introduction of

measures designed to prevent fraudulent and corrupt activities at local level.

Several specific measures will be implemented.

- a) In municipalities with fewer than 5 000 inhabitants and for contracts of lesser value, a restriction will be imposed on the procurement procedure whereby at least three viable bids will have to be received.
- b) Evaluation panels and awarding bodies must have staff who are specialists in the field of public procurement. Specifically, they will need to be 'technical legal specialists'. This is in line with the European Commission's EU-wide requirements relating to public procurement, as is the requirement relating to the professionalisation of staff working in public procurement.
- c) Interim staff will not be allowed to be members of evaluation panels.
- d) The rules of jurisdiction for Mayors and Presidents of Local Authorities will change, giving greater power to Municipal and Provincial Councils as contracting bodies; this will ensure more stringent guarantees of objectivity in public procurement procedures (also because Councils include representatives of the opposition). As such, the Mayor or President of the Local Authority will be the contracting body for contracts that represent less than 10 % of the authority's resources and with a value of less than EUR 6 million.

Furthermore, in the area of Local Administration, Law 27/2013 on Rationalisation and Sustainability (*Ley 27/2013 de racionalización y sostenibilidad*) has been adopted and measures have been taken to tighten rules governing control procedures, implementation methodology, criteria for action, and rights and responsibilities in the development of public functions across local government. This fills a legal vacuum, enabling techniques such as auditing in all its various forms to be widely used for Local Authorities, bringing them into line with other areas of the public sector. The General State Audit Body will be involved in this process.

In addition, with a view to strengthening the independence of civil servants providing secretarial, audit or inspection-related services for Local Authorities, the State will be responsible for selecting, training and vetting staff and will have disciplinary powers in the most serious cases.

At the same time, Royal Decree-Law 5/2014 of 4 April 2014 approved the creation of up to 210 civil servant posts at Local Administration level in order to comply with the provisions outlined above.

Revenue-related measures

As regards revenue-related measures, on 23 December 2014, Spain deposited its instrument of accession to the Protocol to Eliminate the Illicit Trade in Tobacco Products, which was adopted in Seoul on 12 November 2012, thereby becoming the sixth party to ratify the Protocol, and the second EU Member State to do so after Austria.

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| <p>FR</p> | <p>1/ Taking into account the public procurement recommendations included in the anti-corruption reports, on 3 March 2014 the Interministerial Committee for the Coordination of Inspections (Commission interministérielle de coordination des contrôles - CICC), France's auditing authority for structural funds, issued a revised version of the public procurement checklist that had been presented at the Operations Controllers Seminar in January 2014. The aim of this revised version was to incorporate the changes introduced by Commission Decision C(2013) 9527 of 19 December 2013 on financial corrections in public procurement procedures.</p> <p>Furthermore, the transposition of the new public procurement directives will build on the procedures currently in place, in particular:</p> <ul style="list-style-type: none"> - by specifying that the final conviction on corruption charges of a member of an administrative, management or supervisory body of a legal person or of a natural person who has powers of representation, decision-making or control therein shall lead to the exclusion from public procurement procedures of that legal person, as long as the natural person is performing these functions; - by enhancing transparency through the obligation to disclose any amendments that are made. <p>2/ As regards measures taken in 2014 with a view to preparing the transposition of the 2014 public procurement directives, Law No 2014-1545 of 20 December 2014 on the Simplification of business practices and containing various provisions simplifying and clarifying the law and administrative procedures empowers the French Government to take the necessary legal measures to enable the transposition of the new public procurement directives by Government Order.</p> <p>The draft order drawn up following the adoption of the above-mentioned Law simplifying business practices was submitted for public consultation by way of the website of the Department for Legal Affairs (Direction des affaires juridiques): http://www.economie.gouv.fr/daj/marches-publics. This public consultation, which ended on 3 February 2015, made it possible to gather opinions from all interested parties, ministries, purchasing departments, associations of local representatives, professional federations, economic operators and citizens. Anyone interested could take part in the consultation. The results of the consultation are currently being analysed; the text will, if necessary, be adapted based on these results and will then need to receive interministerial approval. Once the order has been adopted, the implementing decrees will need to be issued.</p> <p>It was not possible to anticipate the content of the anti-corruption measures contained in the public procurement directives prior to their final adoption.</p> <p>However, anti-corruption measures were already part of public procurement procedures, in accordance with Directives 2004/17/EC and 2004/18/EC of 31 March 2004. The issue of corruption and the fight against it is essentially tackled through tendering bans, namely by excluding from the procedure those persons:</p> |
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- who have been convicted by final judgment on corruption charges;
- who have attempted to influence the decision of a public purchaser;
- or who have caused distortion of competition.

In cases where the law so provides and which relate to convictions for involvement in a criminal organisation, corruption, fraud or money laundering, but also in cases of professional misconduct or false declarations, the judge may impose a ban on taking part in public tenders. Persons who may be subject to a ban are those 'who have, in the last five years, received a final conviction for one of the offences provided for (...) in Article 433-1 [active corruption practices and trading in influence], (...) in Article 435-2 [active corruption of EU officials and officials of Member States], (...) of the Criminal Code'. This rule stems from the public procurement directives themselves, which require a 'final judgment'. This replicates the requirement contained in the Agreement on Government Procurement (GPA) concluded within the framework of the WTO.

The fight against corruption and fraud in public procurement is also underpinned by factors that are not specific to rules governing public procurement, such as:

- fast and effective redress mechanisms open to any person who may wish to contest a public contract award decision, along with greater judicial powers;
- monitoring and prosecution services that focus solely on corruption cases;
- protection procedures for people reporting corruption;
- the fact that a person convicted of corruption will be banned from running for office (many public purchasers have decision-making bodies that include elected representatives), forbidden from bidding for public contracts, excluded from public service, etc.

As such, the public procurement good practice guide, released following the circular dated 29 December 2009, contains specific recommendations relating to combating corruption. The guide reminds readers that a corruption conviction will result in a ban on taking part in tendering procedures and also recommends that public purchasers adopt a Code of Practice governing the conduct of their purchasing departments and that of final decision-makers. For example, it contains rules relating to bans on accepting gifts or invitations, the need to disclose connections of any kind between a public servant and a given supplier, the requirement for purchasing managers to take sufficient leave, and rules relating to accessing, securing and storing all documents that record communications with suppliers. The guide refers readers to the internal inspection guide included in the reports produced by the Central Service for the Prevention of Corruption (Service central de

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| | prévention de la corruption - SCPC). |
| HR | <p>Within the Plan of normative activities of the Ministry of Economy of the Republic of Croatia, it is planned to draft a new normative legal act with the aim of transposing new EU directives in the field of public procurement.</p> <p>Namely, directives on public procurement <i>i.e. Directive 2014/24/EU and Directive 2014/25/EU</i> entered into force on 17 April 2014, and therefore the Republic of Croatia is obliged to transpose those directives till 18 April 2016 at the latest, with the possibility to postpone some provisions. During the drafting of the Act, special emphasis will be placed on prescribing measures to <i>prevent conflicts of interest in the field of public procurement</i>.</p> <p>Furthermore, it has to be stressed that the Government of the Republic of Croatia adopted the draft proposal of Anti-Corruption Strategy 2015-2020 on 15th January 2015. The accompanying Action Plan includes further elaboration of measures and activities aimed at creating a comprehensive strategic approach to the prevention and reduction of corruption risks in public procurement both at national and local level.</p> <p>Measures include:</p> <ul style="list-style-type: none"> • Strengthening the legal framework as regards public procurement - systematization and harmonization of laws, procedures and manuals in the field of public procurement; • Improving the system of legal protection in the field of public procurement and supervision of the implementation of public procurement contracts; • Monitoring the implementation of the rules on transparency, access to information and avoiding conflicts of interest, systematic risk assessment and prioritization in the supervision of public procurement; • Strengthening and improvement of anti-corruption and ethical education. <p>Main activities to achieve the abovementioned measures include:</p> <ul style="list-style-type: none"> • Adoption of new law on public procurement; • Adoption of implementing regulations regarding the law on public procurement; • Adoption of manuals in the field of public procurement; • Continuous education for stakeholders in the field of public procurement in cooperation with the Croatian Chamber of Commerce and |

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| | the National School of Public Administration. |
| IT | <p>1. The Government is working on the draft of an enabling decree transposing the Public Procurement and Concessions Directives on the basis of the principles and criteria in the enabling law transposing the Directives, by drafting a new Contracts and Concessions Code that will supersede and repeal the current Public Contracts Code (Legislative Decree No 163/2006) and provide for appropriate transitional arrangements. The draft enabling law is currently before the Senate.</p> <p>2. Law No 190 of 16 November 2012 on ‘prevention and punishment of corruption and unlawful conduct in the public administration’ was adopted to combat corruption and introduce a prevention system centred on the adoption of a national anti-corruption plan and triennial prevention plans at the level of each public authority.</p> <p>For example, the plan adopted by the Ministry of Education, Universities and Research (MIUR) in Ministerial Decree No 62 specified the rules and procedures for ensuring stringent application at the Ministry of the provisions on combating corruption and unlawful conduct in the public administration, with a view to:</p> <ul style="list-style-type: none"> • reducing the opportunities for corruption; • increasing the MIUR's capacity to detect corruption; • creating an environment that discourages corruption. |
| CY | Cyprus has drafted three bills, for the transposition of the three new Procurement Directives respectively, which were set under public consultation, concluded in 2014. Presently, the three bills are under legal-linguistic process provided by the Attorney General Office, according to the national law-making practice. |
| LV | <p>Following the adoption of amendments in the Criminal Law scope of public officials has been extended stipulating that representatives of state authority shall be considered public officials, as well as any person permanently or temporarily executing duties in state or local government service, including state or local government company, having authority to take decisions binding for other persons or having authority to perform supervision, control, investigation or sanctioning functions or to act with assets or finances of an institution or its company.</p> <p>Adopted amendments in the Criminal Procedure Law in 2014 provides the opportunity to divide criminal proceedings against a legal person and a natural person if it is in the interests of criminal justice. The liability of legal persons is therefore not restricted to cases where the natural</p> |

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| | <p>person is held liable. The Law also provides for entering into agreement in criminal case with a legal person.</p> <p>Starting from 2014 new provision in the Criminal Procedure Law stipulates that adjudication of a case if charges are brought against a public official holding responsible position shall be of a higher priority in comparison with other cases in order to ensure reasonable terms.</p> <p>Amendments in the Law on Prevention of Conflict of Interest in Activities of Public Officials abolished the exception with regards to members of the Parliament to enter into contracts with state authorities if granted in open tender procedure.</p> <p>In order to elaborate regulation for whistle-blowers protection in 2014 inter-institutional working group was established under the guidance of the State Chancellery and consisting of representatives from the Corruption Prevention and Combating Bureau, Prosecutor's General Office, Supreme Court, Ministry of Welfare, Ministry of Justice, Ministry of Interior, Latvian chapter of Transparency International „Delna”, Free Trade Union Confederation of Latvia.</p> <p>Starting from January 2014 administrative sanctions are enacted for violation in the area of public procurement and public-private partnership.</p> <p>Ministry of Finance of the Republic of Latvia has established a working group for transposing the Directive 2014/24/EC, Directive 2014/25/EC, Directive 2014/23/EC where experts from Procurement Monitoring Bureau, NGO's and other ministries are involved. The Ministry of Finance plan to develop first draft of the new Public Procurement Law, Public Service Providers Procurement Law, amendments of Public and Private Partnership Law until June 2015. Mentioned laws and amendments shall enter into the force on 18 April 2016.</p> |
| <p>LT</p> | <p>In order to reduce the risk of corruption in the area of public procurement in Lithuania, emphasis is being placed on developing electronic and centralised public procurement, preventing and monitoring infringements of the public procurement rules and improving regulation in the area of public procurement. The value of electronic public procurement operations published in 2014 (where the procurement procedure was published, the procurement documents provided and tenders received electronically) exceeded 95% of the value of all public procurement operations published. It is planned, by means of the e-invoicing information system set up in 2015, to modernise the central public procurement information system and the VšĮ CPO LT online catalogue for centralised public procurement.</p> <p>The value of centralised public procurement increased following the entry into force on 1 January 2014 of the obligation to acquire goods, services and works from or via the central contracting authority in the event that the goods, services or works proposed in the CPO catalogue meet the contracting authority's requirements and the latter is not able to have them performed more efficiently through a rational use of the funds allocated, and after the VšĮ CPO LT online catalogue. In 2014, the CPO LT online catalogue was used to procure goods, works and services of a value of almost EUR 389 million, i.e. three times more than in 2013.</p> <p>Contrary to what is written about Lithuania in the Annex to the European Commission's EU Anti-Corruption Report (COM (2014) 38 final), the consent of the Lithuanian Public Procurement Office to carrying out a negotiated procedure without publication of a contract notice was not</p> |

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| | <p>withheld. Under the current public procurement rules, the contracting authority must obtain consent if it wishes to suspend procurement operations, amend the terms of the procurement contract, carry out a negotiated procedure without publication of a contract notice or conclude an in-house transaction. It is not required to obtain the consent of the Public Procurement Office in procurement cases of lesser importance, but this does not mean that the contracting authority is not required to comply with the provisions of the Public Procurement Act (as indicated in the Commission's report). It should also be noted that now that the threshold for low-value procurement has been increased, contracting authorities are obliged to publish information on their website on low-value procurement operations that have been launched, the winning bidder and the contract which it is intended to conclude or which has been concluded. It can therefore be said that the fact of the administrative burden on contracting authorities having been reduced ensures that the principal of transparency is not infringed.</p> <p>In implementation of measures under the National Anti-Corruption Programme, with effect from 1 January 2015 the Public Procurement Act requires contracting authorities to publish the proposed winning bidder, the contract concluded and any amendments to it in the central public procurement information system.</p> <p>Further to the comment in the Commission's report to the effect that, in order to ensure that the Public Procurement Office performs its functions properly, the Office's workforce should be increased, in 2014 the Office was allocated 10 new posts. The Public Procurement Office also established a risk management information system in order to enhance its ability to prevent and monitor infringements of the public procurement rules. This system enables information stored in the information systems operated by the Public Procurement Office to be integrated and allows risky procurement operations and contracts to be identified for assessment and contracting authorities to be selected for inspection.</p> <p>Legislation is also being drawn up to implement the new EU Public Procurement Directives (2014/24/EU and 2014/25/EU). In order to fully assess the issues linked to the implementation of the provisions of those Directives and transpose those directives into national law in the best possible manner, Order of the Minister for the Economy No 4-234 of 18 April 2014 sets up a working group comprising representatives of business, professional associations, public organisations and other interested bodies. The draft legislation drawn up is currently being discussed within the said working party.</p> |
| LU | Significant national measures taken in transposing the package of public procurement directives directive into national legislation in 2014. |
| HU | <p>During the transposition of the new public procurement directives adopted in February 2014, it was essential to review the Hungarian public procurement regulation system, since the new directives had implemented a significant reform of EU public procurement law. Consequently, in order for the provisions of the directives to be appropriately transposed, it has become necessary to pass a new Public Procurement Act.</p> <p>The concept of the new Public Procurement Act aimed at the transposition of the new public procurement directives had already been</p> |

completed, and it was adopted by the Government on 5 November 2014. The concept outlines the most important elements of the new public procurement regulation to be developed. In drafting the new bill, the Prime Minister's Office regularly consults the European Commission in order to be able to adopt a Public Procurement Act in Hungary that best matches the EU rules. Accordingly, the delegation of the Prime Minister's Office held consultations with the Directorate General for Internal Market and Services (DG MARKT) on the concept of the act in Brussels in November and in Budapest on 12 December. The remarks made during the talks will be taken into account and the discussion of the individual subjects and more specific regulatory ideas will continue in January 2015.

Codification work is continuously underway in order to transpose the rules of the new directives into Hungarian law. As part of the cooperation between the Ministry of Justice and the Prime Minister's Office, a Public Procurement Codification Work Committee has been set up, which assists the legislative work with its activities.

Particular attention is being paid in the new transposing act to the simplification of procedures, the reduction of administrative burdens, ensuring the widest possible competition (e.g. in connection with reasons for disqualification and selection criteria), the provision of assistance to small and medium-sized enterprises and transparency.

According to the concept of the new act, while promoting the widest possible competition and during public procurements, in order to ensure non-discrimination, the freedom of the parties inviting tenders will be significantly limited in the area of setting suitability requirements. The measures taken in this connection (in particular, the restriction of sales revenues and the extent of references that may be required) are designed to greatly open up the competition in the area of public procurements and, through the introduction of several sub-rules, uniform practice and higher transparency can be achieved. We expect greater competition to have a favourable effect also on bid prices.

Another measure of note taken in 2014 is an action plan that Hungary had to devise for the appropriate operation of public procurements during the use of EU funds on the basis of the Partnership Agreement. This includes 22 measures in total, which are aimed at transforming the Hungarian public procurement system, such as issuing a communication on more stringent setting of suitability conditions, cooperation between the Prime Minister's Office and the Hungarian Competition Authority on taking more efficient action against restrictive practices by bidders and a conference on the subject of anti-corruption actions. In December 2014, the Prime Minister's Office organised a two-day conference, which focused on emphasising the importance and role of anti-corruption means. With regard to the significant effect of corruption on society as a whole, in addition to Government stakeholders, the representatives of civil society also had the opportunity to speak at the conference.

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| MT | In 2014, Malta was still in the process of transposing the EU Directives on public procurement into Maltese Laws. In carrying out this transposition exercise Malta has carried out a consultation exercise with the largest contracting authorities to get their feedback. The Department of Contracts also organised in collaboration with the office of the commission and the office of the EU parliament an information session for economic operators. The first draft of the classical directive i.e.2014/24/EU is scheduled to be forwarded to the AG's office for end of March. The other two directives will follow after. |
| NL | Not applicable to the Netherlands. |
| AT | Austrian answer: "As points 1-8 either refer to specific other MS or do not specifically mention Austria, please do not expect any further comment on this document." (Ares(2015)553829) |
| PL | <p>Poland recognises the risks associated with corruption in public procurement and fully supports the demand for taking coordinated action to prevent and eliminate the risk of corruption at all stages of the procedure for granting public contracts. Anti-corruption policy in the field of public procurement in Poland is administered by the Public Procurement Office (PPO), which is responsible for ensuring that the process of granting public contracts is transparent and competitive, as well as entities involved with detecting and prosecuting crimes associated with corruption. Anti-corruption measures primarily focus on ensuring appropriate public procurement procedures and overseeing that they are applied correctly as well as detecting and combating corruption in the public procurement field.</p> <p>In actions to prevent corruption, it is worth noting the specific role played by instruments that ensure transparency in proceedings for granting public contracts, including publishing public procurement announcements in the Public Procurement Bulletin or in the Supplement to the Official Journal of the EU, depending on their value. The PPO, as the institution responsible for the functioning of the public procurement system, cooperates with bodies responsible for detecting and prosecuting corruption cases with the main goal of increasing the knowledge of these institutions and contracting authorities about correct application of public procurement procedures and the violations that occur most frequently in these procedures, but also increasing awareness of contracting authorities and economic operators about threats resulting from corruption in public procurement. Joint actions take such forms as organising training and conferences and issuing publications.</p> <p>In terms of detecting corruption in public procurement, appropriate control mechanisms are in operation at the stages before and after conclusion of a public procurement contract. Checks performed by the president of the PPO mainly aim to study whether the procedure for awarding public procurement contracts is carried out correctly in accordance with current regulations and if circumstances arise during a check which could point to corruption or other illegal practices, the PPO president sends information about it to the prosecuting authorities.</p> |

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| | <p>In 2014, there were changes in Polish legal regulations which, in accordance with the opinion expressed by the Commission in the EU Anti-Corruption Report [COM(2014)38], are linked with anticorruption policy in practice, and if applied incorrectly could lead to incidents of corruption in public procurement. These changes concern regulations relating to the basis for exclusion from public procurement contracts, making the assessment of offers more efficient in terms of identifying glaringly low prices and reducing the excessive dependence on lowest price as the most important criterion at the expense of criteria concerning quality.</p> <p>It should be noted that in 2012 (i.e. even before publication of the abovementioned Commission report) the Public Procurement Act was applied properly in terms of the need for verifying connections within capital groups at the stage of qualitative selection of contractors. An obligation was introduced to exclude contractors who belong to the same capital group, submit separate offers or make applications to take part in the same procedure unless they demonstrate that the links between them would not lead to violation of fair competition between contractors in the procedure to award the contract. The introduction of this provision aimed, among other things, to exclude price collusion and manipulation of the procedures as well as phenomena which could consequently bring about public losses through price inflation and decreasing the quality obtained within the public procurement.</p> |
| PT | <p>The new public procurement Directives (Directives 2014/23/EU, 2014/24/EU and 2014/25/EU of 26 February 2014) have not been transposed into national legislation as the period for their transposition does not end until 18 April 2016.</p> <p>We should also point out that from 18 October 2018 the new Directives will make it compulsory to use electronic means for public procurement throughout the European Union, as is currently the case in Portugal. Under Portuguese law it is already compulsory to use electronic means for procurement procedures, including the publication of notices, making available of procedural documents, submission of proposals and notification of the award decision.</p> <p>This measure makes processes more transparent and helps to simplify the conduct of the procedure considerably, reduce waste (e.g. volume of paper) and obtain better results by encouraging competition in the single market (e.g. better prices and quality).</p> |
| RO | <p>All institutions and stakeholders are aware of the two studies (Fighting Corruption in the EU and Identifying and Reducing Corruption in Public Procurement in the EU) and use them as guidelines for future actions.</p> <p>For example: Fight against Fraud Department - DLAF, as AFCOS, following Commission's recommendations for RO from EU Anti-Corruption Report completed:</p> |

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| | <ul style="list-style-type: none"> - maintaining the legal provisions which ensure the decisional independence of DLAF, - developing the Conduct Code of the personnel with control attributions in the field of the protection of EU financial interests and Registry for misconducts of officials, civil servants and contractual employees with responsibilities in the protection of EU financial interests, - strengthening DLAF's controls in this area. <p>Regarding transposition of the new Public Procurement Directives into the national legislation, by decision of Prime Minister was established an Interministerial Committee to reform legislative and institutional framework for public procurement. The purpose of the Committee is to coordinate the legislative and institutional framework reform in public procurement.</p> <p>Finalizing the National Strategy for Public Procurement along with the European Commission is a priority. In this regard, the Technical Working Group established five pillars / directions of action which will be found in the content of the National Strategy:</p> <ol style="list-style-type: none"> 1. Quality of the legislative framework, including an assessment of options to implement the new public procurement directives; 2. Global coherence and effectiveness of the institutional system; 3. Regularity and quality of public procurement (controls in the field); 4. Strengthening the administrative capacity of contracting authorities, focusing on professional issues and integrity; 5. Strengthening the capacity of the public procurement system in order to stimulate effective competition (monitoring and statistics). <p>To implement the 5 actions a timetable was set for December 2014 to June 2015.</p> |
| SI | <p>Slovenia began with activities at the end of 2014, Ministry of Public Administration contacted other member states and held discussions with all ministries and Court of Audit of the Republic of Slovenia, Chamber of Commerce and Industry of Slovenia, Commission for the Prevention of Corruption, National Review Commission etc. till the end of January 2015 we were receiving written suggestions about implementation of</p> |

new directives. At the moment we are preparing first draft of new law, which will implement both Public Procurement Directives 2014/24/EU and 2014/25/EU. We intend to bring the final version of new law in to the Governmental procedure till this summer in autumn we plan the legislation procedure in the Parliament. We intent to adopt the new law till the end of this year and with vacation legis of 3 months we will implement new directives on time.

Slovenia will along with the implementation of both directives change her review system. In February there will be a meeting with minister of justice considering this topic where we will discuss some issues. Regardless of the final decision whether the review system will cover all areas of PP (also concessions).

E- procurement:

Slovenia started this project 2 years ago and it contains 5 modules. One of them E-auctions is obligatory to use since 1st February this year and will lower the costs of PP. The whole system will be fully functional till the end of this year.

Government Office for Development and European cohesion policy in the role of managing authority for the implementation of cohesion policy continues to organize training and workshops in the field of public procurement, as this area was the 2007-2013 programming period is recognized as one of the areas that had to a great extent the impact on the poor absorption of cohesion funds (in 2014 we organized five workshops entitled Legal regulations on public procurement with examples from practice. The aforementioned workshops were attended by 160 employees at the managing authority and intermediate bodies. At the end of 2014, we organized a training Procurement for subscribers with presentation of innovations in the field of public procurement. This training was attended by 40 people from the managing authority). Also for this reason, analysis of the situation in the field of public procurement in relation to ensuring the effectiveness of the utilization of European cohesion funds was prepared. A Task Force on public procurement was appointed, which will be responsible for the identification of the key problems in public procurement procedures for projects financed by means of European cohesion policy. Based on the above mentioned analysis and on the views of the Task Force, further guidelines for the effective operation of the new programming period will be given. Action in this area is also a declaration/announcement of financial status of persons working in the field of public procurement and involved in the implementation of public procurement above value € 40,000.

The Commission for the prevention of Corruption reports on the measures implemented and activities planned for better implementation of control and prevention of the formation of circumstances for the corruption. The case concerns a "SUPERVISOR".

The supervisor is an online service of the Commission for Prevention of Corruption for the general public, media, industry and public

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| | <p>authorities, which provides insight into the expenditure of public institutions, relating to goods and services.</p> <p>Web application of The Commission for the prevention of Corruption named Supervisor has been upgraded:</p> <p>From March 2014 onwards Supervisor contains also information about the purpose of the financial transactions of direct budget users. "From The Supervisor it is evident not only how much and to whom has a budget user indicated resources, but also for what purpose was each and every financial transaction executed."</p> <p>From January 2015, the Supervisor also contains aggregate wages and salaries, the aggregated amounts of pensions and various other amounts. Before the update, the Supervisor had a base of approximately 50 million transactions after the update, approximately 120 million.</p> <p>In 2015 the Commission for the prevention of Corruption is planning to implement further update applications, with information on transactions of a 100-percent state-owned companies.</p> |
| <p>SK</p> | <p>On 28 March 2014, the new directives on public procurement and concessions were published in the Official Journal of the EU (Directive 2014/24/EU of the European Parliament and the Council on public procurement; Directive 2014/25/EU of the European Parliament and of the Council on procurement by entities operating in the water, energy, transport and postal services sectors; Directive 2014/23/EU of the European Parliament and of the Council on the award of concession contracts).</p> <p>The Public Procurement Office has started to work on a new Act to transpose the Directives in question into national legislation immediately after their publication in order to benefit from the Directives as quickly and efficiently as possible. In the period from 22 January 2015 to 11 February 2015, interdepartmental consultation on the draft Act is being held.</p> <p>Act No 292/2014 on the contribution received from the European Structural and Investment Funds and amending certain acts entered into force on 1 November 2014. Section 46 of this Act defines in detail the conflict of interests in the field of ESI Funds and ways of tackling it. Regarding conflicts of interests, the CCB's methodical interpretation on this issue was prepared in cooperation between the relevant authorities (CCA — Central Coordination Authority, AFCOS, the Public Procurement Office, Audit Authority, Certifying Authority).</p> <p>Other planned measures of an administrative nature in the control of public procurement under ESIF projects for the 2014-2020 programming period, which arise under the ESIF management system and which have a direct impact on the efficiency of the fight against corruption include:</p> <p>— the introduction of new control mechanisms and rules for their efficient use, which focus on preventive elimination of shortcomings in the public procurement phase before implementation and before the contract is signed. These are 'ex-ante controls'.</p> |

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| <p>— Structural adjustment of the rules of public procurement control, which foresees an increased involvement of other operators in the field of public procurement, in particular the Public Procurement Office and the Antimonopoly Office of the Slovak Republic.</p> <p>— the introduction of instruments which make it possible to identify the increased risk of a particular contract audited and the consequent follow-up by the inspection body. This mainly concerns the use of risk analysis and taking into account the so-called 'red flag' indicators.</p> <p>For 2014, we consider as important a measure by the Supreme Audit Office (SAO), which in 2014 established new procedures, which were reflected in the Guidelines for the control of compliance as well as financial control. In view of the above, the SAO SR takes account of the results of the risk analysis when selecting the operators to be inspected. This measure is of a horizontal nature and does not concern only public procurement.</p> <p>In 2014, the Slovak Audit Authority, in line with the rewriting of Act No 25/2006 on public procurement and with the deficiencies in the EC/ECA audit missions, updated the checklist for verification of public procurement rules and procedures in the Procedures for the Government Audit of Structural Funds, the Cohesion Fund and the European Fisheries Fund, adding issues such as:</p> <ul style="list-style-type: none"> — the exclusion of tenderers who did not meet the personal status requirements (e.g. in arrears on social insurance); — exclusion from participation in procurement procedures on the basis of a decision of the competent court or of the Slovak Antimonopoly Office and the Public Procurement Office; — more detailed regulation of the introduction of amendments to the contracts resulting from the tendering procedure; — stricter checks on the facts arising from the sworn statements by candidates for public procurement; — a stricter verification of compliance with the deadlines set by the Act on public procurement, e.g. in the case of shorter deadlines to request the tender documents. <p>In 2014, several bodies (Managing Authorities, the Agricultural Paying Agency, Slovak Tax Administration) carried out various sectoral measures, or measures directed towards the individual operational programmes, with a view to streamlining public procurement processes, e.g.: Extending the principle of 'green public procurement' (GPP) and improving or extending the training activities in the area of public procurement, streamlining of control activity, stepping up ad hoc communication with relevant stakeholders (the Antimonopoly Office of the Slovak Republic, Public Procurement Office, law enforcement bodies).</p> |
| <p>FI Reform of national legislation on public procurement has started under the Ministry of Employment and the Economy. The reform is based on the revision of the public procurement Directives announced in April 2014. The initiative is prepared by two working groups of the Ministry of</p> |

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| | Employment and the Economy. The government programme for structural change states that the act on public contracts will be reformed on basis of the Directives. The new act on public procurement shall be entering into force in spring 2016. |
| SE | A committee of inquiry appointed by the Government has submitted a proposal for new legislation on the implementation of the directives on public procurement. The proposal has been referred for public consideration. The Ministry of Finance is currently preparing a government bill on the proposed new legislation with the intention to presenting it to the Swedish Parliament in the second half of 2015. |
| UK | Responsibility for transposing the Public Procurement Directives into UK Law rests with Parliament. |

3.1.3. Sectoral measures: expenditure

In 2013, the main regulatory provisions for the 2014-20 spending programmes were adopted. For the first time, they contain a specific requirement for national authorities to set up effective and proportionate anti-fraud measures taking into account the risks identified.

