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**Implementation of Article 325 TFEU by the Member States in 2019**

*Accompanying the document*

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**31<sup>st</sup> Annual Report on the protection of the European Union's financial interests - Fight  
against fraud - 2019**

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# Implementation of Article 325 TFUE by the Member States

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# Implementation of Article 325 TFEU by the Member States

## Protecting the EU's financial interests

The responsibility of protecting the EU's financial interests is shared between the European institutions and the Member States. The EU countries contribute the lion's share of the EU budget, collect traditional own resources on behalf of the EU, and also directly manage about two thirds of EU expenditure.

Article 325(2) of the Treaty on the Functioning of the European Union (TFEU) states: 'Member States shall take the same measures to counter fraud affecting the financial interests of the Union as they take to counter fraud affecting their own financial interests'.

According to Article 325(5), the 'Commission, in cooperation with Member States, shall each year submit to the European Parliament and to the Council a report on the measures taken for the implementation of this Article'.

To compile this document and gather the information required for the above-mentioned report, the Commission has asked Member States to report up to three measures, the ones they consider most important for the protection of the EU's financial interests. The annex to this document contains the model survey used to collect these contributions, using the 'EU Survey' web platform.

## OVERVIEW OF MEASURES TAKEN BY MEMBER STATES IN 2019

Member States reported 66 measures taken in 2019 to protect the EU's financial interests and combat fraud. As they had been asked to report up to three anti-fraud measures (the most important ones), this document, though not exhaustive, provides a good overview of trends and priorities in national anti-fraud measures. Since Member States may report 'single' or 'package' measures, the total number of individual measures is actually higher than the figure cited. This is because 'package measures' usually comprise several instruments adopted at the same time and for the same purpose. Of all the measures reported, 20 (30%) are 'packages'.

Nine countries also reported additional measures (31 in total), which are set out in chapter 6 of this document.

Eight countries also reported case studies from different areas of protection for EU financial interests. These are detailed in chapter 7.

Four types of measures were reported and analysed: legislative, administrative, organisational and operational.

A **legislative** measure is an act adopted by a legislative body or having the same legal weight.

An **administrative** measure is a legal act adopted by an administrative body to implement actions provided for by legislative acts.

An **organisational** measure is a decision or any other non-legislative act taken to change the organisational structure of an administration or body whose tasks and activities are relevant to the protection of the EU's financial interests.



An **operational** measure is any action taken by an administration or body whose tasks and activities relate to the protection of the EU’s financial interests that has a direct impact on the operation of that administration or body.

In 2019, the Member States reported mainly legislative measures and measures focusing on operational aspects, as shown in Figure 1. Together, they account for about 60% of the total.

**Figure 1: Distribution of reported measures by type**



**Anti-fraud measures taken by the Member States and the anti-fraud cycle**

The Commission is convinced that to be genuinely effective, the fight against fraud must take a holistic and comprehensive approach and include all the steps in the anti-fraud cycle. This approach is based on the observation that protecting the EU’s financial interests involves many players and a multiplicity of processes and stages which are closely interconnected and which influence one another.

Figure 2, the anti-fraud cycle, depicts this model.