National audit authorities and the Commission will monitor the correct implementation of such requirements. In addition, guidelines on fraud risk assessments and effective and proportionate anti-fraud measures were prepared together with the national authorities¹⁹.

Member States will need to respect these to ensure that the EU's financial interests are protected against fraud.

RECOMMENDATION 3

The Commission recommends that Member States implement the legal requirements according to the adopted guidelines.

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| BE | <p>A specific measure has been enforced and can be qualified as soft law.</p> <p>It embeds a general initiative with the Belgian Privacy Commission in order to formalize the exchange of data and information between the General Administrations of the FPS Finances and particularly between Customs & Excise and the General Administration of Fight Against Fraud (ISI).</p> <p>The specific initiative has been taken to limit the financial impact of misuse of the custom regime 42 by identified « missing traders ». The</p> |
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¹⁹ In 2013 and 2014.

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| | <p>General Administration Fight Against Fraud communicates on regular basis an updated list of such persons (natural or legal persons). Customs has also limited the impact of the misuse of this regime by imposing severe checks and financial warranties.</p> <p><u>ESF VLAANDEREN:</u></p> <p>ESF and AMIF Vlaanderen will use the 'ARACHNE' IT tool being provided by the EC. An anti-fraud policy procedure is currently being studied with an eye to achieving uniformity between ESIF funds in Flanders.</p> <p><u>FEDER WALLONIE (ERDF WALLONIA):</u></p> <p>In 2014, the Structural Funds in Wallonia were subject to the following measures:</p> <ul style="list-style-type: none"> - public procurement ex ante conditionality implemented and approved by the Commission; - scheduling in 2015 of an information/training session for the administrations/beneficiaries concerned; - testing of the 'ARACHNE' (risk analysis) IT tool |
| BG | <p>In connection with a letter received in April 2014 from the Directorate for Protection of the Financial Interests of the European Union (Anti-Fraud Coordination Service, AFCOS) at the MVR and the documents annexed thereto, which Member States and the Commission are to use as administrative instruments, manuals or methodologies to improve anti-fraud measures, including the practical guide Identifying conflicts of interest in public procurement procedures for structural actions received from The European Anti-Fraud Office (OLAF), the Ministry of Finance, in a letter sent to the Heads of the Managing Authorities of all operational programmes, issued the following recommendations:</p> <p><input type="checkbox"/> that a requirement be introduced for the staff of the Managing Authorities/Intermediate Bodies involved in the preparation, implementation and management of operational programmes and of EU-funded project management units/teams to sign declarations of absence of conflict of interest within the meaning of Article 57(2) of Regulation (EU, Euratom) No 966/2012. A model declaration has been sent to the Managing</p> |

Authorities setting out the minimum requirements for the information to be disclosed in the declarations in line with OLAF's Practical Guide for managers. It has been recommended that signing declarations of absence of conflict of interest required by all staff members be included in the procedure manuals for the programming period 2014–2020 and that declarations be signed by all staff of all MA/IB and EU-funded project management units/teams involved in the preparation, implementation and management of operational programmes during the programming period 2007–2013;

that checks to detect common and frequently encountered corruption schemes be included in the checklists used by the Managing Authorities for the programming periods 2007–2013 and 2014–2020 by incorporating appropriate indicators (red flags) with a view to ensuring compliance with the recommendations set out in the Information Note COCOF 09/0003/00 BG on fraud indicators for ERDF, ESF and CF. This will ensure the possibility of verifying objectively the presence of indicators of fraud and conflict of interest in the checks performed by Managing Authorities.

In June 2014, the checklists used by the Certifying Authority (CA) to verify the legality and regularity of the award of public procurement contracts by beneficiaries under OPs were modified by incorporating appropriate fraud indicators (red flags).

The Commission guidelines and annexes thereto, including the risk assessment instrument, are an integral element of the management and control systems of the Managing Authorities of all operational programmes implemented in Bulgaria. In addition, a written procedure for the detection and reporting of irregularities has been adopted in accordance with the requirements laid down in Regulation (EU) No 1303/2013. The chapter on irregularities in the manuals on the implementation and management of operational programmes sets out detailed rules and procedures for the detection, reporting and follow-up on irregularities/fraud and the internal procedures for preventing and combating irregularities and fraud in the performance of contracts for grant assistance cofinanced by the respective operational programme.

The procedures for the administration and management of irregularities are fully in line with the requirements of applicable Community and national law, notably the Regulation laying down the procedures for the administration of irregularities with implications for funds, instruments and programmes cofinanced by the EU, adopted by Decree No 285 of the Council of Ministers of 30 November 2009 (published in State Gazette (SG) No 97 of 8 December 2009; amended in SG No 6 of 20 January 2012). The procedures include detailed rules for cooperation and interaction between the Managing Authority of the respective operational programme with the European Anti-Fraud Office (OLAF), the MVR Anti-Fraud Coordination Service (AFCOS) and the managing authorities of the operational programmes in the administration of reported irregularities and fraud and their mandatory reporting. In line with the Regulation the Managing Authorities keep registers of notified cases of fraud and other irregularities under the operational programmes and of detected irregularities. Information about alleged and identified irregularities is updated in the 'Suspected Irregularities' and 'Irregularities' modules of the EU Funds Management and Monitoring Information

System (MMIS) on a regular basis. Excerpts from registers are sent to the MVR Anti-Fraud Coordination Service on a quarterly basis, along with information about recently notified irregularities and any changes in registered irregularities. In line with the internal rules of procedure of Managing Authorities all detected irregularities, including suspected fraud, are entered into the Irregularities module of the MMIS, regardless of their financial implications.

The Managing Authorities submit quarterly reports on irregularities to the European Commission via the New Irregularity Management System online platform. The Managing Authorities report all registered irregularities and cases of suspected fraud to the Commission. All cases of detected and registered irregularities in which fraud is suspected have been notified to the Bulgarian Prosecutor's Office for further investigation on the grounds of competence.

In line with the applicable internal rules of procedure, upon the signature of grant agreements and public procurement contracts all beneficiaries and selected contractors sign statements confirming that they are familiar with the various definitions of irregularity and fraud. The model statements are annexed to the manual. Prior to the signature of grant agreements and authorising the final payment for the works carried out under concluded grant agreements, the Managing Authorities conduct verification checks with the aim of preventing the double financing of activities, services and supplies.

In accordance with Commission Regulation (EU, Euratom) No 1302/2008 on the central exclusion database (CED), and in view of Article 108 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, the Managing Authorities, prior to concluding grant agreements with applicants and tenderers under all priority axes of the respective operational programme and making payments, conduct checks in the Central Exclusion Database referred to in Commission Regulation (EU, Euratom) No 1302/2008 through authorised officials of the AFCOS Directorate. The outcome of conducted checks is documented in dedicated checklists.

In line with the currently applicable Guidelines for determining financial corrections to be made by the Commission to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement approved by Commission Decision of 19 December 2013 and the updated Methodology for determining the financial corrections for infringements in the award of public procurement contracts for the implementation of projects cofinanced from the Structural Funds, the Cohesion Fund, the European Rural Development Fund, the European Fisheries Fund and the Framework Programme on solidarity and the management of migration flows, adopted by Decree No 134/2010 of the Council of Ministers, the manuals and management and control systems of the Managing Authorities have been updated and

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| | <p>contain a description of the functions and rules for the new programming period 2014–2020.</p> <p>In 2014, an agreement on the delegation of functions relating to the implementation of the Operational Programme on Development of the Fisheries Sector for the period 2007–2013 was concluded between the Fisheries and Aquacultures Executive Agency (IARA) and the State Fund Agriculture Paying Agency (DFZ RA) in the capacity of Intermediate Body of the Operational Programme on Rural Development (OPRSR). The goal of the agreement is to address deficiencies in the administration of irregularities. In connection with this, point 9 Administration and reporting of irregularities of Section A General provisions of the Rules of Procedure of the European Fisheries Fund Directorate (version 5) was supplemented and now includes preventive measures and action to be taken in cases of alleged or actual irregularities and suspected fraud. The system for the prevention and detection of conflicts of interest covers the full range of actions relating to the processing of project documentation, including ex ante controls and ongoing control and monitoring. The sequence of the steps ensures full traceability of the process of registering and reporting irregularities, including the collection and recovery of funds. The actions taken are coordinated with and rely on the exchange of information between the Managing Authority and the Intermediate Body. The Managing Authority has made arrangements for the investigation of alleged irregularities by gathering available information, conducting documentary checks and, where necessary, on-the-spot checks, conducting analyses and compiling summaries of the facts of each case prior to reporting the alert and adopting a decision of whether or not an irregularity has occurred. The MA and IB take joint action to register and collect unrecoverable debt or, where fraud is suspected, the respective case file is forwarded to the competent authorities. Where other competent bodies are notified of irregularities within the remit of competence of the European Fisheries Fund Directorate, the Managing Authority assists the bodies concerned by providing all necessary information that is available to it. The Managing Authority keeps a register of received alerts in respect of irregularities and fraud with implications for the European Fisheries Fund and a register of irregularities under the EFF. Excerpts from the registers are submitted to the AFCOS on a quarterly basis, along with a report drawn up jointly by the MA and IB. The Managing Authority reports the irregularities subject to a requirement for notification to OLAF on a quarterly basis via the Irregularity Management System.</p> |
| CZ | <i>No information provided</i> |
| DK | Danish Business Authority: The managing authority for the Structural Funds has put in place an anti-fraud action plan in compliance with Article 125(4)(c) of Regulation No 1303/2013, and is now beginning to implement the elements of the plan. |
| DE | Needless to say, the legal requirements stemming from the legislative package have been met. Germany wishes to reiterate that guidelines are |

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| | only binding on the Commission and in no way legally binding on the MS. |
| EE | Regarding the 2014-2020 European Structural and Investment Funds (ESIF) Estonia has adopted fraud risk assessment tools outlined in the Commission guidelines and launched risk assessment in 2014. As a result of the assessment, risky measures that require additional analysis or control measures will be identified, Intermediate Bodies' procedure rules will be updated, if necessary, and needed actions will be conducted. Fraud awareness is being raised in by conducting regular practical seminars, case studies and regular exchange of information with the police and AFCOS. In addition, starting from 2014 the police are analysing projects and related expenditure financed from structural assistance, and will bring out fraud risks identified. |
| IE | <p>Sectoral measures: revenue</p> <p><i>VAT anti-fraud measures introduced in Finance Act 2014</i></p> <p>1. Revenue power requiring the issue of a document (Section 108B of VAT Consolidation Act 2010)</p> <p>Revenue Commissioners may require a trader, for a specified period (no more than 2 months), to issue a VAT invoice-like document in respect of all supplies for which a VAT invoice is not issued. The measure will act as a deterrent to traders who disregard invoicing obligations in respect of supplies to trade customers thereby facilitating shadow economy activity and suppression of sales by those customers. This measure can be used in a targeted manner to improve compliance in certain sectors without imposing any significant additional burden on compliant trade</p> <p>2. Joint and several liability (Section 108C of VAT Consolidation Act 2010)</p> <p>This new anti-fraud mechanism will allow the Revenue Commissioners to hold a person jointly and severally liable for VAT that has not been remitted to them by another, where that person knowingly or recklessly participates in transactions connected to the fraudulent evasion of VAT. It applies to taxable supplies of goods or services and also to intra-Community acquisitions of goods. A person who is jointly and severally liable will be liable for the net amount of VAT due.</p> <p><i>Regarding Cigarette Smuggling,</i></p> <p>Adoption of the 'Protocol to eliminate the illicit trade in tobacco products appended to the World Health Organisation's (WHO's) Framework Convention on Tobacco Control (FCTC)' – Following Government approval, Ireland's Permanent Representative to the United Nations signed the Protocol to Eliminate Illicit Trade in Tobacco Products, adopted by the Parties to the WHO Framework Convention on Tobacco Control</p> |

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| | <p>(WHO FCTC), in New York on 20 December 2013. The new international treaty is aimed at combating illegal trade in tobacco products through control of the supply chain and international cooperation. As a key measure, Parties commit to establishing a global tracking and tracing system to reduce and eventually eradicate illicit trade.</p> <p><i>Sectoral measures: expenditure</i></p> <p>The Irish Authorities are aware of the Guidance on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures, which provides assistance and recommendations to Managing Authorities.</p> <p>Effective and proportionate anti-fraud measures, taking into account the risks identified, are being put in place by the Managing Authorities of the relevant ESI funded operational programmes for 2014-2020 in accordance with Article 125 (4) (c) and Annex XIII of the Common Provision Regulation.</p> |
| <p>EL</p> | <p>AUTHORITY - Ministry of Economy, Infrastructure, Shipping and Tourism</p> <p>The new General Regulation for the 2014-2020 Programming Period explicitly raises the issue of prevention and fight against fraud, in Articles 72 and 125 thereof. At the same time, the Support Programme for Greece includes a specific objective (Objective No 10) for the creation and implementation of a National Anti-Fraud Strategy within the Structural Funds and the Cohesion Fund.</p> <p>In this context, in 2014, the General Secretariat for Public Investments-NSRF has developed and submitted to the European Commission, through the Special Institutional Support Authority, a National Anti-Fraud Strategy for Structural Actions (sectoral). This Strategy sets the framework and objectives for preventing fraud and includes a multi-annual Action Plan. The Action Plan resulted from the cooperation between the General Secretariat for Public Investments-NSRF and the competent authorities (Financial Audit Committee, Financial and Economic Crime Unit, National Anti-Corruption Coordinator, General Inspector of Public Administration), with the assistance of the Task Force for Greece (TFGR) and OLAF. Both the Strategy and the Action Plan were welcomed by OLAF.</p> <p>The National Strategy and the Action Plan are based on a prevention and continuous improvement system, which:</p> <ul style="list-style-type: none"> - is consistent with the Commission's guidelines for Member States to adopt a proactive, structured and targeted approach in managing fraud risks (guidance note 0021/ June 2014), which can act in support of the regulatory framework; |

- permits the use of the related IT tools proposed by the Commission (such as the Fraud Risk Assessment Tool);
- sets the framework for a coherent set of procedures, responsibilities and actions to prevent and combat fraud, which is able to govern all the functions of the Management and Control System (MCS) for the 2014-2020 Programming Period, to be implemented by Managing Authorities.

At present, the General Secretariat for Public Investments-NSRF and all relevant authorities are implementing the actions included in the Strategy and the Plan, in line with the envisaged timetable. The General Secretariat for Public Investments-NSRF and its Departments have implemented the following actions in 2014:

- The official anti-fraud Policy Statement in Structural Actions of the General Secretariat for Public Investments-NSRF, along with the relevant electronic brochure have been drawn up and posted on the web page of the NSRF and on the web pages of the Operational Programmes (OPs), in order to raise awareness among staff-members involved in Structural Actions and the general public. The guides/instructions of OLAF and the EU have also been posted.
- Actions included in the Action Plan, such as the obligation to submit an assets statement and a declaration of no conflict of interest, have been incorporated in the recently adopted and published Law on the NSRF 2014-2020 (Law 4314/2014).
- Article 52 of Law 4314/2014 on the NSRF 2014-2020 provides for the establishment of a team in all Managing Authorities, with the purpose of assessing fraud risks on the basis of the assessment tool proposed by the European Commission in its relevant guidance note, as well as making recommendations with regard to corrective measures and reporting results to an Internal Cooperation Network, coordinated by the Special Institutional Support Authority (SISA).
- A pilot implementation of the fraud risk assessment tool was carried out under the OP ‘Competitiveness and Entrepreneurship 2007-2013’.
- The updating of IT tools used for structural actions is currently underway.

AUTHORITY - Ministry of Finance – General Accounting Office of the State – Fiscal Control Committee (FCC)- Directorate: 52- Planning and Evaluation of Audits

Regarding the Commission’s remark on the implementation of legal requirements by Member States, in accordance with the adopted guidelines, the Financial Audit Committee, acting as Audit Authority of the OPs under Objectives 1, 2 and 3 of the NSRF, as well as of the OP Fisheries

2007-2013, has made the following observations:

According to the Commission's Working Document, this recommendation relates to the implementation of Article 125(4)(c), which stipulates that 'the **managing authority** puts in place effective and proportionate anti-fraud measures, taking into account any risks identified', inviting Member States to outline any anti-fraud measures taken in 2014, ideally embedded in national anti-fraud strategies.

It should be reminded that, in the context of the reply of the Greek Authorities to the Follow-up Recommendations to the Commission report on the protection of the EU's financial interests - fight against fraud (OLAF), 2012, the Ministry of Development and Competitiveness and, in particular, the Special Institutional Support Authority of the NSRF Secretariat-General, acting as coordinating body of the managing authorities, in view of a similar recommendation by the Commission, mentioned the creation of a 'National Anti-Fraud Strategy within the Structural Funds and the Cohesion Fund', making specific reference to the basic strategic objectives thereof.

The aforementioned National Strategy, which has been forwarded to the Commission's Services, sets out, *inter alia*, the actions to be taken by the Financial Audit Committee, as Audit Authority under Article 62 of the General Regulation for the Programmes of the NSRF 2007-2013 and Article 123(4) of Regulation (EU) No 1303/2013 for the Programmes of the NSRF 2014-2020.

In particular:

(A) in the context of the objective '**Promoting and establishing ethical rules against fraud**', the members of the Financial Audit Committee (including Experts), the members of audit teams (auditors, experts) and the employees of the Directorates acting in support of the Financial Audit Committee, are required to fill-in Declarations of Conflict of Interest, by which they must state that they do not participate in activities related to the preparation, organisation, management or implementation of programmes co-financed by the EU and that, if they have any future direct or indirect implication in such activities, they will immediately make the relevant declaration to the Financial Audit Committee (EDEL). These Declarations are archived at the Secretariat of the Financial Audit Committee.

(B) in the context of the objective '**Effective cooperation among the competent National Authorities**', the Financial Audit Committee, acting as competent authority for sending the final notifications on cases of irregularities/fraud to OLAF, is required to re-determine the services/bodies responsible for notifying cases of irregularities/fraud to the Financial Audit Committee, in order to extend the access of stakeholders to the IMS and, possibly, re-examine their roles. Note that this process is currently underway.

(C) in the context of the objective '**Effective cooperation with relevant external bodies**', the Financial Audit Committee, as already mentioned in the replies of our Department to the Follow-up Recommendations of previous years, has concluded a Memorandum of

Cooperation since August 2012 with the Inspectors/Controllers Body for Public Administration (SEEDD), which sets out the rules governing the cooperation between the two audit authorities, based on information exchange and the two-way notification of their audit results. Furthermore, since April 2014, the Financial Audit Committee has included the Single Public Procurement Independent Authority among the recipients of final audit reports in relation to public procurement issues.

(D) in the context of the objective ‘**Enhancement of Transparency**’, the Financial Audit Committee posts all updated versions of the Audit Strategy on its web site, in order to provide information on the design of audits on actions and systems to be carried out, so that every interested person may obtain information on the projects and bodies to be audited. Furthermore, in the context of transparency enhancement, a Register of Budgetary Auditors and Auditors of the Financial Audit Committee has been set up, whereas the creation of a Register of Experts is currently underway.

(E) in the context of the objective ‘**Customisation and/or introduction of Instruments and Processes in the Management and Control System for PP 2014-2020**’, the creation of a Register of Budgetary Auditors and Auditors of the Financial Audit Committee, as well as a Register of Experts, are some of the actions for achieving this objective. Complementary actions to this direction include the training of members of the aforementioned Registers, which will be carried out by the National Centre for Public Administration and Local Government (EKDDA).

F) in the context of the objective ‘**Response to Fraud**’, as already incorporated in the national Anti-Fraud Strategy as also stipulated in Article 15 of Law 4314/2014 for the new 2014-2020 Programming Period, the Special Institutional Support Authority of the NSRF Secretariat-General is responsible, *inter alia*, for ‘Establishing the strategy for preventing and countering fraud in Structural Actions and ensuring the creation and operation of an effective mechanism for handling complaints’. However, the actions taken by the National Anti-corruption Coordinator in the context of the competences assigned thereto as AFCOS, i.e. anti-fraud coordination service, will be crucial for complaint handling by all authorities.

AUTHORITY - Ministry of Reconstruction of Production, Environment and Energy (Former Ministry of Rural Development and Food) - Directorate of Legislative Initiative and Infringement Management

The competent directorate of the ministry has observed that, as noted by the Payment and Control Agency for Guidance and Guarantee Community Aid (OPEKEPE), Article 125 of Regulation (EU) No 1303/2013, on which this recommendation is based, refers to the duties of Managing Authorities only in relation to the EU Funds ERFD, ESF, CF and EMFF. The EAFRD is included in the provisions of Article 72 of the same Regulation, which sets out the general principles for all European Structural and Investment Funds but is not included in the

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| | <p>requirement under Article 125, regarding the obligation of Member States to design an anti-fraud system. With regard to this Fund, the relevant obligation arises from the aforementioned Article 58 of Regulation (EU) No 1306/2013.</p> <p>AUTHORITY - Financial and Economic Crime Unit (SDOE)</p> <p>With regard to the Audit Strategies of EU Member States, the Financial and Economic Crime Unit (SDOE) has contributed, among other Departments of the Greek State, to the creation of the sectoral Greek Anti-Fraud Strategy for EU Structural Funds and Investment Capital. The implementation of the annual audit actions of the Financial and Economic Crime Unit (SDOE) takes into account national priorities in accordance with the Recommendations of the Commission for Combating Fraud and protecting national and EU financial interests. It involves dynamic factors/parameters, allowing for implementation in a rapidly changing environment. In view of the amendment of Regulation (EC) No 517/1997 and according to the standards of International Mutual Administrative Assistance, the Financial and Economic Crime Unit (SDOE) submitted a recommendation to the OLAF for the creation of an appropriate legal framework for EU Structural Funds and, at the same time, it supported the initiative of the Italian Presidency regarding the extension of the proposal in question to the European Fisheries Fund and to the European Agricultural Fund for Rural Development.</p> |
| ES | <p>The approval process for the operational programmes is ongoing and, as a result, effective and proportionate anti-fraud measures are still being put in place.</p> <p>In terms of measures that will be applied, please refer to the details given in the previous section.</p> |
| FR | <p>For the 2014-2020 programming period, the management of structural funds in France will largely fall within the remit of the Regional Councils. These regional authorities already have institutional experience in this area as they received global grants under the 2007-2013 programme. Furthermore, the overwhelming majority of central government staff in charge of management and inspection for the 2007-2013 programme will be transferred to the Regional Councils, thereby ensuring that their skills are retained. The role of certifying authority will remain within the remit of the Directorate-General of Public Finances (Direction Générale des Finances Publiques - DGFIP). As the independent auditing authority for the designation procedure, the CICC has impressed upon the future Managing Authorities (MAs) and Certifying Authorities (CAs) the need to set out a fraud prevention programme. The CICC translated and circulated to the MAs and CAs the checklist contained in Annex 3 of the guidance note on designation, and this has now become a reference tool for all interested parties.</p> <p>Furthermore, on 3 March 2014 the CICC issued a revised version of the public procurement checklist that had been presented at the Operations Controllers Seminar in January 2014. The aim of this revised version was to incorporate the changes introduced by Commission Decision</p> |

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| | <p>C(2013) 9527 of 19 December 2013 on financial corrections in public procurement procedures.</p> <p>The CICC has launched a number of initiatives to ensure widespread distribution of the guidance note relating to the evaluation of fraud risk and effective and proportionate anti-fraud measures. Together with the Office of the Commissioner General for Territorial Equality (Commissariat Général à l’Egalité des Territoires - CGET), the CICC has also regularly featured these issues on the agenda of the monthly training seminars for Europe correspondents. Furthermore, during the training seminars, the Commission gave two presentations to MA representatives on the ARACHNE fraud risk assessment tool.</p> <p>Finally, the CGET has set up an anti-fraud working group, of which the CICC is a member, bringing together representatives of the future regional MAs and CAs to identify best practices and draw up common standards.</p> <p>Fraud prevention and detection was one of the major themes of the annual training seminar for operations controllers that was held on 5 and 6 February 2015; the CICC invited OLAF representatives to run a session on the role of audit authorities in preventing and detecting fraud.</p> |
| <p>HR</p> | <p>During 2014, the Republic of Croatia launched a number of preparatory activities for the implementation of the legal requirements according to the adopted guidelines.</p> <p>The legal framework for the implementation of the European Regional Development Fund (ERDF), Cohesion Fund (CF) and European Social Fund (ESF) in the programming period 2014-2020 was established by the following legal acts:</p> <ul style="list-style-type: none"> • Act on the Establishment of Institutional Framework for the Implementation of European Structural and Investment Funds in the Republic of Croatia in the Financial Period 2014-2020 (Official Gazette, No. 92/2014) – in force since 5 August 2014. • Decree on the Bodies of the Management and Control Systems of the European Social Fund, the European Regional Development Fund and the Cohesion Fund, regarding Investment for Growth and Jobs Goal (Official Gazette, No. 107/2014, hereinafter: the Decree) – in force since 13 September 2014. <p>Provisions of Article 3 (3) (3) of the Decree relate to the irregularity management and anti-fraud activities, stipulating that the coordinating role for these issues is assigned to the Ministry of Finance. Furthermore, Article 5 (3) (46) provides that the Managing Authority carries out activities of prevention, detection and correction of irregularities, and taking into account the risks identified, corrective measures and recoveries of unduly paid amounts with interest, and put in place effective and proportionate anti-fraud measures.</p> <p>As the Croatian institutional framework envisages two levels of Intermediate Bodies, by the relevant provision of the Decree they are also</p> |

obliged to carry out anti-fraud measures and detect and correct irregularities.

In order to raise the awareness and enhance the capacities of the management and control systems' bodies for the management of irregularities and fight against fraud, a seminar on anti-fraud and anti-corruption measures in ESI Funds was organized by the European Commission (DG REGIO and OLAF) in May 2014. The seminar was attended by approximately 80 participants employed in the Managing Authorities, Certifying Authority, Audit Authority, Intermediate Bodies and other relevant institutions.

The Commission also supported the Republic of Croatia in strengthening its anti-fraud capacities by providing a risk management tool ARACHNE. Three Managing Authorities for the programmes managed in the programming period 2007-2013 (Transport, Human Resources Development, Regional Competitiveness OPs) introduced ARACHNE during 2014 and used it in a test phase. The introductory presentations of ARACHNE were organized by the Commission in May 2014, during the anti-fraud seminar and as a separate event. Also, the Commission organized training for ARACHNE users in the Managing Authorities in October 2014 in Zagreb.

Further strengthening of administrative capacities for implementation of anti-fraud measures was ensured by the Government Decision on employment in the central state administration bodies, offices of Croatian Government, legal entities vested with public authorities and foundations involved in the management and control systems for the use of the European Structural and Investment Funds in Croatia was adopted in November 2014.

The Decision enables employment in management and control systems' bodies, in order to strengthen their capacities for implementation of ESI funds. Capacities of the Managing Authorities were enhanced during 2014 by, inter alia, participation of their staff in a number of trainings related to public procurement. A large portion of irregularities and fraud relates to public procurement, therefore Managing Authorities and Intermediate Bodies level 2, which in the Croatian institutional set-up for ESI funds perform ex-ante and ex-post verifications of public procurement, ensured that a sufficient number of staff obtained certificates in public procurement. Furthermore, during the year 2014, in the process of fulfilling the ex-ante conditionalities for the implementation of the 2014-2020 Operational Programmes, the Republic of Croatia prepared the action plans in which it is envisaged to: i) develop training plans for the fields of public procurement and state aid by June 2015, and ii) set-up a network of coordinators for the fields of public procurement and state aid by February 2015. These measures, aimed at staff working in the management and control systems' bodies, are envisaged to support the Member State's efforts for reducing the risk of irregularities and fraud.

In December 2014 the Ministry of Regional Development and EU Funds received for comments a Draft strategy for combating corruption, which in the paragraph 5.2.2. Economy, for achieving objective "Enhancing transparency and efficiency of anti-corruption mechanisms in the

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| | <p>field of economy” envisages the measure “Strengthening control and coordination in tendering and contracting procedures related to the EU financial resources”. Upon adoption by the Croatian Parliament, this national strategy shall provide a framework and streamline a development of a more specific, but a complementary Anti-fraud strategy for ESI funds, which is envisaged to be prepared in the first half of 2015. Furthermore, Anti-fraud risk analyses and procedures are envisaged to be defined in the Common National Rules and internal manuals for the financial perspective 2014-2020 in the first or second quarter of 2015.</p> |
| IT | <p>In recent years action to combat fraud in Italy has been stepped up, thanks above all to the activity of the National Anti-Fraud Committee (COLAF), the Italian AFCOS, which is based at the Prime Minister's Office, Department for European Policies, and is responsible for:</p> <ol style="list-style-type: none"> 1. pro-active participation in: <ul style="list-style-type: none"> • the relevant European legislative fora, primarily the Council's Working Party on Combating Fraud, at which it made a decisive contribution to the new OLAF Regulation (EU) No 883/2013, which contains many provisions proposed by Italy (establishment of national AFCOS, the possibility of promoting joint operational actions based on the best EU investigation practices, etc.). In particular, during the Presidency, a discussion was launched on the advisability of a Regulation on mutual administrative assistance for a crucial, and (paradoxically) ‘exposed’ sector, namely that of the Structural Funds; • the Commission's technical fora (Committee on the Coordination of the Fight Against Fraud and associated working parties), where it presented and proposed Italian best practices for combating fraud; 2. developing many partnerships with other Member States interested in studying Italian anti-fraud know-how. In particular, during the Presidency, it organised a dedicated anti-fraud conference in Rome in October, attended by representatives of all the Member States and of the main European institutions involved in combating fraud); 3. effectively and efficiently coordinating all the national authorities for the purposes of : <ul style="list-style-type: none"> • enhancing monitoring of EU financing and the recovery of amounts unduly paid; • publishing all the beneficiaries of EU funds on a single website (‘transparency initiative’); • preventing illegal activities by analysing and disseminating information on the main fraud scenarios, as well as studying new IT risk management tools. |

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| CY | <p>Agricultural sector: The legal requirements according to the adopted guidelines are implemented at the Cyprus Agricultural Payments Organisation (CAPO). Specifically, the audit procedures and the audit questionnaires used at CAPO are revised to accommodate additional controls/procedures based on the audit findings of previous years’.</p> <p>Structural Funds Sector: The Managing Authority will incorporate anti-fraud measures in its verifications guidelines, within the framework of the anti-fraud strategy.</p> |
| LV | <p>AFCOS has taken the initiative in formulating a National Anti-Fraud strategy, aimed at reinforcing the protection of EU’s financial interests.</p> <p>On AFCOS Council’s meeting at the end of 2014 it was decided to extend the national Guidelines for the Prevention and Combating of Corruption 2014-2020 (elaborated by the Corruption Prevention and Combating Bureau in close cooperation with national competent authorities) and to set targets for the prevention and combating fraud and corruption in the implementation and use of EU funds and other foreign financial assistance instruments, thus providing a unified complex approach to the prevention of corruption in the country. It is planned to adopt the guidelines as soon as possible.</p> <p>In this regard each managing authority (MA) shall draw up its action plan of effective and proportionate anti-fraud measures taking into account the substantial risks identified.</p> <p>The MA for EU Structural Funds and Cohesion Fund has designed the management and control system for the 2014-2020 planning period providing preventive measures to detect red flags, including fraud risks and risk of conflict of interest in all levels of EU funds project implementation. For example, necessity of adequate separation of planning and implementing functions is set out in the management law of EU structural and Cohesion fund for the 2014-2020 programming period.</p> <p>Regarding to the decision of the AFCOS Council mentioned the MA for EU Structural Funds and Cohesion Fund has prepared a fraud risk assessment guide and on November, 2014 has sent to intermediate bodies to fill in the self-assessment tool. It is based on the Commission guidance note 0021 –June 2014. At this moment results of self-assessment are evaluated by the MA in order to put in place effective and proportionate anti-fraud measures for 2014-2020.</p> <p>Rural Support Service (Paying Agency EAFRD/EFF/EMFF) has carried out restructuring, establishing an Internal Control Division, directly subordinated to the Director. The task of this Division will be to reveal possible fraud risk factors. Currently, the procedures and methodology are being improved in order to determine risk factors at the level of measures, projects and clients. The IT system is being improved to practically implement the aforementioned.</p> |

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| | <p>As regards the Latvia–Lithuania Cross Border Cooperation Programme (hereinafter- the LV-LT Programme) under European Territorial Cooperation Objective, similar to LV-LT Programme 2007–2013, also for the new LV-LT Programme 2014–2020 and in the Fund for European Aid to the Most Deprived (hereinafter – FEAD) the risks, including those of fraud, will be monitored in the process of Programme risk management. In the new programming period 2014–2020 the MA as part of the Management and Control Systems will put in place effective and proportionate anti-fraud measures taking into account the risks identified as stipulated respectively in the paragraph 4c of Article 125 of the Common Provisions Regulation (CPR -cohesion policy) No 1303/2013 and the paragraph 32.4.c of Regulation (EU) No 223/2014, and taking into consideration guidance note 0021 –June 2014 and the specifics of the LV-LT Programme and FEAD. The Management and Control Systems will be established during 2015.</p> |
| LT | <p>In the light of Article 125(4)(c) of Regulation (EU) No 1303/2013, provisions have been inserted into national legislation appointing the administrative authorities for 2014–2020 EU Structural Funds and defining their responsibilities and functions. Moreover, the managing authority and the intermediate body that performs the functions vested in it under the responsibility of the managing authority are required to establish and apply anti-fraud measures as stipulated by Article 125(4)(c) of Regulation (EU) No 1303/2013. The legislation also provides that the managing authority, in accordance with Regulation (EU) No 1303/2013 and taking account of the recommendations issued by the Commission on fraud risk assessment and effective and proportionate anti-fraud measures, and acting in cooperation with the intermediate bodies and the Financial Crime Investigation Service (FCIS) under the Ministry of the Interior, must carry out an annual assessment of the risk of fraud, taking account of the risks of fraud identified during the assessment and establish anti-fraud measures and coordinate their implementation. It is also laid down that the managing authority and intermediate body are responsible, within their respective areas of competence, for the planning and implementation of anti-fraud measures.</p> <p>Anti-corruption and anti-fraud measures and activities relating to the use of EU funds are also to be applied under the Lithuanian National Anti-Corruption Programme for 2015–2025, the draft of which was submitted to the Parliament (Seimas) of the Republic of Lithuania by Lithuanian Government Resolution No 1370 of 8 December 2014 on the submission to the Seimas of the draft Seimas Resolution approving the Lithuanian National Anti-Corruption Programme for 2015–2025. It is planned that responsibility for the implementation of the said measures will lie with the Ministry of Finance, the Ministry of Agriculture, the Ministry of Social Security and Labour, the Ministry of the Interior, the Special Investigation Service, the FCIS and the Prosecutor General’s Office, each acting within their own areas of competence, i.e. the authorities that are responsible within their respective areas of competence for the implementation of the relevant EU funds and programmes in Lithuania, and the authorities that have the powers and experience in preventing, investigating and detecting fraud and corruption.</p> |

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| LU | Any anti-fraud measures, ideally embedded in national anti-fraud strategies, either general or sectoral, adopted in 2014. |
| HU | <p>In the programming period of 2014 to 2020, the Prime Minister’s Office, as the Ministry led by the Minister responsible for the use of European Union funds, places special emphasis on the fight against intentional abuses, such as fraud and corruption, in the area of the protection of the financial interests of the European Union and Hungary, in cooperation with the stakeholders of the institutional system for support policy concerned. To this end, Hungary:</p> <ol style="list-style-type: none"> 1. expressed its commitment to the prevention, detection and efficient management of fraud and corruption in the Partnership Agreement concluded with the Commission, furthermore, it declared that it had zero tolerance towards intentional abuses during the use of EU funds. 2. it expressed its commitment to follow the recommendations of the Commission made for Member States for anti-fraud and anti-corruption measures, for which it agreed to perform the obligations listed below: <ul style="list-style-type: none"> ○ devising implementation rules, uniform procedures and methodologies for introducing and taking anti-fraud and anti-corruption measures in the period of 2014 to 2020; ○ devising an Anti-fraud Strategy with respect to the European Structural and Investment Funds applicable to the programming period of 2014 to 2020; ○ performing fraud risk analyses and fraud risk management for the period of 2014 to 2020; <ul style="list-style-type: none"> ○ introducing the ARACHNE electronic risk analysis system developed by the Commission to efficiently identify high risks and risky projects and beneficiaries; ○ maintaining and improving efficient and successful cooperation between the institutional stakeholders concerned with respect to the prevention, detection, sanctioning and deterrence of fraud and corruption; ○ organising mandatory trainings for beneficiaries and staff working in the area of development policy in order to increase anti-fraud and anti-corruption awareness; ○ facilitating the integrity of the institutional system and strengthening its personal and organisational integrity. 3. In the programming period of 2014 to 2020, it agreed to carry out the following in order to prevent corruption, to take anti-corruption |

action and to increase the efficiency of integrity:

- devising and efficiently operating an integrity management system;
- establishing efficient cooperation between the stakeholders of the institutional system ensuring the use of aid provided by certain European Union funds and the investigating authorities,
- assessing the corruption and integrity risks relating to the operation of the institutional system for aid management, devising an action plan for their management and preparing an integrity report on its implementation;
- devising general procedures for receiving and investigating reports on abuses, irregularities and integrity and corruption risks relating to the operation of the Prime Minister's Office and the institutional system for aid management; developing an internal whistle-blowing system and establishing a regulatory background for the protection of whistle-blowers;
- organising trainings on the subjects of integrity, occupational ethics and anti-corruption activities.

Measures taken in 2014:

I. Legal framework:

In the programming period of 2014 to 2020, Government Decree No 272 of 5 November 2014 on procedures for using aid from certain European Union funds ('Government Decree No 272 of 5 November 2014') established the regulatory background required for the introduction and application of anti-fraud measures, specifying the tasks of the stakeholders of the individual institutions for aid policy, as follows:

The head of the management authority is responsible for the implementation of the anti-fraud policy specified by the Minister responsible for the use of European Union funds, thus it participates in the prevention, identification and reporting of fraud, the enforcement of the repayment and sanctioning of amounts paid without authorisation and possible default interest. As part of this, it:

- proceeds in accordance with the procedures and methodologies specified by the Ministry led by the Minister responsible for the use of European Union funds within the framework of the anti-fraud policy;
- cooperates in devising methodologies for fraud risk analysis, carries out fraud risk assessments according to the methodology specified by the Minister responsible for the use of European Union funds, and uses the IT system developed for supporting fraud risk analyses;

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| | <ul style="list-style-type: none"> • simultaneously with filing criminal reports and criminal notices relating to European Union aid, informs the Minister responsible for the use of European Union funds and the audit authority; • participates in anti-fraud and anti-corruption trainings organised by the Minister responsible for the use of European Union funds. <p>In addition to the foregoing, in order to prevent corruption, pursuant to the new provision of Government Decree No 272 of 5 November 2014, an anti-corruption clause is added in the case of all contractual relations involving aid, according to which the contracting partner may not carry out or permit an act or may not authorise any third party to perform an act that results in the infringement of legislation applicable to the virtue of public life and anti-corruption legislation. The contracting partner may not accept and may not offer or give presents or cash or non-cash benefits to any proceeding third-party.</p> <p>II. Capacity development of organisations:</p> <p>Identification of those responsible: The fight against fraud has to be implemented at all levels of the institutional system for aid policy, therefore, pursuant to Government Decree No 272 of 5 November 2014, the Ministry led by the Minister responsible for the use of European Union funds and the Prime Minister’s Office act as coordination organisations in order to introduce anti-fraud measures and to devise their applicability, furthermore, on their initiative, staff with special expertise have been appointed at the organisations of the institutional system for aid policy, who are engaged in anti-fraud activities and who are responsible for liaising with the coordination organisation.</p> <p>IT system: In 2014, the Prime Minister’s Office indicated its intent to introduce the ARACHNE electronic risk assessment system developed by the Commission, on which consultations have already been started with the competent Directorate–General.</p> <p>Fraud risk analysis: In 2014, a fraud risk analysis was started in respect of the European Structural and Investment Funds for the programming period of 2014 to 2020, as part of which a self-assessment fraud risk analysis working group was set up.</p> |
| <p>MT</p> | <p>In accordance with the principle of having ‘the right tone from the top’ the top management of the Managing Authority is committed to zero tolerance to fraud.</p> <p>During 2014, the Managing Authority embarked on the preparatory phase of adopting ARACHNE, a risk-based analytical tool. Project ARACHNE on an EU level, aims at establishing a comprehensive and complete database of projects implemented under the Structural Funds in</p> |

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| | <p>Europe and to enrich the data with publicly available information in order to identify, based on a set of risk indicators the most risky projects.</p> <p>The Managing Authority circulated the two practical working documents issued by OLAF in 2013. These are ‘Identifying conflicts of interest in public procurement procedures for structural actions’ and ‘Detection of forged documents in the field of structural actions’. In addition, in the Managing Authority’s reply to the Commission to the pre-interruption letter dated 1 April 2014, the principles contained within the same document were kept in mind.</p> <p>The Managing Authority updates its verification checklists on a regular basis especially when it encounters cases where improvements can be attained in the implementation process of projects; this is also done to continue to prevent possible irregularities. Furthermore, the Manual of Procedures prepared by the Managing Authority, now includes a specific section on Fraud, both preventive and detection actions.</p> <p>To conclude, during training organized by the Managing Authority for internal staff and relevant stakeholders, reference is made to lessons learnt from previous verifications and audits to mitigate against similar shortcomings in the future. Such training is repeated on an annual basis to all officers.</p> |
| NL | <p>The Netherlands supports the recommendation and is already taking the relevant action. The guidelines are incorporated and processed in the descriptions produced in accordance with Article 72 of Regulation 1303/2013. There is also an anti-fraud policy for the ESF aimed at preventing the misuse or improper use of ESF subsidies. A comparison with your 'adopted guidelines' will be conducted later this year. This will also help prepare the designation audit in which the audit authority investigates whether the anti-fraud policy meets EU requirements.</p> |
| AT | <p>Austrian answer: "As points 1-8 either refer to specific other MS or do not specifically mention Austria, please do not expect any further comment on this document." (Ares(2015)553829)</p> |
| PL | <p>In order to meet the requirements of Article 125(4)(c) of Regulation No 1303/2013, in 2014 the managing authorities (MA) took note of Commission guidelines entitled Fraud risk assessment... On the basis of this document the MA analysed the mechanisms to prevent the occurrence of fraud in its operational programme (OP). As a result, during consultation on the Minister for Infrastructure and Development's guidelines on monitoring implementation of operational programmes for 2014-2020, an outline of the document was drawn up describing the means for combating fraud which will be appropriately specified for each operational programme (OP). The document will cover:</p> <p>a) detection of fraud by the OP implementing institutions;</p> |

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| | <ul style="list-style-type: none"> b) the anti-corruption procedures used in these institutions that guarantee the transparency of their activities; c) description of the rules for handling information on possible fraud, obtained from external sources; d) description of the mechanisms implemented in the OP to prevent corruption in public procurement; e) description of the information measures for preventing fraud and corruption at all levels of implementation of the OP. <p>On the basis of the results of audits obtained from individual managing authorities, which were carried out by the Commission and the ECA under the 2007-2013 financial perspective, once the data had been anonymised, the Commission and ECA audit database was created and sent to the managing authorities, the certifying authority, representatives of the auditing authority and the Supreme Audit Office (SAO). This database is a source of knowledge that can help in determining the risk of fraud and irregularities in cohesion policy. This database will be updated cyclically.</p> <p>In the context of the Common Agricultural Policy, the Commission's recommendation could refer to Art. 58(1)(b) and (c) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, according to which Member States are, inter alia, obliged to adopt all legislative, regulatory and administrative provisions within the framework of the CAP, and to take any other measures necessary to ensure effective protection of EU financial interests. Preventing fraud was, and still is, taken into account at every level of work in drawing up, implementing and executing rural development programmes, including creating appropriate national legislation.</p> <p>These provisions particularly apply to ways of monitoring actions to prevent fraud and irregularities and to detect and eliminate them, and outline the rules for eliminating or minimising risk of financial damage. Account is taken of the results of audits and controls, both in-house and from external institutions (e.g. ECA, the Commission, the SAO), and information obtained from other sources that could identify new, previously unknown areas of risk.</p> |
| PT | <p>Decree-Law No 137/2014 of 12 September 2014 establishes the governance model for the European Structural and Investment Funds (ESIF), including the ERDF, ESF, CF, EARD, EMFF and the respective operational and rural development programmes for the 2014-20 programming period. It also establishes the organisational structure for performing the tasks of support, monitoring, management, supervision and assessment, certification, audit and control under the terms of Regulation (EU) No 1303/2013 of 17 December 2013. The Decree Law stipulates that the Inspectorate-General of Finance (IGF) is the sole audit authority for the programmes cofinanced by the ESIF.</p> <p>Consequently, in 2014, as part of the preparation of the methodological framework for the programming period 2014-20, the audit authority</p> |

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| | <p>(IGF) contributed to the guidelines for formulating the Anti-Fraud Strategy in the context of the cohesion policy funds. The objective is to ensure that the managing authority appointed for each operational programme is capable of putting in place effective and proportionate anti-fraud measures, taking into account the risks identified, in accordance with Article 125(4)(c) of Regulation No 1303/2013.</p> |
| <p>RO</p> | <p>All Managing Authorities are aware of the provisions of Article 125 of the Common Provisions Regulation (CPR -cohesion policy) No 1303/2013 and of the Guidance Note on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures - Programming period 2014-2020 and they are in different phases of achieving/execution of fraud risk assessment.</p> <p>Plans for anti-fraud measures will be adopted in the Managing Authorities after their accreditation by COM to manage future Operational Programs. All Managing Authorities are using ARACHNE tool.</p> <p>AFCOS coordinates and assists them in implementing anti-fraud measures.</p> <p>AFCOS has made its own assessment of the current situation of anti-fraud system and started developing the Antifraud Strategy in accordance with OLAF Guidelines (Guidelines for national anti-fraud strategies for European Structural Funds and Investment (ESIF)).</p> <p>Regarding other sectoral anti-fraud measures, adopted in 2014, we can mention:</p> <ul style="list-style-type: none"> - Anti-Fraud communication actions with beneficiaries and other stakeholders, - trainings, workshops etc., - strengthening internal procedures, - checking fraud indicators, according to the COCOF Guide on financial corrections for public procurement, - organizing missions to verify the capacity to implement delegated functions, - implementing measures to facilitate whistleblowing, - prudent management of payment applications with fraud indicators - focus on conflict of interests, - sample based controls. |

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| SI | <p>Government Office for Development and European cohesion policy in the role of the managing authority is involved in the preparation of a national strategy to combat fraud. All activities in this regard will be held this year, i.e. in 2015. The Managing Authority for this purpose also appointed its representative within CoCoLaf FP ESIF working group meeting on the "National Anti-Fraud Strategy and Practice - preparatory phase". Discussions on the strategy are supposed to be held on the level of Member State during 2015.</p> |
| SK | <p>In view of the obligation laid down in Article 125(4)(c) of the CCB General Regulation, the CCB has drawn up Methodological Guideline No 3 on procedure for appointing the MA and CA. One of the essential components is also the incorporation of measures to combat fraud within the settings of management and control systems. Annex 4 to this CCB Methodological Guideline is the Commission guidance note on 'fraud risk assessment and effective and proportionate anti-fraud measures'. This document is a guide to the MA for the development of effective mechanisms for combating fraud at the level of the relevant stakeholders. In addition, well-planned use must be made of ARACHNE in this regard, which will increase the effectiveness of mechanisms to combat fraud.</p> <p>This recommendation is also affected by measures set out in response to Commission recommendations No 2 and No 7. Measures were also adopted in 2014 to combat fraud within the framework of each operational programme. They include the measure of the Ministry of Labour, Social Affairs and the Family of the Slovak Republic as the Managing Authority for the Employment and Social Inclusion OP. This measure gradually introduces electronic time sheets for the beneficiaries to prevent fraud in reporting work under projects co-financed by the ESF.</p> |
| FI | <p>Work toward implementation of national anti-fraud action plans meeting the requirements of the 2014–2020 spending programmes has begun. Anti-fraud measures are to be taken into action during the year 2015. The Managing Authority of Finland's structural funds programme is developing a risk assessment strategy, which includes a fraud risk assessment component. It is based when applicable on the Commission's Guidance Note on fraud risk assessment for the programming period 2014–2020 and national legislation and guidance concerning risk management and anti-fraud. According to risk analysis based on experience from the previous programme periods the risk of fraud is not a significant risk in the structural fund programs in Finland. Thus the effective and reasonable measures of fighting fraud are implemented as a part of the national risk management proceedings.</p> <p>As a part of the preparation of the description of the management and control system required by the implementing regulation the governing body ensures that the intermediate bodies fulfill the designation requirements that also covers the required procedure for the risk management and anti-fraud procedure. The description of the management and control system required from the intermediate bodies includes also the</p> |

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| | <p>questions about the risk management and anti-fraud that are prepared by taking the advantage of the following Commission guidelines: Designation Procedure – Guidance EGESIF 14-0013, ja Guidance on a common methodology for the assessment of management and control systems in the Member States; EGESIF 14-0010 check lists.</p> <p>The managing authority has delivered anti-fraud guidelines published by OLAF to the intermediat bodies (e.g. OLAF Practical Guide on Conflict of Interest.pdf, OLAF_Practical Guide on forged_Documents.pdf, Compendium of Anonymised Cases. Structural Actions (2011)</p> <p>When developing the IT-systems for the program period 2014-2020 the requirements for the risk management and anti-fraud procedure have been taken to further consideration than before.</p> <p>State authorities are obliged to report any abuse of funds under its management (Act on the National Audit Office (676/2000)). Also citizens can report suspected frauds related to public financial management to the National Audit Office. Sate officers’ are working under penal responsibility and thus intentional and gross negligence acts against public funds are criminalized.</p> <p>Anti-fraud knowledge sharing and cooperation between state authorities will be developed together with the national anti-fraud action plans to establish good practices and develop effective and proportionate measures detect, report and prosecute suspected frauds.</p> <p>Finland joined the IACA (International Anti-Corruption Academy) in 26 August 2014. The IACA will strengthen cooperation and knowledge sharing on a field of corruption research.</p> |
| SE | <p>The Swedish Council for the protection of the European Union’s financial interests, also known as the SEFI Council, is responsible for coordinating measures in Sweden to combat fraud and other improper use of EU-related funds. The SEFI Council consists of:</p> <ul style="list-style-type: none"> The Swedish Economic Crime Authority The National Financial Management Authority The Swedish Board of Agriculture The Västerbotten County Administrative Board. The Migration Board The Swedish Police Authority |

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| | <p>The Swedish ESF Council</p> <p>The Swedish Agency for Economic and Regional Growth</p> <p>Swedish Customs</p> <p>The Swedish Economic Crime Authority is responsible for the Council’s secretariat functions.</p> <p>Through the SEFI Council, chaired by the Swedish Economic Crime Authority, three meetings have taken place during 2014.</p> <p>On 16 October 2014, the SEFI Council arranged a “SEFI Council Day” with seminars open to all the authorities managing EU-funds. The aim of the seminar was to increase the knowledge about anti-fraud rules among the agencies and how to work with reporting crimes to prosecutors. For more details about the seminar, please follow the link: http://www.ekobrottsmyndigheten.se/vart-arbete/samverkan/SEFI-radet/sefi-radsdagen-2014/</p> <p>In May 2013, the SEFI Council set up an ad hoc working group for exchanging experiences on measures to prevent, discover and control fraud and other improper use of EU-related funds. The work of the group resulted in a guidance document on handling suspicious fraud in connection with management of EU funds. The guidance document was adopted by the SEFI Council in October 2014 and has been distributed to all agencies concerned. The guidance document is used to guide the administrators in how to detect frauds and errors and in which case they are supposed to report a crime to the Swedish Economic Crime Authority.</p> <p>In September 2014 the Swedish Board of Agriculture hosted a seminar held by the Anti fraud Expert Mr Peter Baader from DG Agris.</p> |
| UK | <p>European Structural and Investment Fund authorities are developing their implementation procedures following adoption of most of the UK programmes.</p> |

3.1.4. *What lies ahead*

Three main legislative proposals have been submitted to the co-legislators in previous years and are awaiting approval:

- (1) a directive on the fight against fraud by means of criminal law;

- (2) a regulation to set up the European Public Prosecutor's Office;
- (3) the amendment of Regulation (EC) No 515/97 on mutual administrative assistance in the customs area.

The adoption of these proposals would complement and strengthen the legal framework shaped in 2009-13. It would strengthen the fight against fraud and would ensure stronger coordination with and between Member States.

RECOMMENDATION 4

The Commission invites the co-legislators to swiftly complete the legislative work started and to adopt the pending proposals.