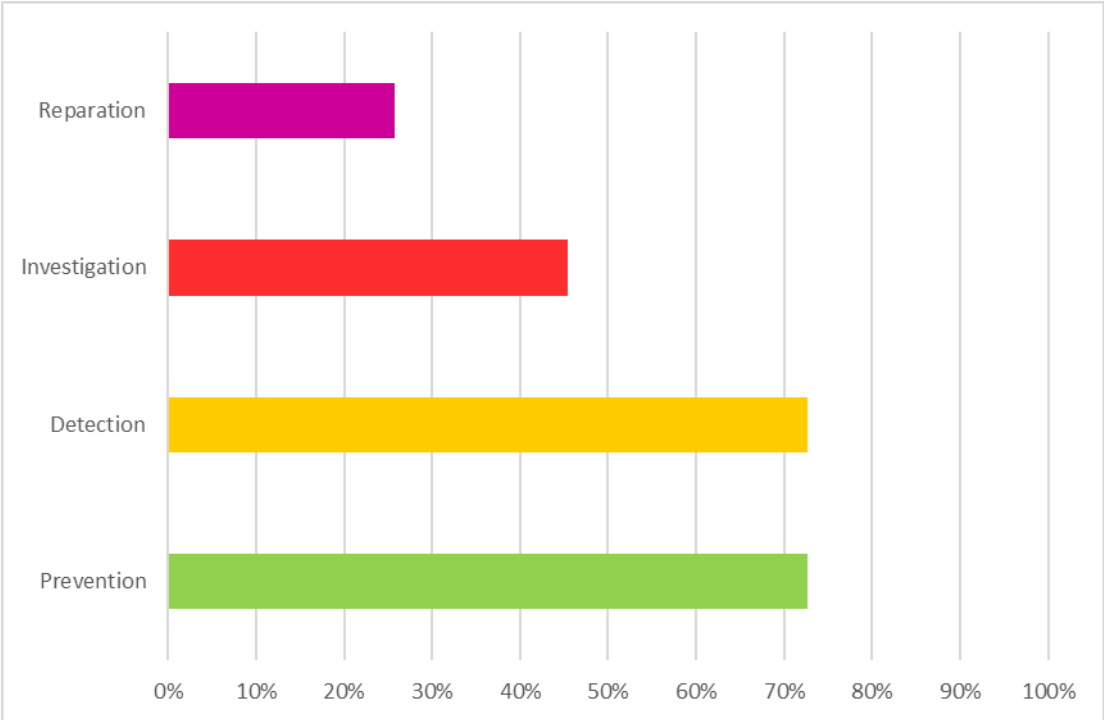
**Figure 2: the anti-fraud cycle**



The PIF questionnaire asks Member States to state which steps in the anti-fraud cycle are targeted by the measures they report.

The measures taken in 2019 covered the entire anti-fraud cycle. Similarly to those reported in 2017 and 2018, they focused on fraud detection and prevention (73%). Fewer measures targeted investigation, while even fewer targeted reparation (sanctions and recovery), as Figure 3 shows.

**Figure 3: reported measures and steps in the anti-fraud cycle**



This distribution is very similar to that observed over the last three years. In this respect, Member States show a high degree of consistency and continuity. It is worth bearing in mind here that several of these measures flow directly from rules and guidelines developed at EU level to set up management and control systems (MCS). Conversely, ‘investigation and prosecution’ and ‘reparation’, as fields closely associated with the sovereign sphere of the state (law enforcement and justice), are less affected by these initiatives.

When reporting the measures they have taken, Member States also indicate the specific areas they cover.

Figure 4 shows how the various measures are distributed by area and by stage in the anti-fraud cycle.

**Figure 4: Measures shown by area addressed and stage/s in the anti-fraud cycle**

	Prevention	Detection	Investigation	Recovery	Total N° of measures
Public procurement	15	13	7	5	16
Financial crime (incl. money laundering)	10	12	13	4	17
Organised crime	5	5	3	3	7
Corruption	6	5	6	2	8
Conflict of interest	12	12	4	3	13
Fraud definition	11	11	8	4	15
AFCOS	7	9	7	2	10
Whistleblower	3	4	3	2	5
Customs / TOR / illicit trade	11	13	8	5	16
Shared management and control of EU funds	20	19	13	8	26
Antifraud or anticorruption strategy	11	12	8	2	14
Other	8	7	3	5	11
<b>TOTAL</b>	<b>48</b>	<b>48</b>	<b>30</b>	<b>17</b>	<b>66</b>
<b>%</b>	<b>73%</b>	<b>73%</b>	<b>45%</b>	<b>26%</b>	<b>100%</b>

Figure 5 further breaks down the same information by Member State and by area.

Figure 5: Number of measures reported by area

Member State	No of measures	Public procurement	Financial crime (incl. money laundering)	Organised crime	Corruption	Conflict of interest	Fraud definition	AFCOS	Whistleblower	Customs / TOR / illicit trade	Shared management and control of EU funds	Antifraud or anticorruption strategy	Other
BE	3	1				1		1		2			
BG	3	1	1			1	1			1		2	1
CZ	3								1	1		2	
DK	3					1			1		2	1	
DE	3	1			1	2	2				1	2	
EE	3	2	1				1			1			
IE	1	1	1				1						
GR	3	1	1	2	2	1		1	1	2	2	1	
ES	3		2	1	2		1	1		1		1	1
FR	2		1	1			2	1		1	2		
HR	3	1	1		1		1			1	1		
IT	3	1									1	2	
CY	2					1	2	2			2		
LV	3	1	2		1	1	1	1				1	1
LT	3	1	2	1	1	1				1	1	1	2
LU													
HU	3						1			1	2		1
MT	1		1										
NL													
AT	3	1				1					2		1
PL	3			1							1		2
PT	3			1						2	1		
RO	3	1	1							1	1		
SI	3	1	1				1				2		1
SK	3	2	1			2	1	2			3		1
FI	2		1			1			1				
SE	1							1	1	1	1	1	
<b>TOTAL</b>	<b>66</b>	<b>16</b>	<b>17</b>	<b>7</b>	<b>8</b>	<b>13</b>	<b>15</b>	<b>10</b>	<b>5</b>	<b>16</b>	<b>26</b>	<b>14</b>	<b>11</b>
% of total	100%	24%	26%	11%	12%	20%	23%	15%	8%	24%	39%	21%	17%

It is worth bearing in mind that each measure can target more than one area.