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| BE | <p><u>FPS JUSTICE:</u></p> <p>Belgium is closely monitoring negotiations on the proposal for a directive on the fight against fraud to the EU's financial interests by means of criminal law and the proposal for a regulation to set up a European Public Prosecutor's Office. A working party has been set up to coordinate the Belgian position on the two legislative proposals; it comprises representatives from the various authorities concerned. In its role as Belgium's designated AFCOS, the Inter-ministerial Economic Committee (IEC) receives regular briefings on the state of play with regard to these legislative proposals.</p> |
| BG | <p>Bulgaria concurs with the need for Community-wide joint action to combat fraud and other illegal activities with implications for the financial interests of European Union.</p> <p>Bulgaria has voiced its support for the proposal for a directive of the European Parliament and of the Council on the fight against fraud to the Union's financial interests by means of criminal law and for the Commission proposal for a Regulation on the establishment of the European Public Prosecutor's Office.</p> <p>Bulgaria provided comprehensive information in this regard a year ago in the context of the actions to be taken to address Recommendation 2 of the Commission relating to the 2012 Anti-Fraud Report.</p> <p>Bulgaria was an active participant in the debates and supported the amendment of Council Regulation (EC) No 515/97 of 13 March 1997 on</p> |

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| | mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters. |
| CZ | Supreme Public Prosecutor's Office: one of the legislative proposals being drafted is the regulation to set up the European Public Prosecutor's Office. As the central body protecting the EU's financial interests in terms of criminal law, the Supreme Public Prosecutor's Office has been actively cooperating with the Czech Ministry of Justice on assessing the proposed Regulation. In the course of 2014 the Supreme Public Prosecutor's Office produced a number of opinions on the proposal and also presented observations on behalf of the Czech Republic at discussions on the final version of the Regulation. As part of its work the Supreme Public Prosecutor's Office has also assessed the impact of the proposed Regulation on the existing national legal arrangements, identifying potential problems in setting up the Office. |
| DK | <p>Directive on the fight against fraud by means of criminal law:</p> <p>The proposed directive on the fight against fraud to the Union's financial interests by means of criminal law was originally put in place on the basis of Article 325 of the Treaty chapter on combatting fraud, which is not part of the Danish opt-out. The Council and the Parliament agree, however, that the correct legal basis of the proposal is Article 83(2) of the Treaty, in the chapter on legal cooperation on criminal matters.</p> <p>This means that the proposed directive will fall under the Danish opt-out and that Denmark will not be taking part in its adoption. Similarly, a directive will not be binding upon, or applicable in, Denmark.</p> <p>Regulation to set up the European Public Prosecutor's Office:</p> <p>The proposed regulation to set up the European Public Prosecutor's Office has been put in place on the basis of Article 86 TFEU. The proposal will therefore fall under the Danish opt-out and Denmark will not be taking part in its adoption. Similarly, a regulation will not be binding upon, or applicable in, Denmark.</p> <p>Regulation (EC) No 515/97 on mutual administrative assistance in the customs area:</p> <p>Denmark has not yet initiated any preparations at national level concerning the proposed amendment to Regulation 515/97.</p> |
| DE | <p>The Federal Government is closely monitoring the negotiations on the proposals in Brussels. In doing so, it takes into account, inter alia, the need and scope for subsequent implementation into national law and enforcement of the legal instruments.</p> <p>Germany supports the Latvian Presidency's aim of bringing the proposal for a Directive on protecting the EU's financial interests to a swift conclusion. In order to ensure better protection of the EU's financial interests, the Federal Government adopted a bill on 21 January 2015</p> |

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| | <p>(Gesetz zur Bekämpfung der Korruption) which specifically provides for a broadening of criminal liability for corruption by and in respect of EU officials.</p> <p>The Federal Government has welcomed the proposal for a Directive submitted by the Commission on establishing the European Public Prosecutor's Office and is actively and constructively involved in the negotiations at the Council. It assumes that the Member States will need to take further legislative action in due course. Parallel to the negotiations in Brussels, the Federal Government, in coordination with the judicial authorities in Germany's federal states, is therefore also examining the possible impact on national law and whether any further rules may be required in German legislation.</p> |
| EE | <p>The Estonian Tax and Customs Board was involved in the process of updating regulation EC No 515/97 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law in customs and agricultural matters.</p> <p>Estonian implementing entities and ministries, even partners, are involved in the preparation and amendment of the 2014-2020 programming period legislative and practical framework. The experience from the previous periods is being used. We harmonize legal acts, work processes, concepts, rules etc.</p> |
| IE | <p>With regard to a directive on the fight against fraud by means of criminal law and a regulation to set up the European Public Prosecutors Office, IE has no preparatory actions to report.</p> <p>With regard to the amendment of Regulation (EC) No 515/97 on mutual administrative assistance in the customs area, Ireland supports continuation of the work on regulation 515/97 and its completion during 2016 if possible.</p> |
| EL | <p>AUTHORITY - Ministry of Finance - General Directorate of Customs and Excise Duties; Directorate: 33 Customs Audit</p> <p>The competent directorate of the customs administration has made the following observations:</p> <p>Regarding the third legislative proposal, namely the amendment to Regulation (EC) No 515/97 on mutual assistance between the administrative authorities within the customs zone, Greece participated in a pilot container traffic monitoring project (Contraffix Project) as of December 2014, under Regulation (EC) No 515/97 (Container Status Messages). At present we are awaiting the final version of the Regulation.</p> <p>AUTHORITY - Ministry of Justice, Transparency and Human Rights - Directorate for Legislative Work, International Relations and</p> |

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| | <p>International Judicial Cooperation</p> <p>The competent directorate of the Ministry of Justice, Transparency and Human rights observed that the recommendation in question does not concern the Member States but is an invitation to co-legislators (Council and European Parliament) to immediately complete the legislative work that has already started and to adopt pending proposals.</p> |
| ES | <i>No information provided</i> |
| FR | <p>The French authorities intend to continue to support the three legislative proposals mentioned in the recommendation [a directive on the fight against fraud by means of criminal law, a regulation to set up a European Public Prosecutor's Office and the amendment of Regulation (EC) No 515/97 on mutual administrative assistance in the customs area] with a view to the swift adoption of these proposals.</p> <p>They would, however, like to emphasise that, were the European Public Prosecutor to handle cases relating to the most commonly committed offences, this could have a negative impact on procedures for identifying and reviewing customs infringement cases affecting the Union's financial interests. Therefore, they recommend that the text be amended to better limit the scope of the European Public Prosecutor's powers to the most serious and significant cases, as this will allow Member States to retain their ability to deal rapidly with cases that, although not of major importance in their criminal dimensions, are nonetheless important from an economic point of view.</p> <p>Indeed, customs infringement cases most often result in the detention of goods; this can be very detrimental if goods are not released quickly enough. The bargaining capacity of customs authorities should therefore be maintained in cases that, although formally criminal cases, need to be handled quickly and only very occasionally justify common law criminal proceedings.</p> <p>As regards the amendment to Regulation (EC) No 515/97 on mutual administrative assistance in the customs area, the French authorities worked to achieve a compromise text with a view to protecting the ambitious objectives it contains, namely:</p> <ul style="list-style-type: none"> - the admissibility as evidence of documents obtained through international mutual administrative assistance (IMAA); - the creation of a Containers Status Messages (CSM) register; - the creation of an Import/Export/Transit register. <p>Furthermore, the French authorities supported, and obtained, an amendment to the text whereby, as a minimum requirement, export data for products subject to excise duty will be included in both registers; this provision includes a review clause whereby, two years after the text has</p> |

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| | <p>entered into force, it will be possible to include all export data in both registers and to extend the CSM database to include air and road freight carriers' data.</p> <p>Implementing the Regulation on mutual administrative assistance in customs and agricultural matters and transferring data from customs databases to the European Commission's databases (OLAF) will necessitate changes to declarations made to the French Data Protection Authority (Commission nationale de l'informatique et des libertés - CNIL), to the relevant data processing regulations along with IT and organisational changes. The wording of the draft text obliging economic operators to transfer data to the customs authorities in order to build up the CSM database will, if necessary, form the basis of a transposition measure at national level.</p> |
| <p>HR</p> | <p>As regards the Directive on the fight against fraud by means of criminal law and Regulation to set up the European Public Prosecutor's Office, it has to be stressed that representatives of the Ministry of Justice of the Republic of Croatia participate in activities of the Working group for drafting Proposals of the Directive on the fight against fraud by means of criminal law and Regulation to set up the European Public Prosecutor's Office. Furthermore, in coordination with other relevant bodies, representatives of the Ministry of Justice create official positions regarding the documents concerned which are presented at the meetings of the Working Group for the Criminal Law (E 15).</p> <p>Moreover, the Criminal Code of the Republic of Croatia (Official Gazette 125/11, 144/12) is aligned with the European legislation through the introduction of Article 258 paragraph 5 of the Criminal Code.</p> <p>Namely, the Criminal Code (OJ 125/11, 144/12) defines the criminal offence of SUBSIDY FRAUD in Article 258 and sets sanctions. Therefore, Article 258 lays down:</p> <p><i>(1) Whoever, with the aim that he/she or another person receive a state subsidy, provides a state subsidy provider with false or incomplete information concerning the facts on which the decision on the granting of a state subsidy depends, or fails to inform a state subsidy provider of changes important for making the decision on the granting of a state subsidy shall be punished by imprisonment from six months to five years.</i></p> <p><i>(2) The same punishment as referred to in paragraph 1 of this Article shall be inflicted on whoever uses the granted state subsidy funds in a manner contrary to their intended use.</i></p> <p><i>(3) If, in the case referred to in paragraph 1 of this Article, the perpetrator acts with the aim of receiving a significant amount of state subsidies or if, in the case referred to in paragraph 2 of this Article, he/she uses a significant amount of state subsidies, shall be punished by imprisonment from one to ten years.</i></p> <p><i>(4) Whoever in cases referred to in paragraph 1 of this Article voluntarily prevents making of the decision on the granting of a state subsidy,</i></p> |

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| | <p><i>may have his/her punishment remitted.</i></p> <p>(5) State subsidies within the meaning of this Article shall be equated with subsidies and aid granted from European Union funds.</p> <p>As regards the amendment of the Regulation (EC) No 515/97, Croatian Customs Administration was actively involved thru its representatives within Customs Union Group (CUG) in the drafting of new Regulation of the European Parliament and of the Council amending Regulation (EC) No 515/97 of 13 March 1997 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters.</p> <p>It is strongly believed that new legislative act will bring more possibilities for stronger fraud prevention and detection of irregularities while having strong effect on revenue.</p> |
| <p>IT</p> | <p>The European Commission presented the proposal for amendments to Regulation (EC) No 515/97 at the meeting of the Council's Working Party on Customs Union of 16 December 2013, which I attended.</p> <p>At this time, the Agency provided the Italian Parliament, via the Assessment Unit, with relevant information on the proposal, in accordance with Article 6(4) of Law No 234 of 24 December 2012.</p> <p>During the first half of 2014, the Greek Presidency dedicated many meetings to discussion of this proposal. However, it failed to obtain a sufficient consensus on the compromise text, principally because of strong opposition from Germany, the UK and the Netherlands. The main objections concerned the additional costs that would be involved in creating the new computerised registers, the lack of adequate protection of sensitive commercial data and the additional reporting requirements for economic operators.</p> <p>At the time the Italian delegation essentially supported the Commission's proposal, since it approved of its objectives.</p> <p>The proposal for amendments to Regulation (EC) No 515/1997 thus became part of the legislative programme for the Italian Presidency of the EU Council starting on 1 July 2014.</p> <p>One of the tasks of the Italian Presidency was therefore to draft a compromise text that could achieve a broader consensus among the delegations to the Council Working Party. During its Presidency (1 July to 31 December 2014), Italy worked intensively on this new text; following the final discussion of the proposed provisions at the Working Party's meeting of 18 July 2014, and thanks to OLAF's technical assistance, it was possible to release the final text to the Working Party on Customs Union and to request a mandate from COREPER for</p> |

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| | <p>discussion with the Parliament and the Commission (trilogue).</p> <p>On 24 September 2014, Sandro Gozi, under-secretary for European policies and affairs at the Presidency, reported to the European Parliament, IMCO Committee, about the customs aspects of the text and the positive achievement regarding the amendments to Regulation (EC) No 515/97.</p> <p>After that, following technical meetings, trilogues were held between the Presidency, the European Parliament and the Commission on 26 November and 1 December 2014. On 19 December 2014, COREPER 1 confirmed political agreement on the negotiating package in the form resulting from the third and last trilogue of 18 December, with only Austria and Germany voting against the package (Spain abstained and the UK entered a parliamentary reservation).</p> <p>The approval by COREPER was a significant achievement for the Italian Presidency, given that the agreement on amendments resulted from an awareness of the importance of the measures to combat infringements of customs law in order to protect the financial interests of the European Union, which involves developing customs cooperation to combat such infringements.</p> <p>The result was also achieved in a relatively short time, given the complexity of the legislative file.</p> <p>The new Regulation will now proceed through the legislative process, with adoption after a quick second reading.</p> <p>In the light of the foregoing, Italy confirms its commitment to working for rapid adoption and application of the Regulation amending Regulation (EC) No 515/1997.</p> |
| CY | No actions have as yet taken place, given that the proposals are still awaiting approval. |
| LV | <p>Latvia fully understands the need to swiftly complete the legislative work on the three main legislative proposals that will form the basis for strong and efficient protection of the financial interests of the European Union. At the same time we also understand that these are very important issues and they ask for very serious deliberations in the Council and that takes time.</p> <p>The Cabinet of Ministers of Republic of Latvia adopted national position to support Regulation of the European Parliament and of the Council amending Regulation (EC) No 515/97 of 13 March 1997 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters.</p> <p>The work on adoption of Regulations and the directive will start when the final text is agreed.</p> |
| LT | (1) Intensive work is in progress in the Council working bodies concerning a proposal for a European Parliament and Council Directive on the fight against fraud to the Union's financial interests by means of criminal law. The Commission submitted this proposal on 12 July 2012, and |

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| | <p>the Council adopted a general approach on its text on 6 June 2013. The European Parliament voted on the amendments to this text on 16 April 2014, allowing trilogue negotiations to be launched from the autumn of 2014 (two trilogue meetings have already taken place). During preparations for these meetings, meetings of Council working groups took place, the issues of most concern were discussed by the Council's CATS Committee, and the written procedure was also used. A third trilogue meeting with the EP was scheduled for February 2015.</p> <p>(2) The European Commission proposal for a Council Regulation on the establishment of the European Prosecutor's Office was adopted on 17 July 2013, and intensive negotiations have been taking place within the Council preparatory bodies (at expert and political level) since then. This is a priority initiative for each Presidency, but in view of the complexity of the proposal, its scope and the special legislative procedure being applied, time is needed for the Member States to reconcile their positions and complete negotiations on this proposal. Moreover, during negotiations the Member States must take into account the views expressed by national parliaments on the compliance of the proposal with the principle of subsidiarity. Four days of Council working party meetings on this proposal were planned for February 2015.</p> <p>(3) Trilogue negotiations were completed in December 2014 concerning the proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 515/97 of 13 March 1997 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of Community customs and agricultural legislation, after a compromise text of the Regulation had been discussed and agreed upon. Following the adoption of the Regulation, it is planned to draw up the required plan for the implementation of measures and introduce amendments into national legislation.</p> <p>It should be noted that Representatives of the Republic of Lithuania also actively participated in discussions concerning the above-mentioned legal acts within the Council working bodies.</p> |
| LU | Any preparatory actions taken in 2014 in respect of these proposals. |
| HU | <ul style="list-style-type: none"> • The Prosecutor General's Office regularly plays the role of reviewing and commenting on various draft directives and draft decrees at the request of the Ministry of Justice. The establishment of the European Public Prosecutor's Office may bring significant changes also for the Hungarian public prosecution organisation. The discussion of the relevant draft decree is underway, during which the Prosecutor General's Office maintains a regular working relationship with the Ministry of Justice. The Prosecutor General's Office made a proposal to the Ministry of Justice for supporting the development of a network-type EPPO concept. • Taking into account the fact that neither the Directive on the fight against fraud carried out with means of criminal law nor the Regulation aimed at the establishment of the European Prosecutor's Office have been adopted, no preparatory work relating to transposition is underway yet at the Ministry of Justice. |

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| | <ul style="list-style-type: none"> • Taking action against the infringement of customs legislation forms an integral part of the protection of the EU's financial interests and the development of customs cooperation. The amendment of Regulation (EC) No 515/97 would significantly improve the detection, investigation and prevention of customs fraud by increasing the exchange of information and the available evidence and would improve the operation of the established system, thereby increasing the efficiency and success of the measures. • The need for legislation in Member States is to be examined depending on the new EU regulation. Taking into account the fact that Regulation (EC) No 515/97 currently in force is also directly applicable, it did not require national legislation, and its application in the national legal system did not cause any difficulty. |
| MT | <p>(1) Re: Directive on the fight against fraud by means of criminal law: the General Approach is the preferred approach. Meanwhile, the European Parliament has conducted a series of negotiations. Another trilogue is going to take place whereby the Presidency is of the understanding that the European Parliament wishes to move towards a global agreement on the text of the proposed directive.</p> <p>(2) Re: Regulation to set up the European Public Prosecutor's Office: discussions and negotiations are being carried out between Member States with regard to the proposed text of the said regulation.</p> <p>(3) Re: Amendment of Regulation (EC) No 515/97: no preparatory action was taken by Malta in 2014.</p> |
| NL | <p>Pending the European Commission's and the Member States' final decisions, no preparatory measures have been taken as yet to implement these instruments. The informal trilogue on the PIF Directive, for example, continues and negotiations on the EPPO are also still ongoing. In the latter case, the Netherlands has yet to adopt a position on possible participation. The same applies to the amendment of Regulation 515/97. Although the negotiations are at an advanced stage, a vote on the final proposal is still required.</p> |
| AT | <p>Austrian answer: "As points 1-8 either refer to specific other MS or do not specifically mention Austria, please do not expect any further comment on this document." (Ares(2015)553829)</p> |
| PL | <p>The competent national authorities so far have not taken any preparatory legislative action in relation to the Commission's proposals, i.e. the</p> |

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| | draft PIF directive and the draft regulation on establishing a European Public Prosecutor's Office, acknowledging that such actions would be decidedly premature given the state of work on these drafts. Concerning legislative work towards amending regulation 515/97, the Customs Authority, as the competent national structure, actively participates in work on the subject in the relevant committee of the Commission. |
| PT | Nothing of significance to report. |
| RO | <p>Regarding the three legislative proposals, RO participated actively and constructively in the negotiation of the instruments mentioned in the request and offers a full political support to the legislative proposals.</p> <p>Developing/drawing mandates in order to negotiate those instruments are methods of identifying solutions to implement them and preparing the future compatibility with domestic legislation.</p> <p>Moreover, since February 2014, new definitions of offenses and sanctions of criminal offenses in protection of EU financial interests, entered into force.</p> |
| SI | Financial Administration of the Republic of Slovenia actively participated in the process of amending of Council regulation (EC) No. 515/97. On the national level there are no additional special measures foreseen. The regulation will be implemented directly. |
| SK | <p>(1) Proposal for a Directive of the European Parliament and of the Council on the fight against fraud affecting the financial interests of the European Union by the means of criminal law defines the conduct to be considered as criminal offences in EU Member States, thus achieving the necessary unity of laws of EU Member States and avoiding speculative behaviour by the perpetrators of these crimes in order to avoid criminal prosecution through the use of differences in legal protection between the Member States of the European Union. In 2014, the comments of the European Parliament on the general approach reached in the Council were discussed in the trilogue: so far, no consensus has been reached between the Council, COM and EP.</p> <p>(2) The Proposal for a Regulation establishing the European Public Prosecutor's Office is currently the most important proposal in the field of criminal law. In general, the Slovak Republic supports the objectives of the proposal on the establishment of a European Public Prosecutor's Office, in particular regarding more efficient and effective investigation and prosecution of criminal offences affecting the financial interests of the EU. Since the beginning of the negotiations in December 2013, the draft Regulation has undergone significant development, with reference to changing the structure of powers, competences and the definition of the competences and tasks of the European Public Prosecutor's Office. The decentralised structure of the EPPO, based on the original Commission proposal, was replaced by a collegial model agreed by Ministers at</p> |

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| | <p>the March Council of Ministers of Justice and Home Affairs. The Greek presidency then submitted the text of the draft Regulation containing provisions of Articles 1-19 resulting from the discussions at technical level and incorporating the conclusions of the last Council of Ministers of Justice and Home Affairs. The Italian presidency continued this work, expanding it up to Article 33. The document was presented at the December Council of Ministers of Justice and Home Affairs, and was welcomed as a basis for further discussion. Certain provisions are a matter of concern for the Slovak Republic, in particular ancillary competence, determination of jurisdiction, procedural guarantees and judicial review.</p> <p>(3) The Slovak Republic fully supports the adoption of a proposal to amend Regulation (EC) No 515/97 on mutual assistance between the administrative authorities in customs matters, which after approval will become binding in its entirety and directly applicable in all Member States.</p> |
| FI | <p>1. Directive on the fight against fraud by means of criminal law COM(2012) 363 final: The general agreement has been implemented nationally and a project toward implementation of the directive has been set in the Ministry of Justice.</p> <p>2. Regulation to set up the European Public Prosecutor's Office COM(2013) 534 final: a project has been set in the Ministry of Justice to prepare establishing the EPPO.</p> |
| SE | <p>(1) Sweden takes active part in the negotiations of the PIF Directive and is ready to start the process of implementation once the Directive has been adopted. The Swedish Parliament has been informed.</p> <p>(2) Sweden shares the Commission's view that we need to be able to effectively investigate and prosecute crimes against EU's financial interests. We are taking active part in the negotiations regarding the regulation to set up the European Public Prosecutor's Office. At the same time we are analysing how such a regulation would impact the Swedish judicial system and what kind of adjustments might be needed on our part, if and when such an Office is set up within the EU. Sweden has, naturally, not yet taken a final position on the proposal since negotiations are ongoing and a number of important issues are still being discussed.</p> <p>(3) The Swedish Parliament has been informed regarding the proposal of amendment of Regulation (EC) No 515/97 on mutual administrative assistance in the customs area and the still ongoing negotiations. Any further steps regarding implementation have not yet been undertaken.</p> |
| UK | <p>Mutual Assistance (MA) requests are received by two office in HMRC i.e.</p> <p>a) International Relations Customs - International Relations</p> |

b) International Mutual Assistance Team (IMAT).

Both offices have direct access to AM communications recorded on AFISng (Anti-Fraud Information System new generation).

MA requests are executed by IMAT which is also responsible for the collation of the material and for the onward transmission to the requesting authority for MAs.

MA communications are processed according to OLAF's timescales, contained within the MA message. There is regular liaison with OLAF throughout the process. Where necessary, audits at UK importers are made and the results of these, including any financial recoveries are transmitted back to OLAF.

Our Finance Team are sent details of recoveries made on MA messages so that OWNRES database can be updated.

3.2. Operational results: a different pace

Although the legislative landscape has changed considerably in the last few years, the analysis described in section 2.2 of this report shows that the impact of these measures is not as evident as one could have expected.

On the one hand, the overall trend in detecting and reporting potential fraudulent irregularities in the last five years shows a slow decrease, although this seems to have reversed since 2012. On the other hand, the number of irregularities not reported as fraudulent has progressively increased. The decreasing trend is more evident on the revenue side than it is on the expenditure side.

3.2.1. Revenue: Quality of information and control strategies

On the revenue side, it is not clear whether the trend is due to a shift towards detecting irregular cases or to the way in which Member States classify cases. Other possible reasons could include: the new fraud prevention measures implemented in Member States to identify vulnerabilities; the possibility of Member States pursuing financial interests without further investigation of the potential criminal offence; the possibility that Member States' controls strategies may need to include more dynamic factors to better adapt to the changing environment.

RECOMMENDATION 5

In view of the decreasing number of fraud cases reported, the Commission recommends that Member States review their control strategies to ensure that well-targeted, risk-based customs controls are in place to make it possible to effectively detect fraudulent import operations.

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| BE | <p><u>FPS FINANCE:</u></p> <p>Belgian Customs has already in place robust Risk Management strategy to cover possible forthcoming financial risks but has also implemented post clearance checks.</p> <p>This strategy has been confirmed by the new organizational structure of our General Administration of Customs & Excise , that will be operational in 2015.</p> <p>A better communication of feedbacks on identified risks shall be implemented to enhance the efficiency of those approaches.</p> <p><u>FEDER WALLONIE (ERDF WALLONIA):</u></p> <p>Firstly, the overall drop in the number of reported fraud cases is a cause for satisfaction. Information/training efforts involving the beneficiaries/administrations concerned are bearing fruit and likely to deter 'would-be fraudsters'.</p> <p>Prevention in this field must be improved still further. Against this background, Wallonia is currently testing the ARACHNE IT tool.</p> |
| BG | <p>The Bulgarian customs authorities have made appropriate arrangements for the reporting of fraud/irregularities concerning Traditional Own Resources (TOR) in OWNRES within the time periods stipulated in Council Regulation (EC, Euratom) No 1150/2000. The cases in question are reported by the head office of the Customs Agency, following verification of the information received from the local departments of the Customs Agency.</p> <p>With a view to preventing irregularities relating to the evasion of anti-dumping duties, 84 risk profiles were jointly developed with the Tariff Policy Department and integrated into the automated analysis module.</p> <p>The analysis module contains up-to-date lists of persons and countries of origin and destination identified as presenting a risk for the financial interests of the EU and its Member States.</p> |
| CZ | <p>In order to detect the most serious crime predominantly involving tax and customs duties, a permanent joint team has been set up bringing together the Corruption and Financial Crime Detection Section, the Directorate-General for Finance and the Directorate-General for Customs. The team, made up of representatives from the police and the customs authorities, targets tax evasion and tax crime, especially involving VAT</p> |

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| | <p>and excise duties. The purpose of setting up the team was to ensure effective and speedy exchange of information and coordination in joint police and customs operations, so that tax evasion is promptly identified, investigated and brought to book. The joint team's main function is to ensure that taxes are properly collected, that amounts unlawfully received are paid back to the state budget and that offenders are prosecuted.</p> <p>As regards risk management, control activities are supported by analytical tools developed and actively used by the Czech customs administration. The national analytical tools target risks in connection with goods import and transit operations. The main analytical tool is the ERIAN electronic risk analysis system, which checks online all customs declarations received against the risk profile databases. The profiles are set in term of the various columns on the customs declaration, such as country code, tariff classification, entity etc. While the declaration is being processed, automatic risk analysis is carried out in the background, which may result in an inspection being ordered ("red table") or just the customs official being notified that there is a potential risk. Both national risk profiles and international joint risk criteria are added to the risk profile database on an ongoing basis. The risk profiles are created on the basis of various sources (inhouse, external and international). An important source of international information for risk analyses is the Community Risk Management System (CRMS), which contains two types of information. One is the Risk Information Form (RIF) reports, which are principally designed to quickly exchange information between all EU Member States regarding potential risks, whether detected, imminent or theoretical, in connection with the transportation of goods to or from the EU. The other part of the system is the Priority Control Area (PCA) module, which is used for communication during joint control operations and in critical situations. The Czech customs administration has set up and operates a national register of all RIF reports issued in the system. Each newly received RIF report is analysed and the result of the analysis is processed (a risk profile is created). The information from the RIF reports is also used by the Automatic Risk Assessment (ARA) application, which yields and assesses generalised risks in the import regime. It is currently based on the preferential and non-preferential origin of the goods. Established infringements involving changes to tariff classification, antidumping etc. are entered in the application from the recorded RIF reports.</p> |
| <p>DK</p> | <p>SKAT's action strategy is a general one from 2013 onwards, since SKAT is now working to develop multiannual segment strategies for the entire tax base.</p> <p>A segment strategy is defined as a strategy to manage a tax gap – in the field of customs, a customs gap – in one segment. The strategy contains an analysis of the segment and an action plan for future activities regarding the segment's target group, and, along with a thorough analysis of the risks, tax gap, taxpayer behaviour and structural framework, is to ensure that the action taken is firmly knowledge based. Each segment strategy, therefore, is to contain an analysis of possible access to the segment, an action plan for future action in the area and a plan for follow-up of the action.</p> <p>"Duties of a fiscal nature" is one of SKAT's segments. The work of developing a multiannual segment strategy in this field, however, poses</p> |

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| | <p>major challenges for SKAT regarding the demands/expectations of the Commission in terms of dealing with the tasks in the field. This must be seen in the light of the fact that SKAT's point of departure in the work is based on the segment strategy and the customs gap, and in an intelligent and intelligence-based adaptation.</p> <p>The common market organisation of agricultural products, such as sugar, cereals, fruit and vegetables, etc.) is different, because it has an established regulation-based control requirement with which SKAT complies.</p> |
| DE | <p>Nevertheless, customs risk management in Germany is subject to constant review. A working party within the Customs Criminal Investigation Office (Zollkriminalamt – ZKA) is currently examining how to improve customs risk management and adapt control strategies. Germany is also involved in implementing the strategy and action plan to improve the customs risk management of the European Commission and Member States, and will ensure that the related roadmap and the resulting measures are promptly implemented.</p> |
| EE | <p>Updates and additions for AM and RIF notices and alerts were introduced into the management instruction in the Tax and Customs Board to ensure even more effective risk management and feedback.</p> <p>The Tax and Custom Board still uses well-functioning national systems as car number detection, the ship's passenger information system, etc. The State Border Act was amended, which granted the legal framework for treating transatlantic air passenger's information. We use Europe-wide risk information for the selection of customs declarations using the Select programmes.</p> <p>For better assessment of financial fraud risks an additional tax declaration system called KMD INF was created that provides an overview of the company's purchase and sales partners. All transactions exceeding €1000 per partner have to be declared there.</p> <p>The amendments of the Penal Code came into force in 2015 – punishment for illegal handling of alcohol and tobacco was made stricter (3-5 years in prison). Also the extended confiscation of the proceeds of crime was added. That means that now you can confiscate all illegally obtained income, not only the income that the investigation covers.</p> <p>All customs procedures related to importation are covered in Estonia with an electronic risk analysis (selection criteria) and different automatic controls (to control completion of customs formalities pursuant to law), both carried out on the moment of placing of goods under the customs procedure. Such a process is already in use since 2006 when a new system for the customs data complex together with its support systems was implemented. In addition, entry and / or transit formalities prior to importation are covered by the electronic risk analysis. The selection by the principle of random choice is applied so well.</p> <p>All units exercising supervision within the Estonian Tax and Customs Board participate in risk criteria introduction / creation. Risk criteria can</p> |

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| | be either on individual-, operation- or goods-based. The officials of Intelligence Department are dealing with data analysis software SAS Enterprise Guide and various departmental, national and international databases. |
| IE | In Ireland electronic systems are used on an ongoing basis to target risk at pre-clearance, clearance and post clearance. All consignments are subjected to electronic risk analysis. This risk analysis targets all forms of risk including safety & security, financial, prohibitions & restrictions, IPR, fraud etc.. Where a consignment is selected for intervention it will be controlled either on arrival, at clearance or in a post clearance setting. We review our procedures on an on-going basis. |
| EL | AUTHORITY - Ministry of Finance - General Directorate of Customs and Excise Duties; Directorate: 33 Customs Audit The competent directorate of the customs administration indicated that in December 2013 the national IT system ICISnet was put into operation for implementing automatic audit profiles based on risk criteria, using the DSS subsystem. |
| ES | In Spain, levels of control have remained the same in the years referred to in the report. However, major improvements have been made to operation management systems; this means that, as improvements are being made to the way declarations are processed and validated in the system, it is becoming less likely that errors will occur and any attempt to make a false declaration can be detected when the information is entered in the system, thereby eliminating the need to remedy the situation at a later date. It is also important to note that Spain has a centralised and completely electronic risk analysis system, making it possible to act upon any type of customs declaration and all the data included in the declarations. Planning of ex-post checks is geared to checking the operations that pose the greatest risk. Information is fed back into the risk analysis system based on the results of checks and the system is constantly being adapted to the possible types of fraud. Nevertheless, the Spanish government has taken on board the Commission's recommendation to carry out checks using a risk analysis process. |
| FR | In response to recommendation 7 put forward by the European Commission in the 2012 Annual Report, the French authorities explained in great detail the inspections policy of the Directorate-General of Customs and Indirect Taxes (Direction générale des douanes et des droits indirects- DGDDI) and the system that had been put in place as a result. The structure of the organisation that was presented, and which is based on a targeted approach to inspections and preliminary risk assessment, did not undergo any major changes in 2014. On the revenue side, since 2013 the DGDDI has nevertheless observed an increase in the number of fraud cases compared with irregularity cases. This trend reversal is the result of improved classification of reported cases. Wilful intent has not always been determined when the initial notification document is drawn up and it is this document that is used to decide whether a case should be reported via OWNRES and the information updated. The services in |

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| | charge of entering fraud and irregularity reports in OWNRES are paying particular attention to this issue. |
| HR | <p>In 2013, Customs Administration developed Strategic Plan for Control 2013-2015 (hereinafter: Strategic Plan) which was based on the proposal of the EC representatives. Strategic Plan determines legal framework for the implementation of controls, fields of control, prevention of smuggling, investigations, cooperation and education. According to the Strategic Plan, Customs Administration, independently or in cooperation with other competent authorities, drafts Annual Monitoring Plan and conducts targeted continuous activities. In terms of implementation of the Strategic Plan, Customs Administration has defined risk indicators that are used in the selection of subjects or areas of supervision. All types of control in Customs Administration should be based on risk analysis and assessment. Moreover, risk indicators for company, goods, transport and customs subjects are defined.</p> <p>It is expected that Customs Administration revise Strategic plan and therefore start with the activities to draft and develop new Strategic Plan for Control.</p> |
| IT | <p>The Customs and Monopolies Agency, at which a Risk Analysis Office was set up, has been conducting appropriate monitoring since 1999, and consequently has one of the best control systems of all the Member States, according to both the Court of Auditors 2010 report on controls on simplified customs procedures and the DG Budget subject-specific reports on control and risk analysis systems.</p> <p>The risk analysis carried out ensures an adequate level of controls throughout all Italian territory.</p> |
| CY | In 2013, the import systems of the Department of Customs and Excise of the Republic of Cyprus, as well as the related risk-analysis system have been upgraded. The new risk-analysis system includes new tools such as the implementation of compliant list, and the data loading tool for the creation of tables introduced in to the system to support profiles. No further changes/upgrades have been taken place in 2014. |
| LV | <p>National Customs Board of Latvia has established a risk based post clearance control system. The risk information is communicated to the responsible division to conduct customs audits and to the division that is responsible for post clearance controls of the declarations. The risk information received from OLAF is analysed and taken into account for selecting the declarations for post clearance controls. In the internal instructions it is said that 5% of the declarations released for free circulation in the previous month should be selected for post clearance checks with the specific criterion (origin, classification (including meursing), duties or value).</p> <p>In the moment of the release of the goods for free circulation if the customs officer has doubts about the declaration or the risk profile has been</p> |

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| | <p>activated the security is collected to secure the duty amount in case of the customs debt.</p> <p>Additionally the newest version of the State Revenue Service' internal rules that let down the procedure for preparation of the reports on fraud and irregularities, recovery and for registration of the information in OWNRES system is approved on 19.12.2013. In order to meet the deadline set by Article 6.5 of Council Regulation (EC, EURATOM) No 1150/2000 of 22 May 2000 implementing Decision 2007/436/EC, Euratom on the system of the European Communities own resources the above mentioned procedure sets the time limit of four weeks (after the date when calculation of customs debt or possible customs debt is approved) for submitting the information to the responsible Unit with a view of its' registration in OWNRES. The reminders of the time limits are sent on the regular basis.</p> |
| LT | <p>In 2014 an enhanced risk assessment and control system was introduced in a partial version involving personal checks which makes it possible to assess persons and/or customs declarations made on their behalf for the purposes of post-clearance checks and to verify the progress of checks carried out and record their results.</p> |
| LU | <p>Any new developments that have taken place since 2013.</p> |
| HU | <p>Pursuant to a provision of Act CXXVI of 2003 on the implementation of community customs law ('National Customs Act'), which was prepared and adopted by Parliament in 2014 and has been in force as of 1 January 2015, the customs authority performs its customs inspection activities on the basis of considerations set out in Community and national legislation and information on inspections published by the head of the State tax and customs authority every year by 20 February. The customs inspection model has to be designed in such a way that being aware of possible inspections at any time encourages clients to voluntarily comply with the law. The information on inspections published by the head of the State tax and customs authority specifies how the inspection capacity of the customs authority is to be used taking into account current economic processes, customs policy objectives, changes in legislation, the forms of practice most harmful to customs and tax revenue interests and the risks detected.</p> <p>A current internal order of the National Tax and Customs Administration ('NAV' relating to ex-post inspections states that an essential precondition of efficient and successful customs clearance achieving inspection goals is the accurate identification of subjects and business organisations proven to pose a risk. It is a requirement when selecting clients for inspection that economic operators must be treated equally, and thus it is essential that selection is carried out on the basis of specific and documented risk criteria. The risk analysis has to ensure that economic operators and transactions representing the highest risk are selected for inspections, also including a reasonable proportion of operators and objects representing a medium and low risk as well as randomly selected business organisations. In view of the foregoing and the fact that selection is by central (or, in some cases, regional and local) risk analysis, the possibility of conducting targeted, risk-based customs</p> |

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| | inspections is ensured. |
| MT | <i>No new developments to report since the Customs control strategy is of a dynamic nature in order to provide a well-targeted, risk-based customs control emanating from trends identified locally and by other Customs administrations from other Member States as well as by other relevant agencies. Thus it allows for a pro-active approach to identify possible new fraudulent import trends.</i> Some quality issues have nonetheless been identified when the reported information was analysed. When comparing the number of fraud and irregularity cases for 2009-13 with the figures from previous reports, it appears that there is a time gap between when the cases are detected and when they are reported via the OWNRES application. Although Member States' work to regularly update the information on cases of fraud and irregularities can only be welcomed, the timely reporting of fraud and irregularity cases should nevertheless be respected. |
| NL | The Dutch customs authorities take a risk-based approach, the success of which is apparent from the increase in the number of detected fraud cases. For instance, the launch of one of OLAF's biggest customs investigations in recent years, involving unlawful imports of solar panels, was based on information supplied by the Dutch customs authorities. The customs authorities conclude that there is no need for them to adapt their working methods. |
| AT | Austrian answer: "As points 1-8 either refer to specific other MS or do not specifically mention Austria, please do not expect any further comment on this document." (Ares(2015)553829) |
| PL | Based on statistical data from OWNRES, conclusions should not be drawn for Poland about a decrease in the number of fraud cases, which according to the system are as follows: 2012 (24), 2013 (17), 2014 (35). However, significant discrepancies in the number of cases of fraud reported in 2013 among Member States where the scale of freight traffic in foreign trade is likely to be similar may indicate that there is a risk of certain states taking a non-uniform approach to reporting cases classified as fraud. In the case of Poland, fraud cases reported in OWNRES concern actions relating to measures to stop cigarette smuggling. |
| PT | We wish to highlight the use of the SSA, which is an automatic selection system associated with the various customs declaration systems (import, export and others). It acts on the information contained in customs declarations and automatically selects targets and directs controls according to risk, thereby guaranteeing equivalent levels of risk analysis irrespective of the place of acceptance of the declaration. This results in more effective and efficient controls. Suspicions, evidence and actual fraud are processed via the SIIAF – an integrated anti-fraud customs information system – designed to merge the whole process of collating, processing and disseminating information and also the results of anti- |

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| | fraud operational activity. |
| RO | <p>According to General Directorate of Customs within the National Agency for Fiscal Administration, through the Working Rules/Regulation of organising and functioning of the General Directorate of Customs, powers and responsibilities on the risk assessment were given to all services within the specialized fields in Supervision and Control Customs. This measure allows organizational control strategy focused on risk management, on continuous improvement and development function of risk analysis, on monitoring and control customs.</p> <p>Through Strategic Plan of Action and Control of the National Agency for Fiscal Administration drafted and approved for 2015, General Customs Directorate must implement a number of strategic objectives regarding:</p> <ul style="list-style-type: none"> - strengthening customs control, - preventing fiscal evasion, - fighting tax evasion, - customs' fight against fraud. <p>To implement these strategic objectives, the strategic plan of action and control comprises a series of lines of action, indicators, responsible structure and deadlines for implementing specific activities, activities that cover both measures of operational character and also measures to strengthen risk analysis function and subsequently control activity, such as:</p> <ul style="list-style-type: none"> - implementation of risk profiles in national electronic system of risk management (RMF-RO) for treating potential/ proven identified risks - updating procedures/instructions specific to risk management activities - controlling and guiding territorial structures to ensure efficient monitoring and control actions - increasing quality in the subsequent control/investigations/verification of customs declarations - ulterior verifications regarding anti-dumping duties on goods released for free circulation, etc. |
| SI | <p>In Slovenia, the number of reported irregularities for the period 2007-2013 is increasing, which is a guarantee that the system of detection and reporting is actively working. At the same time the financial period is coming to an end, what results in an increase in the number of reported irregularities. With the increasing reporting, the suspected fraud is increasing. Some cases are reported as a case of fraud. Based on the</p> |

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| | <p>foregoing, we believe that the reporting system is operational and works in Slovenia.</p> <p>Financial Administration of the Republic of Slovenia describes measures implemented in 2013:</p> <p>At the level of the Republic of Slovenia the strategy against economic crime in the Republic of Slovenia for the period from 2012 to 2016 was adopted, which provided comprehensive measures in various fields. Financial Administration of the Republic of Slovenia is committed to improve the cooperation between the competent authorities, to changes in legislation, education, etc.</p> <p>With the aim of improving the efficiency for fraud detection by the import the Customs Administration (from 01.08.2014 onwards Financial Administration of the Republic of Slovenia) adopted a strategy in 2013. This strategy among others aims as well at improving the method of carrying out customs controls based on risk analysis and develop and manage methods of risk analysis and selectivity in the detection of illicit trafficking and crime.</p> |
| SK | <p>In 2014, the Commission informed the Tax Administration of the Slovak Republic of 34 cases of fraud or irregularity via the European Commission's OWNRES application. Compared to 2013, when only 8 cases were reported, this is a significant increase. This is the highest number of reported cases of fraud/irregularities per calendar year since 2005.</p> <p>The Slovak Tax Administration ensures, through the national automated risk profiling, targeted determination of the checks to be carried out at the time of customs clearance in order to avoid and eliminate the risk at importation into the EC. A separate system module has been used since 2006.</p> <p>All input from the internal and external environment, as well as the analytical activity of the Tax Administration itself, are incorporated into the risk profiling. Existing risk profiles are continually assessed and, where necessary, supplemented or modified. On the basis of the risk profiling and its results, the customs procedure at the time of the release of the goods involves document checks, partial or complete physical checks or taking samples.</p> |
| FI | <p>The customs has not informed further developments for this report compared to last year's report.</p> |
| SE | <p>Swedish Customs has a comprehensive control strategy. The strategy will contribute to better controlling results and methods, making more conscious priorities and using resources more efficiently. The strategy should ensure inter linkage and synergies between control, service and information in order to enable the operators to do things right from the start.</p> <p>The controls carried out by Customs should be based on well targeted analysis and focus on errors that are deliberate and formidable. During</p> |

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| | <p>2015 a new framework of intelligence will be implemented. The framework describes how intelligence on an overall basis will be performed. In addition to the new framework, the officers will be trained in e.g. business systems and logistics, to strengthen their analytical ability.</p> <p>Furthermore, Swedish Customs is currently developing a new risk management system. The new system will enable selection and analysis of all information that is submitted to Customs in every stage of the flow of goods. The system is expected to be implemented in October 2016. Integration with present systems and the future systems will be made as soon as possible after October 2016.</p> |
| UK | <p>HMRC has drafted and implemented an updated control strategy in June 2014 that outlines the procedures and structure of:</p> <ul style="list-style-type: none"> • The UK Customs authority • The stages of customs release procedures • UK approach to managing risk • The end to end risk map of the customs business, • The segmentation framework and behaviour model for customs businesses and the Intervention strategy for controlling and facilitating customs businesses |

Some quality issues have nonetheless been identified when the reported information was analysed. When comparing the number of fraud and irregularity cases for 2009-13 with the figures from previous reports, it appears that there is a time gap between when the cases are detected and when they are reported via the OWNRES application. Although Member States' work to regularly update the information on cases of fraud and irregularities can only be welcomed, the timely reporting of fraud and irregularity cases should nevertheless be respected.

RECOMMENDATION 6

Member States should step up work to ensure timely reporting on and updating of fraud and irregularity cases. To ensure effective monitoring and follow-up, reliable information on fraud and irregularity cases should be entered in OWNRES.

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| BE | <u>FPS FINANCE:</u> |
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| | <p>Same comment than the one formulated on recommendation 5: especially our last phrase that will complete the eventual remark of O&O_E&R. This new administration within BE Customs & Excise is responsible of the reporting in OWNRES.</p> <p><u>FEDER WALLONIE (ERDF WALLONIA):</u></p> <p>The irregularities found in Wallonia within programmes co-funded by the ERDF are regularly entered in the IMS notification system for irregularities</p> |
| BG | <p>As regards the reporting and validation of cases in OWNRES, Bulgaria has updated the details (names and contact details) of the staff of local customs departments responsible for sending information to the head office of the Customs Agency.</p> <p>In addition, the local departments of the Customs Agency have been instructed to update the information submitted to the head office on a regular basis.</p> |
| CZ | <p>There is a long-standing requirement on all departments in the prosecution service to keep the Supreme Public Prosecutor's Office notified of any criminal cases affecting the financial interests of the EU. As the AFCOS contact point on criminal matters, the Supreme Public Prosecutor's Office therefore has comprehensive information on criminal irregularities for the whole of the Czech Republic and it then uses this information to produce the regular quarterly reports on the status of all these criminal proceedings. These reports are sent to OLAF on a regular basis. To ensure effective exchange of information with OLAF, on the basis of the government-adopted National Strategy for the Protection of EU Financial Interests close cooperation has been set up between the Supreme Public Prosecutor's Office and the Czech Police (Corruption and Financial Crime Detection Section investigating criminal activities affecting the financial interests of the EU), so that information on ongoing investigations and other police activities is promptly shared.</p> <p>The customs authorities meet the notification requirement regarding cases of fraud and irregularities using the OWNRES database in accordance with Article 6(5) of Council Regulation 1150/2000. Under that Article each Member State is required to send the Commission a description of cases of fraud and irregularities detected within two months following the end of the quarter in which they were detected. In the case of the Czech Republic the OWNRES entries are in most cases made well within the time limit. Last year the Commission checked the OWNRES entries and, according to the information available, did not have any major observations to make on them. During the control visit to the Czech Republic the Commission representatives stressed that the Commission created the OWNRES application primarily for its own purposes regarding the public revenue aspect of the cases recorded and only secondarily for OLAF 's monitoring of irregularities and fraud.</p> |
| DK | <p>To ensure compliance with OWNRES reporting deadlines, the officials involved receive a deadline alert. There is good cooperation between</p> |

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| | <p>customs officials and those in Accounts. OWNRES cases are drawn up and reported according to the current rules and a link between the B account and the OWNRES reports is ensured.</p> <p>Internal guidelines have been created to ensure that SKAT settles EU own resources correctly. These guidelines are an overall description of the rules and procedures for all settlement of EU OWNRES (customs duties). These guidelines also describe the rules for OWNRES reporting.</p> |
| DE | <p>In reply to finding 3.4 in inspection report 14-2-1, the following points were made:</p> <p>Germany has introduced a number of measures designed to ensure that OWNRES contains accurate, reliable and up-to-date information:</p> <ul style="list-style-type: none"> • In addition to the user manual, instructions are available to services in the form of official guidelines. • OWNRES reports are validated by officials in the legal and expert supervision departments of the Federal Finance Directorates, through their main customs offices. • Since 2008, Germany has carried out annual database matching between the OWNRES and NIZZA databases (the German customs authority's cash management system). National checks are performed in respect of 'potential cases', 'outstanding cases' and 'discharged cases' and rectified as necessary. • Official meetings held at varying intervals exclusively examine the reporting of cases of fraud and irregularities pursuant to Article 6(5) of Regulation (EC, Euratom) No 1150/2000. The next such official meeting is scheduled for April 2015. • Since 2012, German customs authority officials have been able to attend a four-day course dealing specifically with traditional own resources. One of this course's main modules looks at how to report cases of fraud and irregularities pursuant to Article 6(5) of Regulation (EC, Euratom) No 1150/2000. <p>Overall, these measures are regarded as sufficient in terms of establishing the minimum requirements for high-quality data.</p> <p>According to 'Document ACOR/2014-12/agenda-04-en', presented to the Member States at ACOR's 162nd meeting of 4 December 2014, the Commission is satisfied with the position and will declare the report item closed. No further action is required from Germany.</p> <p>However, we would suggest once again that the Commission should adapt the OWNRES database, for which it assumes responsibility, to requirements. First, the database is not sufficiently user-friendly; second, the Commission requires that false information be knowingly entered. For instance, the database allows just a single valid administrative/financial stage. If tranches are handled differently (e.g. a tranche becomes irrecoverable and the Member State should assume financial liability for a further lost tranche), this cannot be displayed using the current matrix on stages in recovery.</p> |

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| EE | <p>Updates and additions to AM and RIF notices and alerts were introduced into the management instruction in the Tax and Customs Board to ensure even more effective risk management and feedback.</p> <p>The OLAF FIDE system is used for the handling of fraud.</p> |
| IE | <p>IE strives to ensure that our work in relation to OWNRES is addressed in line with requirements. Procedures are in place to ensure timely reporting and updating of fraud and irregularity cases and that the information entered is accurate to the extent reasonably possible, result from reliable systems and verifiable data and are in compliance with the relevant EU regulations, rules and guidance.</p> |
| EL | <p>AUTHORITY - Ministry of Finance - General Directorate of Customs and Excise Duties; Directorate: 33 Customs Audit</p> <p>The competent directorate of the customs administration has made the following observations:</p> <p>1) With regard to notifications on fraud affecting the EU’s own resources under Regulation (EU) No 1150/00, the competent Directorate of the Ministry of Finance (D33) provides oral and written instructions for compliance with the requirements of Community legislation, to all customs authorities. Circular order No D33A 5029264 EX2014 9/12/2014 (copy attached hereto) was issued for this purpose. It highlights the importance of correct notification and updating of data on cases of fraud and irregularities, making reference to the following specific points:</p> <ul style="list-style-type: none"> (a) Notification obligation under the OWNRES system; (b) Reconciliation of Accounting B with information sheets on fraud and irregularities; (c) Reconciliation of OWNRES and WOMIS; (d) Reconciliation of OWNRES and information sheets – Reg. No [Regulation (EC) No 515/97] (e) Reconciliation of OWNRES and data on cigarette smuggling. <p>2) The two Customs Audit Authorities (CAAs) of Attica and Thessaloniki, that are carrying out inspections at the judicial departments of customs offices with regard to the proper implementation of procedures, ensure that new information sheets on fraud and irregularities are filled-in properly and that older sheets are properly updated. Reference to their role is also made in the aforementioned order.</p> <p>3) Training on proper notification and updating of data on cases of fraud and irregularities was provided, inter alia, in the context of the 2014 training programme for customs authorities on the new ICISnet information system and, in particular, the subsystem of information and special</p> |

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| | cases. |
| ES | As a result of DG Budget's inspection in Spain, which included checks on the content of the OWNRES forms, work is under way to adopt the necessary measures to encourage reporting using the forms, ensure that the forms are kept up to date and that the information they contain is complete. |
| FR | In 2014, the DGDDI launched a large-scale audit of the OWNRES system to improve the detection and reporting of fraud and irregularities related to traditional own resources uncovered by its services. Reasons were identified for possible delays between case detection and notification via OWNRES. Resulting primarily from differing interpretations of the concepts of 'booking' (in the budgetary sense) and of 'fraud or irregularity cases' (a legal concept implying that notification of the offence has been given), these delays, notwithstanding some long-running individual cases relating to the right to be heard, did not have a significant impact on the notification procedure beyond an extra three months. New instructions are currently being drafted based on the conclusions of this audit and these will be circulated during the first half of 2015, which will lead to a new framework for implementation and improved reliability of information reported. |
| HR | In the period 01.07.2013. - 31.12. 2013., the Republic of Croatia has entered eight cases of fraud and irregularities (5 fraud cases and 3 irregularity cases). All cases were approved on time and obtained the number of quarter in which they were discovered. Additionally, European Commission document " <i>Follow-up recommendations to the Commission report on the protection of the EU's financial interests fight against fraud, in 2013</i> " along with the Recommendations 5 and 6 was forwarded to the relevant operators in the regional customs offices, which reveal and enter cases to OWNRES (i.e. customs officers that are appointed to enter cases in OWNRES application) as well as they were also informed about the importance of this recommendation. |
| IT | When it comes to reporting under the OWNRES system, Italy is particularly attentive both to the time limits for transmission, which have never been missed, and to ensuring that all information provided is complete and correct. Every quarter a meticulous cross-control is carried out between the OWNRES and the separate account results in terms of the entries, discharges (where amounts have been recovered, declared irrecoverable or made available) and corrections at every operational office. A consistency check between the various items entered in the system is also carried out each quarter in respect of new cases. |
| CY | As regards the Department of Customs and Excise of the Republic of Cyprus, an internal process was established in order to ensure timely |

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| | reporting on and updating of fraud and irregularity cases, effecting monitoring, reliable information on fraud and irregularity cases in OWNRES. |
| LV | <p>The newest version of the State Revenue Service's internal rules that let down the procedure for preparation of the reports on fraud and irregularities, recovery and for registration of the information in OWNRES system is approved on 19.12.2013. In order to meet the deadline set by Article 6.5 of Council Regulation (EC, EURATOM) No 1150/2000 of 22 May 2000 implementing Decision 2007/436/EC, Euratom on the system of the European Communities own resources the above mentioned procedure sets the time limit of four weeks (after the date when calculation of customs debt or possible customs debt is approved) for submitting the information to the responsible Unit with a view of its' registration in OWNRES.</p> <p>The State Revenue Service' National Customs Board Unit that is responsible for the management of the "B" account, is also responsible for gathering and entering of information in OWNRES. In order to reveal the gaps and mismatches this Unit cross-check the data entered in the "B" account and reported via OWNRES, also reminds regularly on the importance of timely, complete and reliable reporting.</p> |
| LT | <p>In order to ensure that information concerning infringements and fraud is entered into the European Commission's OWNRES properly and on time, in 2004 the Lithuanian customs authorities adopted rules on entering information concerning infringements and fraud linked to European Union traditional own resources falling within their competence into the European Commission's OWNRES system. These have been updated several times and continue to remain in force. Checks on the correctness and timely submission of data entered into the OWNRES system are made in several ways.</p> <p>Persons have been appointed (processors) to enter information into the OWNRES system, as have information validators. Processors must ensure that data entered into the OWNRES system are consistent with the data entered into the tax accounting and control system. Validators check whether the form and content of the information entered into OWNRES by processors meets the requirements laid down. In addition, the competent local customs officials are obliged to inform the processor of any changes (appeal cases, amounts recovered, etc.) concerning cases previously registered in OWNRES.</p> <p>The correctness of OWNRES data is also ensured by the rules on checking the correctness of data contained in reports relating to the Communities' own resources. Under these rules, local customs officers are required to check the correctness of data submitted for the purposes of drawing up reports on EU own resources at least once every quarter. During these checks, it is also ensured that OWNRES and the B account data tally. The correctness of OWNRES data must also be periodically verified by officials of the Customs Department under the Tax Administration Division of the Ministry of Finance. Errors relating to OWNRES data are rarely detected during these checks. We consider the</p> |

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| | existing control measures to be sufficient. |
| LU | Measures taken to ensure timely reporting on, and updating of, fraud and irregularity cases, effective monitoring, reliable information on fraud and irregularity cases in OWNRES. |
| HU | <p>The relevant internal order of NAV regarding procedures relating to irregularity reports and issued by the President of NAV prescribes that irregularities detected and subject to a reporting obligation are entered by the body or organisational unit detecting them in the OWNRES system within eight working days following the availability of the information serving as a basis for the report, which is approved on the following working day. Thus, the timely reporting of fraud cases and irregularities is ensured. The regulation referred to above requires with respect to the updating of information that the officer entering it should continuously update the measures introduced in connection with the irregularities previously detected and entered in the OWNRES system and their results in the OWNRES system.</p> <p>The Commission's Directorate-General for the Budget carried out an inspection in Hungary with regard to its traditional own funds between 13 and 18 September 2013, during which it was established that certain customs bodies reported the establishment of customs debts exceeding EUR 10,000, arising as a result of subsequent procedures conducted on the proposal of clients, in the OWNRES system, while the reasons for the modifications did not imply either fraud or irregularities. On the basis of the contents of the report submitted to the Commission, it is not warranted to make OWNRES reports in the case of the establishment of customs debts arising as a result of subsequent procedures conducted on the proposal of clients if no sign implying fraud or irregularity is found, while the amount of the customs debt established exceeds EUR 10,000. The bodies concerned have been informed about this.</p> |
| MT | The reporting process has been reviewed so that the time lag between the detection of irregularities and the submission of the report on OWNRES will be reduced to a minimum. The reporting mechanism has been modified so that the relevant sections of the Department complete the form (information sheet for reporting an OWNRES case of fraud and irregularity of duties exceeding €10,000) and include it in the respective file for every specific fraud case. Thus the Customs Debt Unit is in a position to minimise the time lag between the detection of irregularities by the responsible section and the submission of the report in OWNRES. |
| NL | All irregularities relating to breaches of customs regulations involving more than 10 000 euro in duty are entered in OWNRES, in compliance with EU legislation. This recommendation endorses the current procedure. |

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| AT | Austrian answer: "As points 1-8 either refer to specific other MS or do not specifically mention Austria, please do not expect any further comment on this document." (Ares(2015)553829) |
| PL | Issues surrounding the OWNRES system in Poland are regulated by a decree from the Minister of Finance on reporting cases of detected fraud and irregularities concerning traditional EU own resources exceeding EUR 10 000 in OWNRES. This decree specifically regulates, inter alia, the timely reporting of cases of fraud and irregularities, according to which data is input and updated on a monthly basis by the 15th day of the following month. Within supervision provided by the competent institution, proper flow of information within the system is verified and the transferred data is validated and verified. Cases are confirmed by the deadline outlined in regulation 1150/2000, i.e. within two months of the end of each quarter in which irregularities or fraud are detected. The audit performed by the Supreme Audit Office in 2014 for detected irregularities and fraud reported in 2013 in OWNRES showed that the cases reported to the Commission were taken into the system correctly. |
| PT | Nothing of any significance to report. |
| RO | According to the National Agency for Fiscal Administration, fraud/irregularities detected in the period 2009-2013, were reported online through OWNRES system in due time, in accordance with the legal provisions in force. Regarding cases of cigarette smuggling, there is a gap between committing the offense and imposing the customs debt established by the courts in criminal sentence (which is the documentary evidence for the result communicated through OWNRES) due to criminal proceedings. |
| SI | The Managing Authority notes that the biggest problem in the context of reporting of irregularities lies in the period between detection of an irregularity and the actual reporting. Therefore, the Managing Authority monitors all incoming audit reports of national and European supervisory authorities and the inspection reports on the spot in order to ensure the adequacy and accuracy checks. In addition, the Managing Authority also asks the respondents - intermediate bodies, in the case of open irregularities, to close/complete them as soon as possible (Art.5). Customs Administration of the Republic of Slovenia (from 01.08.2014 onwards Financial Administration of the Republic of Slovenia) is ensuring effective control on the level of the General Customs Office by internal professional supervision of customs offices work. Several times a year the timeliness and correctness of entry in the OWNRES application is verified. Certifying Authority (CA) regularly monitors all audit reports, reports on the controls carried out on the spot and quarterly reports on irregularities. In the case of irregularities which have financial implications, CA issues a request for the reimbursement to the Managing authority or an intermediate body that have to take care of the funds return within their authorization. CA also carries out checks for the |

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| | purposes of certification of the managing authority or intermediate bodies and reviews the adequacy of procedures and controls that they carry out. Based on their findings may propose to the managing authority or intermediate body to carry out checks on the spot. |
| SK | <p>In order to improve activities in the area of traditional own resources and the management of the OWNRES database, the agenda mentioned was placed within the organisational structure of the Slovak Finance Administration as of 1 July 2014, in the Tax and Customs Section. A team was set up, which cooperates closely with staff at regional level who are responsible for recording cases in the OWNRES application. To allow more rapid collection of information and subsequent entry of this information in OWNRES, staff at regional level are guaranteed access rights to the national ACIS application. In the coming days, training for the employees referred to above will be carried out.</p> <p>In 2014 notifications of fraud or irregularities registered by the Slovak Tax Administration in OWNRES were recorded in accordance with Article 2 of Council Regulation (EC, Euratom) No 1150/2000 implementing Decision 2007/436/EC, Euratom on the system of the European Communities' own resources.</p> |
| FI | No information received from the customs. |
| SE | In accordance with Council Regulation 1150/2000, Swedish Customs reports irregularities and fraud on a quarterly basis. Swedish Customs is currently updating its procedures regarding the reporting on irregularities and fraud in OWNRES, in order to ensure a more efficient and correct reporting. |
| UK | As regards frauds & irregularities involving traditional own resource revenue, HMRC conducts regular checks (i.e. twice weekly) to identify post clearance demands involving €10k+ to be keyed to OWNRES. Monitoring of older cases is ongoing to ensure timely updates and closure where necessary. The task represents a large percentage of the administrative staff's overall work. Where information classed by OWNRES as mandatory has not been provided follow up inquiries are made to ensure full details are received from the case officer. |

3.2.2. *Expenditure: a developing landscape*

On the expenditure side, the changes in the number of fraudulent irregularities reported in the last five years are more difficult to interpret (decreasing in 2009-11, and then increasing in the following two years). However, it seems to be more linked to the fact that most of spending programmes are multi-annual (structural and rural development funds and Pre-accession assistance).