The majority of measures relate to a single sector (60%), while the remaining 40% cover more than one, as shown in Figure 6.

**Figure 6: Cross-cutting v sectoral**

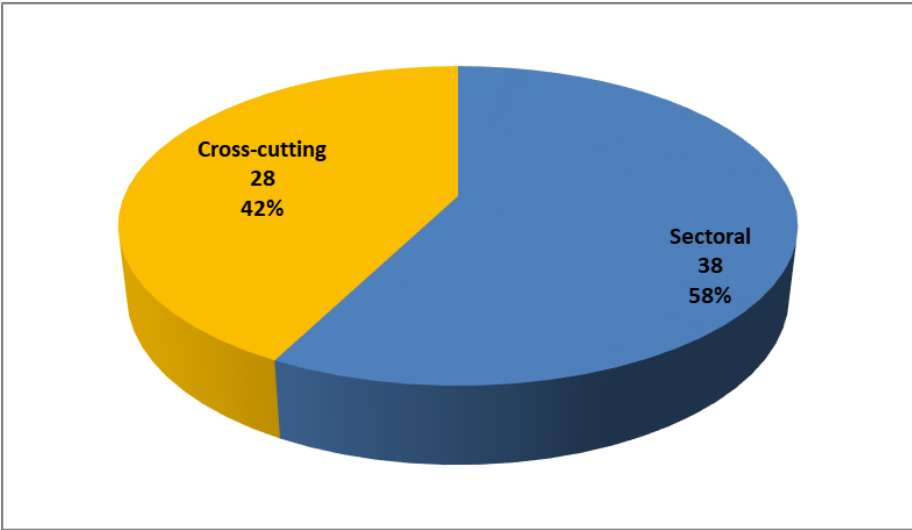


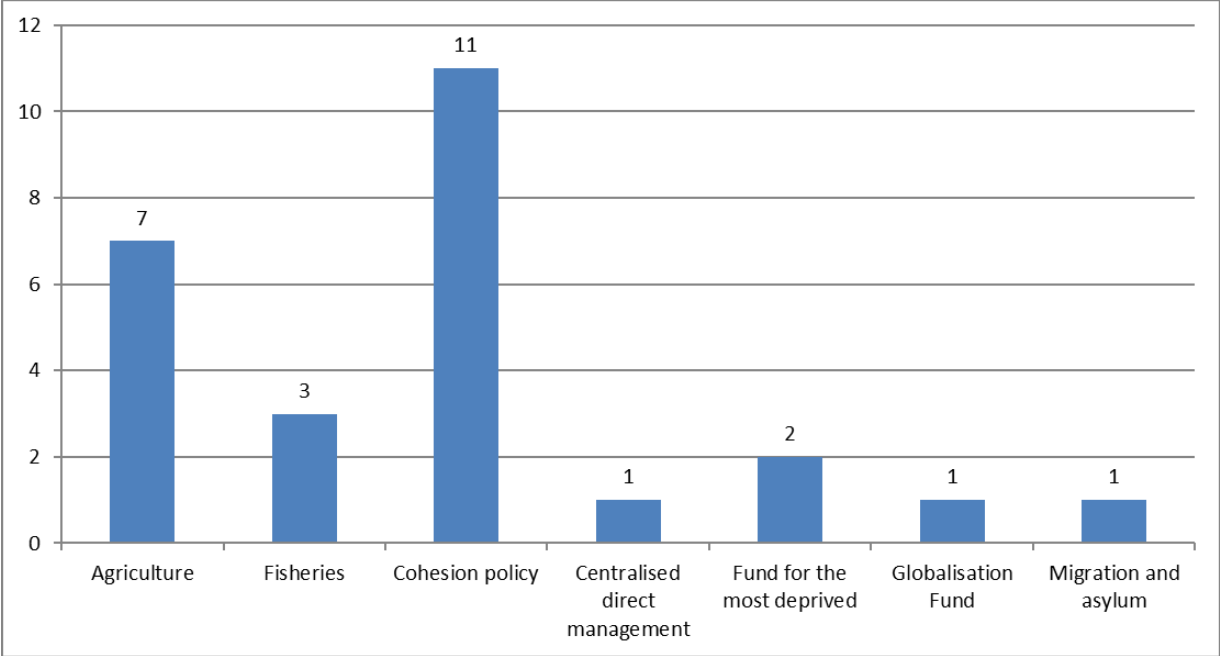
Figure 7 breaks down this information by Member State.