An unexpected change was observed in 2013 in the agricultural sector (with significantly more cases of potential fraud detected and reported); this could be the result of *ad hoc* investigations and might not be confirmed in future years.

However, the role of the managing authorities in detecting fraud has been growing, in particular since 2012. Their role should grow further in the coming years, thanks to the recently developed anti-fraud strategies that will be fully implemented in 2014-20.

RECOMMENDATION 7

The Commission recommends that Member States correctly implement the EU’s anti-fraud rules, based on carefully prepared and up-to-date fraud risk assessments, and supported by adequate IT tools that will help to better target checks. Structured coordination (exchange of data and information) between anti-fraud bodies and managing authorities has proved to be a best practice and should be implemented in all Member States.

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| <p>BE</p> | <p>The Belgian AFCOS has been designated in 2013, however the day-to-day functioning of AFCOS is still in a process of optimizing.</p> <p><u>FEDER WALLONIE (ERDF WALLONIA):</u></p> <p>AFCOS, in the same way as Belgium's FPS Foreign Affairs, should be granted IMS access for consultation purposes.</p> <p><u>ESF VLAANDEREN:</u></p> <p>The form this cooperation will take is still being studied, but Flanders believes that it should make allowances for Belgium's institutional structures.</p> |
| <p>BG</p> | <p>By Decision No 53 of 17 December 2014 of the Council of Ministers, a National strategy for preventing and combating irregularities and fraud with implications for the financial interests of the European Union for the period 2014–2020 was adopted.</p> <p>The National Strategy is in line with the new initiatives for protection of the financial interests of the Union at Community level and takes into</p> |

account the Commission's recommendations. On the basis of an analysis of the mechanism for protection of the financial interests of the European Union, it outlines the irregularities reported during the period 2007–2013, the problem areas identified, and the strategic goals and actions to be taken by the bodies involved in the management and control of the disbursement of EU funds and by the revenue and law enforcement agencies responsible for combating irregularities and fraud with implications for revenue and spending at Community level.

The main goal of the National Strategy is to ensure a higher level of protection of the financial interests of the EU through the achievement of four strategic goals. The first goal is step up prevention through better legislation, strengthening of the administrative capacity, transparency and public access to information, maintaining integrated databases and systems that enable reporting and the exchange of information. The second strategic goal — more efficient detection and combating of irregularities and fraud — will be achieved through strengthening of the cooperation and interaction between revenue authorities, conducting robust internal controls, and interaction between government bodies, the private sector, non-governmental organisations and civil society and improvement of the system for the exchange of information about irregularities and fraud, and reliance on advanced information technologies and electronic management in the administration of irregularities. The third strategic goal is to strengthen cooperation with OLAF and the competent bodies of the EU and other Member States and the fourth one is to raise the efficiency of investigations, recovery action and the levying of penalties. The national rules on imposing penalties will be streamlined, clear and expeditious recovery procedures will be put in place and the efficiency of administrative and penal proceedings will be improved.

In connection with the **exchange of information between the managing authorities and anti-fraud bodies**, the Managing Authorities of operational programmes keep separate registers of notified and identified irregularities, and report the information contained therein to the AFCOS Directorate of the MVR on a quarterly basis.

The Managing Authorities of operational programmes have an obligation to report irregularities and fraud via two electronic systems:

- the Information System for Management and Monitoring of EU Funds (MMIS), which contains a dedicated Irregularities module and enables the reporting of all detected and registered irregularities covered by Articles 28(2) and 36(1) of Commission Regulation (EC) No 1828/2006 (this category of irregularities are not reported to OLAF but must be reported to the AFCOS Directorate at national level);
- the Irregularity Management System (IMS), which is used to report irregularities and fraud covered by Article 28(1) of Commission Regulation (EC) No 1828/2006 (irregularities reported to OLAF).

Management and monitoring information system for the period 2014–2020 (MMIS 2020)

A single Information System (MMIS 2020) will be used during the programming period 2014–2020 for the management and monitoring of the following operational programmes cofinanced by the European Structural and Investment Funds (ESIF): Transport and Transport Infrastructure; Environment, Regions in Growth; Innovation and Competitiveness; Good Governance; Human Resources Development; Science and Smart Growth; Rural Development Programme 2014–2020; and Development of the Fisheries Sector 2014–2020. In accordance with Contract MS-96 of 29 July 2014 concluded with a view to enabling the functioning of the MMIS 2020, the functionalities of the information system used during the programming period 2007–2013 will be further developed. The MMIS 2020 will have a significantly higher capacity for the storage and processing of structured information about projects, applicants, beneficiaries, partners, contractors, payments made, types of expenditure, etc. In addition, the system will be equipped with functionalities enabling the exchange of information with the National Statistical Institute, the Company Register, the BULSTAT Register, the *De minimis* and State Aid registers, etc. This will improve the analytical capability of MMIS 2020, including the possibilities to generate reports to be used to prevent and combat fraud, including by means of conducting checks to verify the absence of double financing, monitoring and conducting analyses and assessments. The expanded functionalities are a further guarantee for the detection and prevention of fraud and irregularities with implications for the operational programmes.

Arachne Bulgaria plans to introduce and use the Arachne system developed by the European Commission as a risk assessment instrument for the operational programmes. Thus, a software tool will be available for daily use that enables identification of the projects that carry the highest risk and ensures a possibility for the systematic monitoring and review of information about projects, beneficiaries, contracts and contractors from internal and external sources over extended periods of time. Following extensive communication with the Commission, data from the Management and Monitoring Information System (MMIS) about all operational programmes has been submitted for processing to enable the final software configuration. In addition, the use of Arachne as a risk assessment tool will be included in the description of the management and control systems of the Managing Authorities.

The information alleging irregularities is administered in accordance with the procedures and within the time periods stipulated in the Regulation laying down the procedures for the administration of irregularities with implications for funds, instruments and programmes cofinanced by the European Union. The information concerning alerts and irregularities is entered into the MMIS and IMS in a timely manner by the officers responsible for irregularities and it is used by the Certifying Authority (CA) for the purposes of certifying expenditure and drawing up declarations in respect of the amounts written off and recovered, those to be recovered and non-recoverable amounts.

When reviewing documents or upon the receipt of letters (by post or via the electronic reporting system of the Ministry of Finance), complaints and information about irregularities on the part of natural or legal persons within the competence of bodies other than the CA, which are covered by the definitions of irregularity and fraud, may be detected. In this case, the CA registers the alleged irregularity under the respective

operational programme in the dedicated register and notifies the unit or body concerned. When the information received contains indications of fraud, the competent law enforcement bodies (Prosecutor's Office) and the AFCOS Directorate are notified. The operating procedures manuals of the Certifying Authority for the programming periods 2007–2013 and 2014–2020, respectively, contain detailed procedures for reporting irregularities/suspected fraud to be followed by the staff of the CA in accordance with the Regulation laying down the procedures for the administration of irregularities with implications for funds, instruments and programmes cofinanced by the European Union. All employees of the Certifying Authority have access to the Irregularities register in which the alerts within the competence of bodies other than the CA are entered in connection with the certification of expenditure incurred under the operational programmes.

As regards **information alleging** irregularities, it should be noted that the Managing Authorities have stepped up their efforts to verify the reliability of information and conduct checks on sources through feedback and collecting verification information via different channels. The Managing Authorities conduct detailed checks to verify the information contained in each report that may subsequently be qualified as 'suspected fraud'. Feedback is sent to the party that reported the alleged irregularity in each case with a view to collecting, obtaining and compiling a summary of the information received. Unannounced on-the-spot checks are conducted as necessary to establish the facts, obtain documentary evidence to be sent to the competent law enforcement bodies, and identify the presence or absence of intentional behaviour or deception.

Since the beginning of 2014, information has been entered into the information systems of the Managing Authorities where the alleged infringement is corroborated by written evidence, which is frequently not only cited but also sent via the systems as attachments and appears in the file of the irregularity concerned. Information is updated on a regular basis by modifying the details of the irregularity in the electronic systems. Detailed checks are conducted when information about suspected fraud or conflicts of interest is received. In connection with this, information from a broad range of public sources and available grant agreement/public procurement documentation is collected with the assistance of all interested administrative services or competent bodies. The competent law enforcement and control bodies (Police, Investigation Service, Prosecutor's Office and courts) are notified with a request to take action, depending on the competence of the body concerned. On-the-spot checks are conducted without prior notification to the grant beneficiary. The respective fraud indicator is reported to the AFCOS Directorate of the MVR in line with the Regulation adopted by Decree No 285/2009 of the Council of Ministers and the rules laid down in Section *Irregularities* of the Procedures Manual of the Managing Authority of the operational programme. Where the suspected fraud is verified (by modifying the information about the irregularity in which fraud is suspected) a 100 % financial correction is imposed on the respective project component (concluded contract, activity and/or budget heading). The information about registered irregularities and fraud is updated and reported on a regular basis with a view to ensuring adequate traceability of the progress of verifications and/or administrative

proceedings.

On 1 February 2014, an **Administrative Investigations Unit** within the AFCOS Directorate of the MVR was established. Its tasks include conducting administrative checks with a view to detecting irregularities with implications for the financial interests of the EU (administrative investigations). As of 31 December 2014, the Administrative Investigations Unit had instituted proceedings in 50 cases following the receipt of information on alleged irregularities. Seven administrative investigations have been completed. No recommendations for follow-up action were given in the three cases in which infringements were not identified. In four cases irregularities at project level were detected during the course of the administrative investigation under the operational programmes Environment, Regional Development, Rural Development and Development of the Fisheries Sector. Recommendations for the recovery of the amount of BGN 11 921 826 were given and the cases have been referred to the Bulgarian Prosecutor's Office.

A **Permanent Working Group on Irregularities** (PRGN) was established. It operates under the supervision of the AFCOS Directorate and comprises 34 members, including officials from the AFCOS Directorate and the relevant institutions: Managing Authorities, Certifying Authorities and Audit Authorities. The PRGN is responsible for identifying and reviewing specific problem cases that are very complex or cases that are ambiguous, and for exchanging experiences, good practices and information about new fraudulent practices.

All Managing Authorities maintain open lines of communication with the AFCOS Directorate of the MVR on issues such as methodological guidance on the administration and reporting of irregularities but, equally, for the purposes of conducting on-the-spot checks when special assistance from investigating bodies is required.

With regard to the **information systems put in place in several Managing Authorities of operational programmes**, it should be noted that the Directorate-General for the Management of Territorial Cooperation of the Ministry of Regional Development and Public Works has developed an **integrated management information system** (for the programmes for which it is responsible as designated Managing Authority) with different levels of access and protection, which enables project documentation to be entered, stored and monitored in a separate section. It is further equipped with a functionality enabling information to be entered about each irregularity/suspected fraud detected. The relevant information about irregularities is accessible from the different modules, which enables full traceability of the administration of irregularities from the date on which they occurred until the case is closed/a financial correction is imposed. The information is used by the working groups set up within the administrative service for risk assessment at project and programme level in order to identify potential deficiencies in the management and control system and for overall fraud risk assessment. During the programming period 2014–2020 full access to the electronic system will be granted to the AFCOS Directorate of the MVR and the Managing Authority of the Operational Programme on Regional Development (OPRD) will develop a dedicated **information system for the needs of the MA of the OPRD**, equipped with a functionality for

cross-referencing all information about irregularities or fraud received by or generated within the Managing Authority to the risk assessment system set up under the operational programme. It will provide input for fraud risk assessment both at the level of each structural unit of the MA and each individual beneficiary to be conducted by use of the IT tool described.

The management and control systems of the **Operational Programme on Human Resources Development (OPHRD)** referred to in the Manual on the management and implementation of the operational programme during the period 2014–2020 are fully in line with the Commission’s Guidelines and the annexes thereto. The manual contains a procedure for detecting and reporting irregularities that has been modified to ensure compliance with the provisions laid down in Regulation (EU) No 1303/2013. A detailed description of the rules and procedure for the detecting, reporting and follow-up on irregularities/fraud is set out in Chapter 12 *Irregularities* of the Manual. The system is similar to the one currently used. The requirement for risk assessment in the context of the anti-fraud effort during the period 2014–2020 has been taken into account and is an integral component of the management and control systems of the OPHRD 2014–2020, including the risk assessment system for the operational programme. The description of the systems and the manual were approved on 26 and 14 January 2015, respectively, and their accreditation by the Audit of EU Funds Executive Agency is forthcoming.

The **Managing Authority of the Operational Programme on the Environment (OPE)** is currently developing a **comprehensive risk assessment strategy**, which includes a fraud risk assessment component. It is based on the Commission’s Guidance Note on fraud risk assessment for the programming period 2014–2020 and Guidelines for national anti-fraud strategies for the European Structural and Investment Funds. The specific steps to be taken by the Managing Authority against fraud will be set out in detail in the MA procedures manual.

For a second year after introducing the principle of **effectively structured coordination**, in 2014 the State Fund for Agriculture (DFZ) continued to follow the model to ensure coordination between the Anti-Fraud Department and the Directorates responsible for direct payments. Three checks were conducted in accordance with Article 28(1) of the Rules of Procedure of the DFZ. Risk analysis is conducted by use of **IACS, a specialist software product** that allows for analyses on the basis of different risk criteria, and generation of project samples, grant applications and payment requests for the purposes of the *ex post* controls conducted by the Anti-Fraud Directorate. As a result of a meticulously conducted risk analysis with input from the Anti-Fraud Department, the Direct Payments Department and the Technical Inspection Service Directorate, a number of high-risk beneficiaries have been identified. The outcome of the checks conducted to date, on the basis of thorough and up-to-date fraud risk assessments using appropriate IT instruments, demonstrate conclusively that the checks being carried out are much better targeted. The considerable number of beneficiaries having submitted applications that involve suspected fraud is a reliable indicator that the principle of structured coordination (data and information exchange) between the bodies concerned in the fight against fraud and the managing authorities and paying agencies is a good practice and should continue to be applied in the future.

The **Axter Popeye information system** is designed to enable the management of projects cofinanced by EU funds by the Fisheries and Aquacultures Executive Agency (IARA) in its capacity as designated Managing Authority. It is used for the registration of grant applications by the local departments of the IARA, subsequent processing of project information by officials at the Agency's head office, the entry of information into standard registers and generating different reports on applications and projects by the competent officials. The software product used for the processing of project information and collecting data to be transmitted via the Axter Popeye system of the European Commission ensured a fully automated process of acceptance, registration and evaluation of project applications under the Operational Programme on Development of the Fisheries Sector (OPDFS) for the period 2007–2013 and provided a sound basis for the management and monitoring of the programme. The Axter Popeye information system is equipped with an interface to the management and monitoring system for the Structural Funds and the Cohesion Fund of the European Union in Bulgaria (MMIS) with a view to making appropriate administrative arrangements for cooperation and control of the entry, update and electronic exchange of information between the two systems. Designated officials from the European Fisheries Fund Directorate have access to both the MMIS and the Integrated Administration and Control System (IACS) for the purposes of the administrative checks conducted on payments requests under projects implemented under the Operational Programme on Rural Development (OPRD).

The Specialist Directorate for Financial Intelligence of the State Agency for National Security (DANS) is a beneficiary under a project implemented under the Operational Programme on Administrative Capacity (OPAC) for the development of an **information and communication system and a secure web portal for the provision of electronic services to the public administration, businesses and citizens** in relation to the implementation of measures to combat money laundering and terrorist financing. The project, with a scheduled completion deadline in the second half of 2015, will enable the persons referred to in Article 3(2) and 3(3) of the ZMIP to transfer electronically information on the performance of their obligations for the reporting of suspicious operations and the development of internal rules on the control and prevention of money laundering and terrorist financing, thereby accelerating and enhancing the efficiency of communication and the subsequent processing of information by the Specialist Administrative Directorate Financial Intelligence of the DANS.

The Bulgarian Prosecutor's Office has put in place and is now using a **Single Information System (SIS)**, which enables the entry, storage and traceability of uniform case and other information from the institution of proceedings up to the issuance of an injunction in the case. A separate functionality ensures that all court decisions are available (as electronic attachments) in case folders. Depending on access authorisations, the SIS may be used by:

- each prosecutor (and investigating magistrate) at first-instance level for the purposes of the cases and proceedings allocated to them;

- more senior prosecutors for the purposes of conducting *ex officio* checks and case reviews;
- the heads of the respective prosecution offices for the purposes of administrative control, including the checks envisaged in the Judiciary Act (ZSV) to ensure compliance with the time periods for conducting investigations and adopting decisions.

The following electronic registers have been developed (on the basis of the information entered into the SIS):

- Register of persons subject to pending criminal proceedings;
- Register to monitor compliance with the time periods laid down in procedural law;
- Register of persons remanded in custody;
- Register of the time periods laid down in the Criminal Procedure Code;
- Register of pending cases;
- Register of acquittals.

Funds are available to ensure that each prosecutor and investigating magistrate has access to the national information systems database, including identity documents, the company register, etc. The SIS comprises a communication module equipped with an interface to the Single Crime Prevention Information System.

In connection with cooperation and data exchange, the PRB is considering updating the joint guidelines on the exchange of information with the AFCOS Directorate of the MVR. The statistical information that the Prosecutor's Office provides about crimes with implications for the financial interests of the EU includes details such as the date of instituting criminal proceedings, and their progress and outcome, throughout the trial phase and up to the entry into force of the decisions handed down by the courts. As regards the information about the different types of programmes (which cannot be generated automatically), the IT Directorate is examining the data export software functionalities of the SIS version currently used.

The Prosecutor's Office conducts monthly analyses of high-profile cases involving corruption or crimes with implications for the financial interests of the EU. The analyses cover the previous month and outline the progress made in relation to the previous five months and the same period in the previous year. Along with other information about the package of measures, trends are identified to enable senior officials in the Prosecutor's Office to determine the need for follow-up action.

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| | <p>In 2013, proceedings were instituted in 179 new cases in respect of financial fraud with implications for the financial interests of the EU. Of these, 103 cases have been brought to court and 96 convictions have been obtained. This information has been obtained from the Report of the Prosecutor-General on law enforcement and the activity of prosecution and investigation services in 2013 and the Analysis of the work of the Prosecutor's Office during the first three quarters of 2014.</p> <p>During the latter period the Prosecutor's Office supervised proceedings in 349 pre-trial proceedings concerning abuse of EU funds and proceedings were instituted in 117 new cases. Proceedings have been concluded in 154 cases in which 98 injunctions were issued against 113 accused parties. A total of 64 sentences and 2 acquittals have entered into force.</p> |
| CZ | <p>In connection with information exchange on suspected criminal acts involving financial resources received from EU funds, last year the Supreme Public Prosecutor's Office stepped up cooperation with the central bodies that audit subsidies co-financed from European funds and public procurement. Specifically, a formal agreement was concluded on cooperation between the Supreme Public Prosecutor's Office and the Supreme Audit Office, on the basis of which joint training is conducted and information exchanged, including information reporting suspected criminal acts, which the Supreme Public Prosecutor's Office then takes the necessary action to investigate. The Supreme Public Prosecutor's Office has entered into similar cooperation with the Office for the Protection of Competition, including exchanging information and experience within the Office's remit on scrutinising the conduct of public procurement procedures.</p> <p>The Czech Republic has a long-standing tradition of focusing on eliminating risks potentially threatening EU traditional own resources. In connection it is essential for there to be communication between the centre processing the risk information and the body actually carrying out the checks. Post-clearance checks on goods are one of the mechanisms used for this purpose. Selecting which traders need to be checked because they present a risk is one of the key factors affecting the effectiveness of the checks then carried out. The Automatic Risk Assessment (ARA) application referred to above was created for this purpose. This application can collate the risk factors entered and automatically process them in relation to traders to be checked. Search queries identify specific traders and the customs declarations at risk. Rules have also been introduced on communication between the central level (Directorate-General for Customs) and the operational departments (customs offices). Risk analyses are carried out at central level regarding potential infringements of the law. Where a risk is identified as real, it is reported to the customs office concerned proposing specific action or a thematic area to be looked at and the customs office then reports back on whether the identified risk was substantiated or not. This system is highly effective. The effectiveness of post clearance checks on goods currently stands at 86.8%.</p> |

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| <p>DK</p> | <p>Cooperation concerning EU anti-fraud rules in Denmark takes place between authorities in the AFCOS network. Anti-fraud legislation is implemented in the field of agriculture by the Danish AgriFish Agency, for the structural funds by the Danish Business Agency and for customs by SKAT. The Public Prosecutor for Economic and International Crime (SØIK) is the competent authority for the investigation of crimes involving EU funds, while the AFCOS (Ministry of Finance) undertakes overall coordination of cases with horizontal relevance.</p> <p>Regular meetings are held in the AFCOS network, at which there is a general exchange of experiences and information. Besides this, the individual authorities in the network cooperate directly with each other.</p> <p>Cooperation between the AgriFish Agency and SKAT has been formalised in the form of a cooperation agreement which lays down that "SKAT and the AgriFish Agency will on a mutual and ongoing basis inform each other of relevant events and information, including suspicions of unlawful imports/exports/transits, falsified documents and suchlike" (cooperation agreement of June 2014).</p> <p>Concerning the structural funds, an initial test of the usefulness of Arachne in the management of structural funds has begun. The initial test, and any further use of Arachne, however, needs to be further clarified in terms of Danish data protection legislation.</p> <p>Cooperation between the managing authorities and the Public Prosecutor for Serious Economic and International Crime is coordinated inter alia via AFCOS. If there is a case of suspected fraud involving EU funds which confers financial gain on the beneficiary and for which no administrative sanctions are available, the case is to be reported to the police. SØIK is responsible for registering such notifications.</p> <p>Actual cases and any transfers are discussed directly between the managing authority and SØIK. A communication on the notification of cases of fraud is currently being audited by the National Auditor, and the NA will issue guidelines for the police's handling of notifications of cases of fraud involving EU funds.</p> |
| <p>DE</p> | <p>Implementing measures for the EU's anti-fraud provisions in the agriculture and fisheries sector are well advanced.</p> <p>In agriculture, a working party has developed guidance which paying agencies are expected to use as their basis when implementing the anti-fraud measures. The first anti-fraud manuals have already been produced and are being used in order to ensure that, inter alia, more targeted inspections can also be carried out. In fisheries, bilateral talks have been held with the European Commission. As a result, the administrative authorities have been offered help with implementing the fraud risk assessment and strategy for proportionate anti-fraud measures, and advised on their correct application. These anti-fraud measures also stipulate how suspected cases should be forwarded to the competent investigative authorities.</p> <p>Germany takes a 'zero-tolerance' approach to fraud, as stipulated by the Commission. The Structural Funds do not appear to contain any</p> |

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| | legislative provision for the mandatory use of IT tools in the fight against fraud. Germany therefore invites the Commission to confine itself to requesting proportionate measures. |
| EE | <p>An access to the project databases (Management Information System) is given to main partners as the Police and Tax and Customs Board. Information on new irregularity cases reaches to them within two weeks from the moment the detection and notification by the 2nd level Intermediate Body has occurred. Our implementing entities have regular and ad-hoc meetings with the Police officials and joint training courses or seminars. We have contacts in law enforcement institutions, who we send all doubtful information to in order to consult with them if there are any signs of crime.</p> <p>Regarding the 2014-2020 European Structural and Investment Funds (ESIF) Estonia has adopted fraud risk assessment tools outlined in the Commission guidelines and launched risk assessment in 2014. In the Management Information System double financing is checked at the expenditure level and necessary cross-checks have been developed.</p> |
| IE | Effective and proportionate anti-fraud measures, taking into account the risks identified are being put in place by the Managing Authorities of the relevant ESI funded operational programmes for 2014-2020 in accordance with Article 125 (4) (c) and Annex XIII of the Common Provision Regulation. |
| EL | <p>AUTHORITY Ministry of Economy, Infrastructure, Shipping and Tourism</p> <p>As mentioned earlier (answer to recommendation 3), the Management and Control System (MCS) of the 2014-2020 Programming Period, to be implemented by Managing Authorities (MAs), will include specific procedures for preventing and combating fraud. Article 52 of Law 4313/2014 on the NSRF 2014 2020 sets out the creation of an Internal Cooperation Network between all Departments involved in the management of structural actions, coordinated by the Special Institutional Support Authority (SISA). A team will be established within each Managing Authority, which will be responsible for assessing fraud risks, making recommendations on corrective measures and reporting results to the Internal Network in question. The Network will examine the reports of Managing Authorities (MAs) on the assessment of fraud risks and the anti-fraud measures adopted. The results of reports may lead to further guidelines or clarifications. Therefore, the contribution of Managing Authorities (MAs) to preventing and combating fraud is expected to be further improved in the years to come.</p> <p>Regarding cooperation at the national level, in addition to the individual cooperation initiatives launched in previous years, the creation of a Cooperation Network for the National Anti-Fraud Strategy in Structural Actions was proposed in January 2014, at the initiative of the Secretariat-General of Public Investments (SGPI-NSRF), between the following departments: Secretariat-General of Public Investments NSRF,</p> |

Financial Audit Committee, Financial and Economic Crime Unit, National Anti-Corruption Coordinator and the General Inspector of Public Administration. Fruitful meetings were held in this context. The appointment of the National Anti Corruption Coordinator as AFCOS is expected to further improve the coordination of anti-fraud actions and the exchange of country-level information.

Regarding IT systems for data collection and processing, we would like to inform you that the upgrading of the Integrated Information System (ITS) is currently underway, aiming to the gradual automatisation of all necessary procedures, the integration of operational flows and document handling, electronic document support, etc.

Furthermore, important tools were developed in previous years and are currently being upgraded, such as the Information System for the Management of State Aid (ISMSA) and the SACS system for monitoring the Accumulation of State Aid.

The Information System for the Management of State Aid (ISMSA) ensures compliance with transparency and anti-fraud requirements and it also covers the requirement for documenting all steps, from Submission by the Investor up to compliance with Long-Term Obligations, in its entirety, including the recording of relevant supporting documents (audit trail). Article 57 of Law 4314/2014 provides for the mandatory use of the Information System for the Management of State Aid (ISMSA) by all authorities implementing measures that promote and support entrepreneurship.

The SACS system is an information system for recording all State aids, which will ensure that: (a) the rules, as defined in EU institutional documents, and (b) the maximum amounts of State aid which may be granted in each case, are complied with. This audit prevents the granting of State aid that exceeds the maximum ceilings and, therefore, it may act as a deterrent for fraud.

AUTHORITY - Ministry of Finance– General Accounting Office of the State –Fiscal Control Committee (FCC)- Directorate: 52nd Planning and Evaluation of Audits

Regarding the Commission’s remark on the coordination between the competent anti-fraud authorities and the implementation of EU rules by such authorities using appropriate IT tools, the Financial Audit Committee, acting as Audit Authority of the OPs under Objectives 1, 2 and 3 of the NSRF, as well as of the OP Fisheries 2007-2013, has made the following observations:

In addition to the actions taken so far by the Financial Audit Committee for preventing and combating fraud, which are being presented in detail in the Audit Manual of the Financial Audit Committee, as mentioned in the replies of our Department in the context of the Follow-up Recommendations of previous years, the Financial Audit Committee, as mentioned in Observation No 8 of our reply for the year 2012, does not use a specific IT tool to analyse fraud risks during the design of its audits.

Regarding the cooperation of our Department with other authorities in order to combat fraud, as mentioned in Observation No 3, the Financial Audit Committee cooperates both with the Inspectors - Controllers Body for Public Administration (SEEDD) and with the Single Independent Public Procurement Authority, through the exchange of information and data on their audit results.

Furthermore, the Financial Audit Committee submits, on a half-yearly basis, information on its audits to the National Anti-Fraud Coordinator, who has also been designated as AFCOS for Greece, whereas it also submits, on an annual basis, the results of its audits to the General Inspector of Public Administration.

Finally, the Financial Audit Committee, acting as Audit Authority under Article 62 of the General Regulation on NSRF 2007-2013 Programmes and Article 61 of the Regulation on the OP Fisheries 2007-2013, is in close cooperation with all authorities involved in the Management and Control System of the above Programmes, namely the managing authorities, the Certification Authority and the national coordination bodies.

AUTHORITY - Ministry of Reconstruction of Production, Environment and Energy (Former Ministry of Rural Development and Food) - Special Management Service of the Rural Development Programme (EYD PAA)

In the field of data and information exchange, the Special Management Service of the Rural Development Programme (EYD PAA) works with the National Anti-Corruption Coordinator (AFCOS), established under Law 4152/2103 (Government Gazette, Series I, No 107), as in force, as well as with the Directorate of Legislative Initiative and Infringement Management of the Ministry of Reconstruction of Production, Environment and Energy.

Furthermore, the Special Management Service for the Programme 'Rural Development' cooperates, as appropriate, with audit bodies, such as the Financial and Economic Crime Unit (SDOE). In particular, in the cases where the on-the-spot audits of the Audit Units of the Special Management Service for the Programme 'Rural Development' and the Special Implementation Services or the Programme 'Rural Development' show some indication of suspected fraud, the report of the audit results is notified and administrative assistance is requested from the competent Financial and Economic Crime Unit department for further investigation and actions to be taken in accordance with its competences under law. In addition, if the above audits indicate possible crimes related to the protection of the EU's financial interests, a copy of the audit report is also sent to the competent prosecuting authority which takes legal action, as appropriate.

Regarding the use of IT tools, the following must be noted: the audit system takes into account cases of non-eligibility of expenditure/error, as well as irregularities with indications of fraud, in the identification of risk factors for the sampling of audits based on risk analysis. Note that the specifications for the design of the new IT System for the Programme 'Rural Development' in respect of the 2014-2020 period, as drawn up by the competent working party, provide for the interconnection of the system with the IT Systems of other Funds/ITS (to assess, inter alia, the

possibility of duplicated financing of projects) and establish the possibility of interconnection with reference cost statements in respect of investment measures/projects, aiming to verify that costs are reasonable and, therefore, to reduce the error rate of the Programme.

AUTHORITY - Ministry of Reconstruction of Production, Environment and Energy (Former Ministry of Rural Development and Food) - Directorate of Audits and Inspections

In the field of data and information exchange, the Directorate of Audits and Inspections of the Ministry of Reconstruction of Production, which is responsible for carrying out ex post, on-the-spot audits on beneficiaries or debtors related directly or indirectly to the financing system under the European Agricultural Guarantee Fund (EAGF), has developed a structured cooperation with other authorities.

Specifically, Article 83 of Regulation (EU) No 1306/2013 provides for mutual assistance among Member States in cases where a company or a third party is established in a Member State other than that where: i) the related amount was collected or should have been collected and/or was paid or should have been paid, and ii) the documents and information necessary for the audit are located.

In implementation of the above Article, Member States must send to the Commission a list of businesses established in a third country, for which the amount in question has or should have been paid or collected in the said Member State.

In addition, under Regulation (EC) No 1276/2008, this Directorate of the Ministry of Reconstruction of Production:

(a) has concluded a Memorandum of Cooperation dated 12 July 2010 with the Ministry of Finance-General Directorate of Customs and Excise Duties and the Payment and Control Agency for Guidance and Guarantee Community Aid (O.P.E.K.E.P.E), for their cooperation and coordination in the field of exports, with regard to all agricultural products eligible for refunds.

(b) furthermore, it cooperates with Member States, where appropriate, in accordance with Article 83 of Regulation (EU) No 1306/2013 on mutual assistance, which stipulates that if additional information is required in another Member State as part of the scrutiny of an undertaking and, in particular, cross-checks, specific scrutiny requests may be made indicating the reasons for the request.

(c) cooperates with other Services, as the case may be. In particular, the Directorate acquires information and data, as appropriate, if requested by any competent national authority, such as the Financial and Economic Crime Unit and other competent economic and/or tax authorities.

(d) Finally, representatives of the Directorate in question participated in a meeting held by the National Anti-corruption Coordinator in Greece in the context of (a) taking up the new duties of AFCOS (anti fraud coordination service) by the National Coordinator; and (b) relevant actions under the Memorandum of Cooperation, whereas they participated in an event held by the National Coordinator on 'Modern Means of

Communication and Information in the management of Corruption’.

Regarding the use of IT tools, in implementation of Article 80 of Regulation (EU) No 1306/2013, this Directorate of the Ministry of Reconstruction of Production uses an IT system which has been presented to the auditing services of the European Commission and has been designed on the basis of risk analysis for the computerised elaboration of audit programmes, in order to grade and visualise as many risk parameters as possible leading to a better preparation of audit programmes of the Directorate by reducing the likelihood of errors in the process of selecting the beneficiaries to be audited and in the monitoring of audit programmes.

In particular, the selection of the businesses to be audited is based on previously determined risk criteria for which severity factors on a scale from 0 (zero risk) to 3 (highest risk) are implemented. The Risk Analysis methodology consists of calculating the Risk Amount for each business as the product of the criteria grade multiplied by the amount of the financial aid. The companies with the highest Risk Amount are those selected first. The proposals for the use of risk analysis are presented each November to the competent Service of the European Commission and include the assessment of the risk analysis of the previous financial year, the balance of risk factors and all relevant information regarding the approach to be followed, the techniques, the criteria and the method of implementation, under Regulation (EU) No 1306/2013 and the implementing acts thereof.

Finally, this Directorate of the Ministry of Reconstruction of Production selects the transactions to be audited by applying a risk analysis methodology in respect of undertakings.

AUTHORITY - Ministry of Reconstruction of Production, Environment and Energy - Directorate for Spatial Planning, Environment and Climate Change

The Directorate of Spatial Planning, Environment and Climate Change of the Ministry of Reconstruction of Production has been designated as implementing authority of certain actions under Measure 2.1.4 ‘Agri-environment Aid’ of the Rural Development Programme (RDP) 2007-2013, as approved in the context of the Rural Development Programme (RDP) 2007-2013 by means of Decision No E(2007) 6015/29 November 2007 of the European Commission, as amended and in force. According to Joint Ministerial Decision No 079833/25 October 2011 (Government Gazette, Series II, No 2366), as amended and in force, in order to comply with the recommendations of the European Commission on the reduction of irregularities and combating fraud aiming to protect its financial interests, the Directorate has developed a computerised application which covers, for each action, all stages from the submission of aid applications by the interested parties and the performance of the required administrative audits and cross-checks, to the inclusion and payment to beneficiaries.

In particular, the terms and conditions for inclusion, compliance with commitments, the administrative inspections, on-the-spot checks and

laboratory tests carried out, as well as compliance with the requirements for granting the aid under the aforementioned Joint Ministerial Decision No 079833/25 October 2011, are being recorded in a computer application (using IT tools), in order to ensure compliance with the conditions for granting the aid, both at the approval stage and at the payment stage. As a result, the work of the auditors of the implementation bodies, the application body, the payment body and the bodies responsible for laboratory tests with regard to specific agricultural/environmental actions, as the case may be, is being assisted and safeguarded. All processes and audits that the competent bodies are required to implement so that the beneficiaries of the co-financed projects may receive the approved aid throughout the duration of their contractual obligations are entered in the computerised application.

The computerised environment facilitates the cross-checks required under Article 18 of the above Joint Ministerial Decision between the information declared and the information of the beneficiary registered both in other database systems, such as the Single Aid Application (A.E.E.) database, the geospatial data database (LPIS), the M.A.E.E. database (Register of Farmers and Agricultural Exploitation), the database of Veterinary records, and in other electronic data files from various public or private entities such as: bank accounts/early retirement beneficiaries/early retirement successors with ten-year foreclosure/findings from A.E.E. audits etc. In particular, the Single Aid information, which provides the final 'image' of each producer's agricultural holding, constitutes the basis for the initial request and the subsequent audits provided for.

Therefore, many of the procedures established for the auditing and inspection of the systems supported by these databases, are also incorporated indirectly as safeguards in the programmes of agri environmental actions. In this way, the stages which involve the human factor are reduced, eligibility for aid to producers and the declared areas and/or animals is ensured, double funding of parcels or producers is avoided and, in general, opportunities for fraud which would negatively affect the financial interests of the EU, are reduced.

AUTHORITY - Ministry of Reconstruction of Production, Environment and Energy (Former Ministry of Rural Development and Food) - Directorate for Programming and Applications

In order to ensure the effectiveness of: (a) regular inspections of the approved investment schemes, as laid down in the Community and national institutional framework, which are carried out during the certification process of expenditures for aid payment, as well as during the long-term obligations of authorities; and (b) unscheduled inspections carried out following complaints (e.g. Hellenic Food Authority (EFET), Financial and Economic Crime Unit (SDOE) and other authorities and/or private persons), the Directorate for Programming and Applications of the Ministry of Reconstruction of Production held a training seminar in 2013 in each Region/Regional Unit, addressed to the members of the competent Monitoring Committees of Investment Schemes, in order to inform them on the audit procedure, so as to safeguard national and

Community financial interests.

Note that the regular inspections carried out by Monitoring Committees during the long-term obligations of bodies, are annual and are carried out on all subsidised units for:

(a) five years for machinery and ten years for subsidised buildings, under investment plans included and implemented in the context of Measure 2.1 of the Operational Programme Rural Development – Rural Restructuring (EPAA & AY 2000-2006); and

(b) five years both for subsidised machinery and subsidised buildings under investment plans which have been included in Measure 123A of the Rural Development Programme (PAA) 2007-2013.

The inspections carried out on all inspected establishments receiving aid under Measure 2.1 of the Operational Programme Rural Development – Rural Restructuring (EPAA & AY 2000-2006) from the competent Monitoring Committees, in relation to compliance with the contractual obligations of operators after the implementation of investment plans and the entry of establishments into operation, have led to findings in certain cases, such as discontinuation of operation of the establishments before the end of the five-year period for completion of the works, lease of premises, operating for a purpose other than the one subsidised, etc. With regard to these projects, the Directorate in question has implemented a recovery process of the public expenditure paid, in accordance with applicable legislation.

In particular, in the context of data and information exchange, issues related to the institutional framework of Measures 2.1 and 123A, the procedure for the exercise of the Directorate's competences, the departments with which the Directorate works in order to counter fraud, the method for handling complaints and the problems faced by the Directorate as Implementing Body of the aforementioned measures, were discussed during a meeting held in October 2014 with members of the Coordinating Body for combating fraud.

In the context of its competences, the Directorate in question cooperates with other audit services under Presidential Decree 107/2014 (Government Gazette, Series I, No 174), as well as with the Financial and Economic Crime Unit (SDOE), examining the audit reports submitted thereto by these services and implementing procedures for the recovery of national or EU funds, when deemed necessary.

AUTHORITY - Hellenic Police

1. Combating economic crime is a key priority of the Hellenic Police, as set out both in the **New Strategic Operational Programme of the Hellenic Police for the period 2015-2049** and in the **Economic Policy of the Hellenic Police Headquarters**, which was drawn up in March 2013. In particular, the Strategic Operational Programme sets out individual general actions for the effective combating of economic crime,

including, *inter alia*, countering international crimes and fraud, as well as countering illegal aid under national and EU resources.

In addition, the Economic Policy of the Hellenic Police Headquarters establishes combating fraud against the Greek State and against the interests of the European Union as one of the key objectives with regard to fraud, setting specific targeted actions in order to achieve the objective pursued.

2. Regarding the specific issues raised by the recommendations, the Hellenic Police notes the following:

This recommendation focuses, *inter alia*, in increasing coordination between competent authorities. In this context, taking account of the fact that cigarette smuggling is a criminal activity detrimental to the economic interests of the European Union, please note that:

An **Inter-ministerial Steering Committee**, comprising the General Secretariat of Public Revenue, the Hellenic Police Chief, the Chief of the Hellenic Coast Guard and the Director-General of Customs and Excise Duties, was established in 2014 for the surveillance and monitoring of the preparation and implementation of a comprehensive strategy and a coordinated action plan in order to counter cigarette smuggling. Note that the Committee in question was established following a proposal included in a Report of the European Commission and the International Monetary Fund in cooperation with the Greek Customs Administration, in order to counter cigarette smuggling.

At the same time, a '**Multidisciplinary Task Force**' was established in order to facilitate the work of the Committee in question, with the participation of two (2) representatives from each Authority involved, who are responsible for administrative and operational matters, respectively.

The implementation of this initiative brought the following results:

(a) An **Action Plan was signed** during the 2nd meeting of the **Inter-ministerial Committee on 27 August 2014**, drawn-up under responsibility of the Multidisciplinary Task Force, which had received an order to prepare it. The Action Plan **established a National Strategy** for combating the illegal production and marketing of tobacco products and **set individual targets** to this end. At the same time, it stressed the need for developing interdisciplinary cooperation, which is necessary for effectively addressing the matter at hand, through the establishment and organisation of a coordination centre, the design of joint operations and the ability to make 'controlled deliveries'.

(b) In the light of the above, the Multidisciplinary Task Force worked on these issues and, on 3 November 2014, it submitted for approval by the members of the Inter-ministerial Steering Committee a series of proposals for addressing these issues, including the **establishment and operation of a Coordination Centre against the Smuggling of Tobacco Products**.

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| | <p>AUTHORITY - Financial and Economic Crime Unit (SDOE)</p> <p>The Financial and Economic Crime Unit (SDOE) is carrying out targeted inspections after developing risk analysis systems on the basis of updated Risk Indicators, in accordance with the Recommendations of the Commission for protecting the national and EU financial interests. Following the submission of relevant requests by Authorities of the Greek State, the Financial and Economic Crime Unit (SDOE) provides substantial assistance by carrying out on-the-spot checks throughout Greek territory in the context of investment projects co financed by the EU in all sectors of the economy. The Financial and Economic Crime Unit (SDOE) refers, in a systematic manner, cases of identified irregularities to the Authorities of the Greek State which are responsible for recovering unduly and unlawfully paid sums, with regard to the national and Community part of financing.</p> |
| <p>ES</p> | <p>As stated above, the operational programmes and the resulting anti-fraud measures that are being prepared are still awaiting approval. As such, it is not possible to give any information on these aspects at this point in time. Among other measures, managing authorities plan to use ARACHNE or other similar tools.</p> |
| <p>FR</p> | <p>The French authorities have taken note of the recommendation. The European regulatory framework evolved in 2014 following the reform of the Common Agricultural Policy (CAP), which introduced general anti-fraud provisions in the horizontal CAP regulation. The European accreditation criteria for paying agencies were supplemented accordingly so that the paying agencies can strengthen procedures for preventing and detecting fraud and irregularities. When supervising paying agencies, the competent authority for the accreditation of paying agencies – the Ministry of Agriculture, Agrifood and Forestry and the Directorate for Budget (Ministère de l’agriculture, de l’agroalimentaire et de la forêt et direction du budget) – ensures that they address anti-fraud issues systematically and satisfactorily.</p> <p>In 2014, paying agencies began to think about the new type of set-up to put in place. They can use DG Agri's guidance note of February 2014 to help them in this process; the note encourages paying agencies to take a more systematic approach to handling fraud risk, but does not make it obligatory for the agencies to carry out new inspections. There are several ways in which paying agencies will deal with fraud risk as part of their activities:</p> <ul style="list-style-type: none"> - in terms of human resources, staff training will include a fraud awareness component; - checks carried out by paying agencies will include fraud prevention and detection as a specific objective, whilst taking into account the risks; - in terms of internal inspections, follow-up procedures need to be put in place to prevent and detect fraud and irregularities, particularly in |

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| | <p>relation to areas of CAP expenditure that fall within the remit of the paying agency, where there is a high level of exposure to the risk of fraud or other serious irregularities.</p> <p>The management declaration signed every year by the head of the paying agency will need to confirm whether effective and proportionate anti-fraud measures have been put in place and whether these measures take into account any identified risks.</p> |
| HR | <p>Regarding the cooperation between managing authorities and Service for Combating Irregularities and Fraud, it has to be pointed out that the cooperation between AFCOS bodies is prescribed by the Government Regulation on the institutional framework of the system for combating irregularities and fraud (OJ 144/2013). Namely, Article 7 of the Regulation establishes the cooperation between the bodies of the AFCOS system, hence all bodies of the AFCOS system are obliged to mutually cooperate and exchange data and information.</p> <p>Furthermore, three Managing Authorities for the SCF programmes managed in the programming period 2007-2013 (Transport, Human Resources Development, Regional Competitiveness OPs) introduced ARACHNE during 2014 and used it in a test phase. For this purpose, relevant data was extracted from the Management Information System (SCF MIS) and delivered to ARACHNE. Regular updates of SCF MIS data are delivered to the Commission for the purpose of getting as reliable as possible results of ARACHNE risk analyses.</p> <p>Additionally, SCF MIS is carried out by the Ministry of Finance and the Ministry of Regional Development and EU Funds which are responsible for its sound management. Within the SCF MIS, Service for Combating Irregularities and Fraud (SCIF) as an AFCOS coordinative body has observer role (read only rights).</p> <p>Also, SCIF as a coordinative body is responsible for sound management of Irregularity Management System (AFIS-IMS) within the bodies in the AFCOS System. The reporting of irregularities in the Republic of Croatia (Managing Authority – SCIF – OLAF) is carried out within the IMS System in accordance with the prescribed procedures which are drafted by the SCIF. With the aim to strengthen administrative capacity of the IMS users, SCIF continuously organizes seminars and workshops. Furthermore, judicial authorities in the Republic of Croatia have observer role (read only rights) within the System so that they can act upon the case in accordance with their responsibilities.</p> |
| IT | <p>All the managing authorities are authorised to use the IMS system and also have their own databases and information exchange protocols with external audit bodies.</p> <p>The Italian AFCOS, through the Guardia di Finanza section responsible for combating fraud against the EU, has devised a new project for protecting EU budget resources, entitled ‘National Anti-Fraud Database (DNA), IT tool for preventing fraud against the financial interests of the</p> |

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| | <p>European Union, with the cooperation of employees of the police forces and national and regional authorities’</p> <p>Specifically, the aim of the project is to:</p> <ol style="list-style-type: none"> 1. continue sharing best strategies for preventing and combating fraud with other Member States through the study of best practices; 2. devise a dedicated IT tool for monitoring and auditing in order to create fraud-prevention models shared with the police and the national and regional authorities. <p>The main objective is to use all the data available in national and regional databases to generate specific alerts, destined primarily for the managing authorities, for identifying and reducing the highest risks of irregularities and fraud relating to projects receiving EU co-financing.</p> <p>The strong Italian commitment to this project is supported by the Guardia di Finanza, which has provided an IT application - soon to be launched in a test phase - for enhancing action to combat fraudulent acquisition of EU funds; the system is called the Sistema Informativo Anti Frode (S.I.A.F.) [computerised anti-fraud system].</p> <p>The application is made up of an integrated technology platform which will link, in a single analysis environment, the information on EU funding granted contained in the data bases used, in most cases, at the bodies designated to manage the funds, with a view to targeted and effective selection for inspection purposes of recipients of public funding judged to be ‘at risk’ on the basis of specific indicators.</p> |
| CY | <p>The Managing Authority for the Structural Funds, through its participation in AFCOS, has collaboration with the national anti-fraud bodies and intends to consider the use of this forum in the framework of its fraud self-assessment and elaboration. In addition, it is envisaging the use of the ARACHNE risk scoring tool on a pilot basis during the first half of 2015.</p> |
| LV | <p>Latvian AFCOS mainly focuses on exchange of essential information and improvement of communication between different bodies as the good and effective communication within all parties involved is prerequisite for effective protection of the EU interests in Latvia.</p> <p>In this regard information flow schemes’ has been elaborated and a list of available State Information Systems which currently can be used on daily basis has been provided by AFCOS, as well as contact persons in the anti-fraud bodies and managing authorities (hereinafter – MA) has been appointed to ensure exchange of data and information among the involved national authorities as well as between these authorities and OLAF.</p> <p>The MA and anti-fraud bodies participates in national AFCOS Council’s meetings in which the questions related to fraud prevention and risk</p> |

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| | <p>detractation are discussed.</p> <p>All MA's and Rural Support Service's (RSS) (Paying Agency EAFRD / EFF/ EMFF) collaboration with law enforcement institutions - an exchange with information is done on regular basis, on request or using available Information Systems.</p> <p>In summer of 2014, representatives from the Division of Economic Crime Investigation of the State Police participated in the conference on fraud prevention matters organized by RSS. Explanation was provided in person to the Prosecutor's office, regarding administration of payments from EU funds. In the first half of 2014, a lecture was delivered to judges of administrative courts on the administration of EU funds.</p> <p>All MA have established or plan to establish a Management Information System to store data on beneficiaries, project progress and any other information which is essential for the monitoring of EU funds, including Fraud and corruption risk analysis, as well as in order to reduce the administrative burden on citizens. In future it is also planned to improve the established systems by improving its functionality and usefulness for the administration of EU funds.</p> <p>The MA ensure the application of the Union's sectorial legislation on the reporting irregularities, suspected fraud and fraud by sending regular reports via IMS to OLAF/EC. The managing authority of the LV-LT informs the relevant Programme Member states National Authorities (hereinafter – the NAs) on irregularity cases within their territory, including fraud, which have been detected by the authorities involved in the management and administration of the Programme. Afterwards, the NAs inform European Commission and OLAF as well as the anti-fraud bodies of the respective member state according to the national legal framework.</p> |
| LT | <p>In order to ensure that anti-fraud measures are properly instituted and implemented, national legislation requires that the managing authorities for the 2014-2020 EU Structural Funds should introduce and apply measures to combat fraud. The managing authority, acting in cooperation with the managing authorities for the 2014-2020 EU Structural Funds and the Financial Crime Investigation Service under the Ministry of the Interior (FCIS), establishes these measures in the light of the periodic fraud risk assessment and the Commission's recommendations on fraud risk assessment and effective and proportionate anti-fraud measures, and coordinates their implementation.</p> <p>National legislation also provides that where a criminal offence is suspected, the FCIS must immediately be informed thereof in writing (accompanied by all the relevant information and documentation), it being empowered by law to carry out investigations of suspected fraud cases. The FCIS informs the body supplying the information concerning the suspected case of fraud of whether or not it has decided to initiate an investigation into a suspected offence.</p> <p>In order to strengthen cooperation between the managing authorities for EU Structural Funds and those authorities that are empowered and experienced in the area of preventing, investigating and detecting fraud and corruption and their administrative capacity as regards matters</p> |

relating to the prevention and detection of fraud and corruption in the administration of EU Structural Funds, the FCIS, the Public Procurement Office and the Lithuanian Competition Council are involved in the system of administering EU Structural Funds. The functions to be performed by those authorities in implementing the EU funds operational programme for 2014-2020 approved by Commission Decision No C(2014)6397 of 8 September 2014 (hereinafter ‘the operational programme’) and the procedure for the exchange of information between them are set out in the relevant legislation.

It is provided that, in addition to the above activities, the FCIS should also organise meetings with the managing authorities for EU Structural Funds in order to provide methodological and practical assistance regarding suspected offences and participate in the activities of the working groups dealing with the investigation, detection, elimination and prevention of infringements under projects co-financed funded using EU Structural Funds (hereinafter ‘projects’).

The Public Procurement Office of the Republic of Lithuania, acting in accordance with the procedure laid down by the Public Procurement Act, checks how the Act and its implementing legislation are being complied with in project procurement, seeks to prevent infringements of the overall legislation, advises contracting authorities and suppliers involved in implementing the operational programme and authorities involved in managing the operational programme on public procurement matters, and creates opportunities for authorities involved in managing projects to check public procurement operations implemented by means of the central public procurement information system (‘CVP IS’), etc.

At the same time, the Competition Council, in the context of its participation in implementing the operational programme, advises authorities and project promoters on matters relating to the application of competition policy and state aid, analyses state aid projects, compiles information concerning the state aid that has been granted in implementing the operational programme and submits it to the Commission and other interested authorities, seeks to prevent restrictive agreements from arising in the implementation of project procurement and investigates such restrictive agreements, etc.

Legislation and draft legislation regulating the administration of EU Structural Funds are assessed from the point of view of preventing corruption, as provided for in Article 8 of the Lithuanian Anti-Corruption Act. Such assessments are carried out by the authority responsible for the draft and the Lithuanian Special Investigation Service of the Republic of Lithuania.