**Figure 7: Cross-cutting vs sectoral, by Member State**

Member State	Cross-cutting	Sectoral	Total
AT	1	2	3
BE	1	2	3
BG		3	3
HR	1	2	3
CY	2		2
CZ	2	1	3
DK		3	3
EE	1	2	3
FI	1	1	2
FR	2		2
DE		3	3
GR	1	2	3
HU		3	3
IE	1		1
IT	1	2	3
LV	3		3
LT	1	2	3
LU			0
MT	1		1
NL			0
PL		3	3
PT		3	3
RO	2	1	3
SK	2	1	3
SI	1	2	3
ES	3		3
SE	1		1
<b>TOTAL</b>	<b>28</b>	<b>38</b>	<b>66</b>

Among the sectoral measures reported, 17 relate to various expenditure sectors and 14 to revenue. One addresses both sides of the budget. Figure 8 shows that cohesion policy accounts for the largest single group of measures in expenditure sectors, followed by agriculture and fisheries.

**Figure 8: Sectoral measures: expenditure**



### Progress on national anti-fraud strategies (NAFS)

By the end of 2019, 10 Member States had adopted a national anti-fraud strategy and notified the Commission accordingly. One country’s anti-fraud strategy became outdated and has not yet been updated. Two countries say they have adopted a national strategy, but they have not sent it to the Commission. Another six countries say that a procedure to adopt such a strategy is under way, as shown in Figure 9.

The Commission calls on all other Member States to follow these examples and establish national anti-fraud strategies based on the guidelines drawn up by the Commission in cooperation with experts from the Member States.



- Setting out a better working framework within which the institutions involved in implementing and monitoring EU funds can work together to improve administrative capacity and determine more precisely the roles and responsibilities of the institutions involved. This would ensure effective coordination of the institutions' legislative, administrative and operational activities;
- Recovering more improperly spent funds from the EU budget and contributing to proportionate and deterrent penalties, in accordance with the applicable law.

## Cross-cutting anti-fraud measures

The Member States have reported a total of 27 cross-cutting measures. These have been divided into four subgroups, depending on the area in which they are implemented.

### Improving transparency, combating corruption and preventing conflicts of interest in public procurement

The Member States have reported eight measures in this field.

These measures are quite wide-ranging. They include:

- **legislative** measures to make administration more efficient and effective (Slovenia) or improve financial management in public procurement (Romania);
- **organisational** measures, such as a workshop on bid rigging (Croatia) or training and awareness-raising on combating fraud and irregularities (Cyprus, France); and
- **administrative** measures, such as methodological guidance on financial control and audit (Slovakia) or a study visit (Cyprus) for the anti-fraud coordination service (AFCOS) from another Member State (Bulgaria) on 'errors, irregularities and fraud in ESIF projects and programmes'.

Two countries (Czech Republic and Latvia) reported strategies to combat corruption at different levels. One strategy consists of **operational** measures, while the other is a combination of **operational, organisational and administrative** measures.

#### Czech Republic: Cross-cutting: Evaluation of the 'Strategy to combat fraud and corruption in the use of funds from the ESI Funds during the period 2014-2020'

The **Czech** Ministry of Regional Development decided to draw up an evaluation of the 'Strategy to combat fraud and corruption in the use of funds from the ESI Funds over 2014-2020' (hereinafter 'the Strategy'). This evaluation and the associated analysis entitled 'Evaluation of the perceived functioning and effectiveness of selected JMP tools from the point of view of increasing transparency within the ESI Funds' were carried out by external suppliers.

The Strategy is a basic document which ensures that anti-corruption measures are incorporated into the methodological environment establishing the rules for implementing programmes in the Czech Republic.



Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Antifraud or anticorruption strategy	Single	Operational	A	The evaluations reveal that in the context of the current programming period, the Strategy does not need to be updated	to confirm how well anti-corruption measures have been put together	H
Detection							

### Croatia: Cross-cutting: Workshop on bid rigging in public procurement

**Croatia** reported about the meeting of the Network for the Management of Irregularities held in December 2019, where a workshop on bid rigging in public procurement took place.