The joint working group of inspectors of EU Fund infringements for the funding periods 2007-2013 and 2014-2020 was set up by Order No 1K-417 of the Lithuanian Minister for Finance of 3 December 2014 amending Order No 1K-115 of the Minister for Finance establishing the infringement inspectors working group in respect of EU structural aid for the period 2007-2013. This working group is made up of representatives of the managing authority and project managing authorities. Meetings of the working group are also attended by representatives of the audit authority, the certifying authority, the FCIS, the Public Procurement Office and Competition Council as observers. The first meeting

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| | <p>of this working group was held on 18 December 2014, the main topic of discussions being the prevention of public procurement infringements, including the possibility of project managing authorities using the central public procurement risk management information system set up by the Public Procurement Office in monitoring procurement by project promoters, assessing the level of risk involved and properly organising checks.</p> <p>In order to ensure that project management authorities are able to check project procurement effectively (especially in cases where procurement by the project promoter is relevant to projects of the same promoter managed by several different authorities) and to learn about infringements detected by other authorities, provision is made for project procurement information to be registered in the computerised information management and monitoring system for EU structural aid (henceforth SFMIS 2014). This information as well as information on infringements will be accessible to all project management authorities. Provision is also made for the SFMIS 2014 to be linked to the CVP IS system managed by the Public Procurement Office and for project management authorities to be able to carry out public procurement checks using that system.</p> |
| LU | Outline of the collaboration between managing authorities and anti-fraud bodies and list the IT tools currently in use. |
| HU | <p>In Hungary, the relationship between the authorities that are to investigate criminal offences committed in relation to national and EU budget support and the management bodies playing a role in the distribution of aid is established in national legislation. Section 71/B(1) of Act XIX of 1998 on criminal proceedings ('Criminal Proceedings Act') deserves special attention, which provides a possibility for administrative bodies to become familiar with the details of the investigation for the time and to the extent required for performing their tasks, naturally, bearing in mind the enforcement of criminal investigation interests. In addition, the legal instrument of signalisation set forth in Section 63/A of the Criminal Proceedings Act is also important, which requires the authorities proceeding in the criminal proceedings to notify other authorities and administrative bodies if their proceedings appear to be necessary.</p> <p>From the point of view of cooperation, its channel (electronic or paper-based) is not relevant, thus no separate IT system has been established with respect to the contents of the recommendation.</p> <p>Within its scope of responsibilities, the Agricultural and Rural Development Office ('MVH') cooperates with the European Anti-fraud Office (OLAF) and NAV as anti-fraud bodies.</p> <p>1. Cooperation with OLAF:</p> <p>On behalf of MVH, cooperation is based on legislation in the following areas:</p> <ul style="list-style-type: none"> • reporting irregularities committed by the clients of MVH and subject to a reporting obligation to OLAF (Regulation (EC) 1848/2006 and |

Regulation (EC) 1828/2006);

- provision of information and data by MVH for inspections ordered by OLAF and facilitation of the on-site inspections conducted by OLAF Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council.

During cooperation, the following IT devices and tools are to be pointed out:

- an electronic reporting system (IMS) used for entering irregularity reports to be sent to OLAF; and
- on the basis of the requests of the OLAF Coordination Office of the Central Office of NAV (AFCOS), information and data on the investigations ordered by OLAF are provided by MVH electronically on an interface accessible on the internet on the basis of authorisation.

2. Cooperation with NAV:

2(a) Co-operation with one of its divisions, AFCOS:

The cooperation serving to protect the EU's financial interests covers the following areas on the basis of a written agreement (MVH doc. ID: DSZ/26-2011):

- mutual provision of information on legislative and legislation-amending initiatives to each other;
- review by AFCOS of the irregularity reports of MVH from the point of view of quality assurance to be sent to OLAF;
- support provided by AFCOS to the use of the Irregularity Management System (IMS);
- based on requests by AFCOS, provision of information and data by MVH in connection with investigations ordered by OLAF;
- delivery of professional opinion at the request of MVH, drafting of recommendations and provision of experience by AFCOS;
- possibility that AFCOS becomes familiar with the findings of external inspection bodies affecting MVH and associated with the subject-matter of the agreement;
- provision of a possibility for the other party to participate in trainings, conferences and exchanges of experience serving to protect the EU's financial interests;

- mutual provision of information about the meetings of the Commission relating to the protection of the EU's financial interests, which were attended by the representatives of the parties.

2(b) Cooperation with the entire office (NAV):

The cooperation, on the basis of a written agreement (MVH doc. ID.: DSZ/75-2013 and DSZ/75-2013/1), covers the following areas regarding the irregularities found among the clients of MVH:

- Debts owed to MVH as a support body for agricultural and rural development (aid used without authorisation and other payment obligations) are deemed public debts that may be collected as taxes, and they are collected by the taxation body of NAV on the basis of the data provided by MVH, with the exceptions defined in the relevant act.
- In connection with the inspection of the export refund system of agricultural and food products and subsequent inspections, NAV conducts inspections and informs MVH about irregularities found during such inspections. MVH informs NAV about its measures taken in connection with the irregularities found.

During cooperation, the following IT devices and tools are to be mentioned specifically:

- Data is transferred between the parties electronically, according to the data structure laid down in the agreement.

3.

Maintaining and improving efficient and successful cooperation between the institutional stakeholders concerned with respect to the prevention, detection, sanctioning and deterrence of fraud and corruption enjoys high priority; to this end, the institutional system for support policy and the investigating authority began consultations in the programming period of 2014 to 2020 in order to enter into a formal cooperation agreement.

The drafting of a Cooperation Agreement between the Prime Minister's Office and AFCOS began already in 2014 in order to ensure that in connection with development projects implemented with the co-financing of the EU, the anti-fraud awareness has the highest possible level in the institutional system for development policy in order to successfully prevent and to facilitate the detection of fraud affecting the budgets of Hungary and the EU.

The stakeholders in the institutional system for support policy use the electronic system developed by the Commission, the IMS, for reporting

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| | <p>irregularities.</p> <p>The IT system launched in 2014 and allowing access to EU tender funds in the period of 2014 to 2020, the Development Policy Database and Information System (FAIR), is an electronic administration interface for tenders, which helps bidders handle various tasks related to tenders and projects by means of a single customised interface. The greatest innovation of the system is that it is connected to a few authentic databases (of NAV, the Court of Registration and the Land Registry Office), thus using these databases, bidders can request the necessary documents electronically and automatically.</p> |
| MT | <p>Although the Managing Authority is not the competent body at law to establish whether cases of suspected fraud are actually cases of established fraud, if during its management verifications it encounters ‘red flags’ or cases of irregularities which could potentially be tainted with fraud, the Managing Authority reports such instances to AFCOS (Malta). Thus, in bringing to the attention of AFCOS (Malta) the relevant facts which could potentially encompass suspected fraud, the Managing Authority prompts further investigation by this body. To make the liaison process between the Managing Authority and/or its stakeholders and AFCOS (Malta) more robust, the ‘Manual of Procedures’ was revised to formally include the procedure to be undertaken in the event of suspicion of fraud; the procedure highlights the authority levels, responsibilities for action and reporting lines.</p> <p>In addition, all irregularities identified by the Managing Authority and/or its stakeholders are submitted to AFCOS (Malta). These irregularities are uploaded on the Structural Funds Database administered by the Managing Authority. Once the irregularities are submitted to AFCOS (Malta), the Managing Authority and AFCOS (Malta) liaise to clarify certain issues which merit further examination; this in particular when the type of the irregularities fall within the categories that are reportable to DG OLAF. Furthermore, the Managing Authority also collaborates fully with AFCOS (Malta) in particular when DG OLAF is scrutinizing specific cases of irregularities.</p> |
| NL | <p>The reply earlier to recommendation No 3 pointed out that the Netherlands has incorporated the anti-fraud guidelines within its management and control systems. The risk analyses performed by the managing authorities are part of these. The possibilities in terms of deploying ARACHNE are currently being studied. This is the subject of intensive contacts in the case of the ERDF and ESF funds; however, the exchanges of information between the anti-fraud authorities are not conducted on a structural basis. The EFF's and the Agricultural Funds' contact persons have no involvement in these contacts relating to ARACHNE, because the relevant EU DGs (AGRI and MARE) are still unwilling to use ARACHNE. The ESF and the Agricultural Funds each have their own investigation and inspection services which the managing authorities call upon when fraud is suspected (and investigated).</p> |

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| AT | Austrian answer: "As points 1-8 either refer to specific other MS or do not specifically mention Austria, please do not expect any further comment on this document." (Ares(2015)553829) |
| PL | <p>In order to provide a framework for the exchange of data between the cohesion policy implementation institutions and investigative bodies, the Working group on combating fraud in cohesion policy funds was created, working at the interdepartmental level. The group was created following the identification of legal, administrative, organisational and operational obstacles in the cooperation between cohesion policy implementation institutions and institutions with investigative powers. Within the working group the entities that created it are planning such things as outlining the rules for efficient exchange of information between cohesion policy implementation institutions and investigative bodies on suspected fraud, drawing up rules for mutual cooperation in case of fraud and rules for consultation on fraud prevention mechanisms. In the long term, these actions will be part of potential strategies or policies to combat fraud in Poland.</p> <p>In the field of agriculture, the Commission approved the Rural Development Programme for 2014-2020 which includes some of the elements of the management and control system. Further work is currently in process to specify the rules of this system which also takes into account the EU rules for protection of financial interests, e.g. by adopting appropriate solutions in the field of cooperation between managing institutions and investigative bodies. Currently these bodies already cooperate with paying agencies, with ongoing help provided in the proceedings and cases concerning beneficiaries of administrative actions by both agencies.</p> |
| PT | <p>With regard to the area of agriculture, the following was noted:</p> <p>As regards the first paragraph of the recommendation - Following the publication of Regulation (EU) No 1306/2013 of 17 December 2013, and with particular reference to Article 58 thereof, and Annex I to Commission Delegated Regulation (EU) No 907/2014 of 11 March 2014 and also the Guidance Note on Anti-fraud Measures as foreseen in the context of Accreditation, IFAP (Agriculture and Fisheries Financing Institute) decided to review, amend and broaden the current anti-fraud procedures.</p> <p>Accordingly, legislation was drafted on the process of identifying risk situations, or greater risk of fraud, and the existing provisions on the procedure applicable in cases of complaints or suspicions of intentional non-compliance were reviewed or amended.</p> <p>In addition, the following steps were taken:</p> <p>a) Action was taken to raise awareness in this field (for example, the Anti-fraud Seminar organized by IFAP in close collaboration with DG</p> |

AGRI and held in Lisbon on 18 November 2014);

b) A proposal was made to extend deterrents against fraud in obtaining subsidies, for example by strengthening the penalty systems applicable to investment measures (as in the case of the publication of Implementing Order No 230/2014 of 11 November 2014 establishing the system for applying action 3.2 'Investment in agricultural holdings' and action 3.3 'Investment in the processing and marketing of agricultural products', both part of measure 3, 'Development of agricultural products' from the 2020 Rural Development Programme);

c) The internal process in force for preparing the notification of irregularities was amended and is now undergoing legislative review;

d) The existing processes for validating information provided by beneficiaries were stepped up, as was the conclusion of protocols with public or private bodies with a view to streamlining and broadening the process of validating this information.

As regards the second paragraph of the recommendation, the following was noted:

a) the existence of a link between criminal investigation bodies and IFAP's departments - in IFAP's case the link involves submitting complaints, providing information and giving statements, in its capacity as representative of the Institute or as a witness for the parties;

b) the competent departments of IFAP follow judicial proceedings for offences associated with obtaining subsidies or grants awarded by that body, in its capacity as a joint party in criminal proceedings or as a civil party.

In the area of cohesion policy, two workshops were organized in 2014 for all managing and certifying authorities, with the participation of the European Commission. One of the workshops focused on the closure of the 2007-13 programming period and the other on the 2014-20 period. In both cases the aim was to harmonise procedures aimed at the sound management of Community funds and the fight against fraud.

As regards the period 2014-20, the importance of promoting an anti-fraud strategy was impressed upon the authorities and they were informed of the European Commission's guidelines on this.

A start was then made on preparing methodological instruments, both as regards the procedures to apply, in general, in the different areas of managing Community funds and, in particular, the preparation of anti-fraud strategies.

In terms of IT tools, various steps were taken to publicise ARACHNE, which is already being used by the Audit Authority, despite its current limitations.

The managing and certifying authorities have had other systems for quite some time, which enable them to reduce to a satisfactory degree the

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| | risk of granting aid to bodies that have previously committed irregularities. |
| RO | <p>Cooperation between Managing Authorities and AFCOS has consolidated over 10 years, materialized through cooperation agreements or informal collaborative practice (informal best practices / Agreements).</p> <p>Collaboration takes place on several levels:</p> <ul style="list-style-type: none"> - preventive measures against fraud: drafting legislation / guidelines, regular exchange of views on legislation in force, training on anti-fraud measures, exchange in best practices or communication regarding antifraud measures for 2014-2020, including fraud risk assessments. - control: exchange of data and information in order to complete the investigations, or coordinating Managing Authorities investigation body - reporting irregularities and exchange of information in order to assist OLAF Investigators. <p>This structured regular coordination is to be evolving into the National Anti-Fraud Strategy.</p> |
| SI | <p>In the 2007-2013 programming period, all the authorities involved in the implementation of European cohesion policy are using a range of IT systems that are available to us. On every day basis ISARR is used. ISARR is the reference information system for monitoring and reporting on the implementation of operational programs. Besides Supervisor used, a web application of Commission for Prevention of Corruption (more on Supervisor please see in reply on Recommendation 2). There is also a pay base GVIN, which currently contains only information from Slovenia. In the programming period 2014-2020 Slovenia will be prone to use the tools of the European Commission on Risk Assessment - Arachne.</p> <p>In Slovenia we also have the inter-ministerial working group, for better cooperation between the other authorities, including law enforcement agencies.</p> <p>Certifying Authority is in the FP 2007-2013 using the information system IS-PA2007, where the system controls are implemented, verifying the completeness and correctness of data on individual operations. In the IS are noted also all of audit reports and reports on the controls carried out on the spot. An integral part of IS is also a "debtors book", which are recorded claims for reimbursement.</p> <p>Slovenian Paying Agency continuously improves its control systems for the detection of financial irregularities/fraud; builds on risk assessment and consequently, adapting IT tools.</p> <p>Collection and reporting of data on new cases of financial irregularities or suspicion of fraud under the Slovenian paying agency is set by internal working instructions. Gathering of information on new cases in the frame of the paying agency is carried out once a month with a</p> |

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| | <p>special e-mail addressed to all those employees who have at disposal this information. Subsequently, the department responsible for cooperation with the AFCOS, performs the quality control of responses of the employees in the paying agency through checking data on debt, which is in the form of a table (IT tool accounting application that is created in Oracle Forms tool) prepares the service responsible for finance. By this way Slovenian Paying Agency established a dual capture (gathering) of information and thus substantially reduces the possibility that any of the irregularities cases should not been communicated to the AFCOS.</p> |
| <p>SK</p> | <p>For the implementation of ERDF, CF and ESF, Slovakia uses the ITMS information system for the collection, processing and monitoring of data on the use of funding from the EU budget. The system contains a function to prevent double funding, which consists of checking the uniqueness of accounting documents and their use in individual projects. In the programming period 2014-2020, the information system ITMS 2014+ will provide greater interoperability with other information systems. These information systems include in particular: The central portal of the public administration and its modules (e.g., IAM, e-desk, e-notify, Electronic Service Module, etc.), the code lists and registers (e.g. code list of legal forms, register of natural persons, register of legal persons, the register of addresses, etc.), e-procurement services, e-services for social insurance and health insurance, electronic mailbox, the irregularity management system (IMS) and the Electronic Contract System.</p> <p>Slovakia is also working on adjustments to the 2014-2020 programming period, so that the collection of data and its subsequent evaluation are compatible with the Commission - ARACHNE.</p> <p>Many MAs use also other IT tools, e.g. the commercially established Social Network of Firms in the Slovak Republic, the so called 'FOAF' which has proved to be an appropriate additional tool to identify conflicts of interest. Further measures are underway with regard to the specific needs of the individual operational programmes at the level of managing authorities. For example, the Managing Authority for the Employment and Social Inclusion OP also uses its own IT system FONDUE for identifying conflicts of interest. Some managing authorities have made it a priority in 2014 to address collusive behaviour in public procurement and to intensify communication with the Antimonopoly Office of the Slovak Republic, as well as with law enforcement agencies.</p> <p>Coordination of control activities between the Audit Authority (Ministry of Finance of the Slovak Republic), the Supreme Audit Office of the Slovak Republic and AFCOS (Office of the Government of the Slovak Republic) takes place through the Working Group on cooperation in the field of the coordination of control activities within the Management Committee for protecting the financial interests of the EU in the Slovak Republic, where the control and audit plans for international financial resources and own resources of the Slovak national budget are harmonised.</p> <p>The update of the Principles of coordination of controls and audits of the AFCOS network partners, version 4.0, which was approved by the</p> |

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| | <p>Management Committee on the protection of the financial interests of the EU in the Slovak Republic on 9 February 2014, was supplemented by a point concerning coordination between the Office of the Government of the Slovak Republic and the Audit Authority concerning complaints received in the audit of EU funds. On the 1st and the 15th of each month, it shall send information on the submissions received, thus improving effectiveness and efficiency in handling complaints.</p> <p>In the field of agricultural policies, the APA uses SAS software as an IT tool for the modelling of applicants' risks.</p> <p>With regard to the revenue side of the EU budget, the Tax Administration of the Slovak Republic ensures, through the national automated risk profiling, targeted determination of the checks to be carried out at the time of customs clearance in order to avoid and eliminate the risk at importation into the EC. A separate system module has been used since 2006.</p> <p>All input from the internal and external environment, as well as the analytical activity of the Tax Administration itself, are incorporated into the risk profiling. Existing risk profiles are continually assessed and, where necessary, supplemented or modified. On the basis of the risk profiling and its results, the customs procedure at the time of the release of the goods involves document checks, partial or complete physical checks or taking samples.</p> <p>Customs controls on the basis of the national risk profiling are carried out in line with current Community and national legislation and depend on the personnel and material capacities of the individual customs office branches.</p> |
| FI | <p>The Managing Authority of Finland's structural funds programme "Investment for Growth and Jobs" is developing a risk assessment strategy, which includes a fraud risk assessment component. It is based when applicable on the Commission's Guidance Note on fraud risk assessment for the programming period 2014–2020 and national legislation and guidance concerning risk management and anti-fraud.</p> <p>For the program period 2014-2020 the implementing procedure for management and control system for structural funds are developed so that the aim is that the control system prevents and minimizes the risks of irregularities and fraud beforehand during the different stages of the implementing in accordance with requirements set in regulation. When developing the IT-systems for the program period 2014–2020 the requirements for the risk management and anti-fraud procedure have been taken to further consideration than before</p> <p>The risk assessment is made to every operation and beneficiaries during the preparation of the finance decision before the project decision is made. The information of the defined risk class based on the risk assessment is recorded to IT-system and the information is used during the execution of the follow up of the operation, processing of the payment claim and on the spot audits. During the preparation of the project and finance decision the managing authority ensures that no double financing is received from other sources. The IT-system of the structural funds includes the operation for authority to find out the beneficiary's tax debt information. The managing authority trains and instructs the</p> |

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| | intermediate bodies to identify red flags of the irregularities and fraud and to start appropriate process when needed. In addition to that the managing authority assesses the risks of fraud and operations to fight against fraud as part of the planning process of the management authority's control process. |
| SE | <p>The Swedish Council for the protection of the European Union's financial interests has adopted a common reporting policy. The policy is intended to function as an aid for the agencies in their work and states, among other things, that suspected EU fraud should be reported to the Swedish Economic Crime Authority.</p> <p>Although not being part of its formal anti-fraud mandate, the SEFI Council serves as an informal platform for exchanging experiences on managing EU funds in a broader scope, including on the challenges connected with the development of adequate IT tools.</p> |
| UK | Audit Authorities and Managing Authorities must be functionally separate to retain independence. They can coordinate development of the Anti-Fraud Strategy in terms of identifying the risk modalities, but exchange of information can only be limited. |

Fraud detection practices remain very different between Member States and the Commission remains concerned with the low number of potentially fraudulent irregularities reported by some countries. The Commission will continue its work to raise fraud awareness and to provide guidelines to improve the convergence of national systems to protect the EU's financial interests against fraud more efficiently.

RECOMMENDATION 8

As some Member States report very low numbers of fraudulent irregularities, the Commission recommends strengthening their work on detecting and/or reporting fraud:

- **in the area of cohesion policy: France, Spain, Ireland, Hungary, Denmark and the Netherlands;**
- **in the area of agriculture: Lithuania, the Netherlands, Portugal and Finland.**

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| BE | <i>No information provided</i> |
| BG | <i>No information provided</i> |

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| CZ | <i>No information provided</i> |
| DK | <p>All irregularities are reported to OLAF pursuant to the rules in force. An assessment takes place on a case-by-case basis of whether a simple irregularity is involved, or whether it is a case of suspected fraudulent circumstances.</p> <p>The anti-fraud action plan adopted pursuant to Article 125(4)(c) of Regulation No 1303/2013 sets out an organisation designed to ensure improved and uniform assessment of cases which are on the borderline between simple irregularities and cases of suspected fraud by forwarding these borderline cases to the same unit at the managing authority for assessment.</p> <p>Furthermore, a preventive administrative control has been put in place concerning fraudulent circumstances, including via start-up meetings with beneficiaries. Additionally, controls will be carried out during the implementation of project activities, so that it can be checked, during these controls, whether the activities in receipt of support are actually being carried out.</p> <p>In the light of this, it is the view of the Danish Business Agency that there is a very low degree of fraud involving the Structural Funds in Denmark.</p> |
| DE | Germany not affected. |
| EE | <p>Number of irregularities (IRQ 2, IRQ 3) and established fraud (IRQ 5) reported by Estonia is at an average level compared to other Member States.</p> <p>We make improvements to our system year by year: 1) Cooperation between the partners is getting better – common analyses, exchange of information and access to databases. 2) Common training courses or meetings as collective assessment of fraud risks or practical work in the partner's organisation. 3) Better prevention work.</p> |
| IE | The Irish Authorities are satisfied that the procedures in place for detecting irregularities including fraudulent irregularities in the 2007-2013 cohesion policy programmes are adequate and appropriate. There is no evidence to suggest that fraudulent irregularities went undetected. |
| EL | <i>No information provided</i> |
| ES | The recently created AFCOS will continue to develop as it consolidates its operations. |
| FR | In order to strengthen fraud detection and reporting in the area of cohesion policy, the French authorities have carried out the following |

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| | <p>measures:</p> <ul style="list-style-type: none"> - As it does every year, the CICC has distributed a handbook for operations controllers, which acts as a road map and provides instructions enabling them to successfully carry out their tasks. The handbook regularly reiterates the need to report to OLAF; for example, in 2014, paragraph 9-3 of the document read as follows: 'it is also your duty to report any suspicions you may have of fraudulent activity. An irregularity will not qualify as potentially fraudulent if it is solely the result of negligence or of a lack of awareness of the rules; it must be of an intentional nature, meaning that it involves deliberate intent to circumvent current rules. In principle, when reporting this type of case, the infringement should also be referred to the judicial authorities in line with Article 40 of the Criminal Procedure Code. If it proves difficult to determine whether the irregularity is potentially fraudulent, you are advised to contact your CICC correspondent'. - Furthermore, in its capacity as coordinating authority for European Structural and Investment Funds (ESIF), the CGET has launched a range of initiatives. <ul style="list-style-type: none"> a) It organised a meeting, together with the European Commission, on prevention and anti-fraud measures for the authorities managing the programmes (19 June 2014). During the meeting, the Commission presented the ARACHNE fraud risk detection tool to the French managing authorities. b) At regular meetings (the monthly meeting of Europe correspondents in the regions), the CGET and the CICC have raised managing authorities' awareness of these issues, and informed them about the existence of documents (e.g. risk maps) and the ARACHNE tool. c) It has set up a 'Preventing and combating fraud' working group as part of European programmes bringing together coordinating ministries, managing authorities, inspection bodies (CICC, DGFIP) and the Association of French Regions (Association des Régions de France). d) With the support of the Secretariat-General for European Affairs - Transport and Regional Policy Sector (Secrétariat général des affaires européennes - Secteur Transports et politique régionale) and of the working group, it has drawn up a list of questions to ask the European Commission concerning the content and use of the ARACHNE tool and its consequences. e) It has helped managing authorities that wanted to try out the European Commission's ARACHNE tool using project data from the 2007-2013 programming period. <p>In 2014, 205 reports were sent using the Irregularity Management System (144 for the European Structural Fund and 61 for the European Regional Development Fund). Of these, two recipients are now subject to legal proceedings.</p> |
| HR | <p>Since the 1 of July 2013, the Republic of Croatia became the EU Member State and therefore, has the opportunity to use EU funds. In order to</p> |

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| | <p>use the EU Structural instruments, the Republic of Croatia set up the institutional framework for the management of EU funds.</p> <p>As regards reporting on fraudulent irregularities, the Republic of Croatia fulfils its obligation by having all necessary tools and mechanisms in place (legal basis /institutional set up, guidelines, procedures, regular meetings /round tables of the AFCOS Network, continuous maintaining of the AFIS-IMS).</p> <p>The Republic of Croatia continuously strengthens efforts to detect fraud by aligning all the documents/acts with EU legislation, exchange of best practices with other MSs and strengthening administrative capacities (see position on Recommendation 1).</p> |
| IT | <i>No information provided</i> |
| CY | <i>No information provided</i> |
| LV | N/A |
| LT | In the light of the European Commission's recommendation that the Member States' work in identifying and/or reporting fraud be strengthened, EU funds are used to organise seminars, training and traineeships relating to fraud prevention measures, the assessment of fraud risk and the investigation, identification and elimination of infringements and similar issues. |
| LU | Any measures taken to strengthen efforts to detect fraud. |
| HU | <p>Government Decree No 272 of 5 November 2014 established the legal basis for the application of criminal notices, which allows efficient cooperation and quick information exchange between the stakeholders of the institutional system for support policy and the investigating authority, and with this legal instrument, it is possible to successfully detect fraud affecting the budgets of Hungary and the EU.</p> <p>In addition, in order to strengthen the reporting activity, the Prime Minister's Office holds a number of trainings ensuring an increase in anti-fraud awareness and regarding occupational ethics and integrity for the staff of the institutional system for support policy.</p> |
| MT | <i>No information provided</i> |
| NL | The Netherlands sees no direct link between low levels of fraud reporting and insufficient efforts to detect fraud. The management and control |

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| | <p>systems are designed to detect irregularities and suspected fraud cases involving EU money. The Dutch systems have received an unqualified opinion from the Audit Authority (AA). Moreover, the AA procedure has received an unqualified opinion from the Commission. In 2013, the Commission sent a ‘letter of confidence’ to the Netherlands confirming that its control and management system was working effectively, including in the area of fraud detection. Several suspected fraud cases have been reported recently, which confirms the system's effectiveness. Fraud prevention and detection is a major issue in the Netherlands and subject to constant scrutiny.</p> |
| AT | <p>Austrian answer: "As points 1-8 either refer to specific other MS or do not specifically mention Austria, please do not expect any further comment on this document."</p> |
| PL | <p>Not applicable. This recommendation was not directed at Poland.</p> |
| PT | <p>In the area of agriculture, it should be noted that:</p> <p>Following the publication of Regulation (EU) No 1306/2013 of 17 December 2013, and with particular reference to Article 58 thereof, and Annex I to Commission Delegated Regulation (EU) No 907/2014 of 11 March 2014 and also the Guidance Note on Anti-fraud Measures as foreseen in the context of Accreditation, IFAP (Agriculture and Fisheries Financing Institute) decided to review, amend and broaden the current anti-fraud procedures.</p> <p>Accordingly, legislation was drafted on the process of identifying risk situations, or greater risk of fraud, and the existing provisions on the procedure applicable in cases of complaints or suspicions of intentional non-compliance were reviewed or amended.</p> <p>The related mechanisms:</p> <p>a) Action was taken to raise awareness in this field (for example, the Anti-fraud Seminar organized by IFAP in close collaboration with DG AGRI and held in Lisbon on 18 November 2014);</p> <p>b) A proposal was made to extend deterrents against fraud in obtaining subsidies, for example by strengthening the penalty systems applicable to investment measures (as in the case of the publication of Implementing Order No 230/2014 of 11 November 2014 establishing the system for applying action 3.2 ‘Investment in agricultural holdings’ and action 3.3 ‘Investment in the processing and marketing of agricultural products’, both part of measure 3, ‘Development of agricultural products’ from the 2020 Rural Development Programme);</p> <p>c) The internal process in force for preparing the notification of irregularities was amended and is now undergoing legislative review;</p> |

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| | <p>d) The existing processes for validating information provided by beneficiaries were stepped up, as was the conclusion of protocols with public or private bodies with a view to streamlining and broadening the process of validating this information.</p> <p>The above shows that measures have been taken to improve the process of identifying the risk of fraud and detecting and notifying fraud.</p> |
| RO | N/A |
| SI | In the light of all available resources, facts given and implementation of the three operational programs in the programming period 2007-2013, we estimate that the system of detection and reporting of irregularities in Slovenia works well. |
| SK | <i>No information provided</i> |
| FI | <p>Comparing the number of reported irregularities it is seeable that also the number of reported suspected frauds will stay small.</p> <p>According to the Agricultural funds, a reporting process and guidelines has been evaluated to ensure effectiveness of detect and report suspected frauds. Data is double-checked and reported cases are followed more closely to update reports in case there is reason to suspect a fraud.</p> |
| SE | <i>No information provided</i> |
| UK | N/A |