With the aim of preventing irregularities and exchanging good and bad practices in handling, reporting and follow-up of irregularities, the Managing Authority (MA) for OP under the 'Investment for growth and jobs' goal has established the Network for the Management of Irregularities at the level of the OP. In addition, for the purpose of prevention of irregularities and providing support in the field of public procurement, the MA has established operational network of public procurement experts and coordinators, and operational network of state aid experts and coordinators.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, corruption, control of EU funds	Single	Organisational	A	Inter-agency cooperations, general trainings	Raising awareness and sharing information	H

### Cyprus: Cross-cutting: Fraud awareness workshop on irregularities and fraud

In 2019, **Cyprus** organized a workshop to intermediate bodies and beneficiaries in relation to prevention, detection, correction and reporting of irregularities, including fraud. The aim of the workshop was to inform participants about the provisions of the EC regulations on co-financed programs and the management and control systems established in the implementation of such programs.

The main speakers of the workshop were representatives of the Verification and Certification Directorate, the Management Authority, the Audit Authority, the Audit Office, the Public Procurement Directorate, the Cypriot Police and OLAF. The workshop covered several areas, such as management and control systems in Cyprus; administrative and criminal investigations in EU funded projects; Commission guidance and main lessons learned from the study on anti-fraud measures; risk analysis and practical cases, red flags and risk indicators; conflicts of interest; tools, training and guidance from Commission services and reporting irregularities and fraud in the IMS database.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Fraud definition, AFCOS, shared management and control of EU funds	Single	Administrative	A	Management of funds, monitoring/desk checks, on the spot checks, Irregularities reporting, trainings	to clarify or consolidate existing rules, to enhance existing measures	H
Detection							

### Cyprus: Cross-cutting: AFCOS Bulgaria study visit to Cyprus on the topic ‘Errors, irregularities and fraud in ESIF projects and programmes’

In 2019, **Cyprus** reported about the study visit that was organized between AFCOS Cyprus and AFCOS Bulgaria, aimed at exchanging best practices in the project implementation, knowledge transfers and experience in the fields of errors, irregularities and fraud in ESIF projects. The main topics covered were management verification as measures to prevent irregularities; how to proceed in case of irregularities and financial corrections; irregularities reporting; case studies in corruption within the procurement cycle; how to conduct fraud risk assessment and analysis; investigation of fraud and corruption; administrative and criminal investigations.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest, fraud definition, AFCOS, shared management and control of EU funds	Single	Administrative	A	Eligibility criteria, management of funds, on the spot checks, investigation, irregularities reporting, training	to clarify or consolidate existing rules, to enhance existing measures	H
Detection							
Investigation and prosecution							

### France: Cross-cutting: Training and awareness-raising on the fight against fraud

In 2019, **France** reported that they organised a training on raising awareness on the fight against fraud for auditors of the Interministerial Commission for the Coordination of Inspections (CICC; national audit authority) and for public accountants.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Fraud definition, AFCOS, shared management and control of EU funds	Single	Organisational	N	General trainings	Neutral on resources	H

### Latvia: Cross-cutting: Approval of the Corruption Prevention and Combating Bureau Strategy 2020-2022

In 2019, **Latvia** approved the Corruption Prevention and Combating Bureau Strategy 2020–2022 by order of the prime minister. The Strategy names priority tasks for the Corruption Prevention and Combating Bureau (KNAB) in the coming years. KNAB will pay special attention to the public

procurements within the projects co-funded by the European Union, procurements in the construction sector, the largest municipalities of Latvia and the Rail Baltica project.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	a) Public procurement;b) Financial crime (including money laundering);d) Corruption;e) Conflict of interest;k) Antifraud or anticorruption strategy	Package	Administrative	A	c) Monitoring/desk checks;f) Investigation	e) Other (Operational Strategy - The previous operational strategy of KNAB covered period 2018-2019)	H
Detection			Organisational	A	d) General trainings;g) Other (Trainings on corruption prevention and combatting measures)	c) Neutral on resources	
Investigation and prosecution			Operational	A	e) Increased number of checks;f) Structured cooperation with law enforcement;g) Structured cooperation with judicial authorities	a) Enhanced coordination;b) Enhanced cooperation;c) Enhanced information flow;d) Targeting of checks;e) Targeting of investigations;f) Enhanced ex-ante controls;g) Enhanced ex-post controls	

### Romania: Cross-cutting: Legislative measures aimed at the field of public procurement and control of EU funds

On 24 December 2019, the **Romanian** government passed Government Emergency Order No 80/2019 that gives a Definition of types of infringements of public procurement rules for expenditure financed by the European Union. It also transpositions those rules into national legislation following the adoption of new guidelines approved by Commission Decision No (2019) 3452, in order to bring about good alignment and standardization of control measures carried out by European and national bodies.

The Act adopts measures to ensure better financial management of European funds and creates the conditions for improving the degree of absorption of European funds, in line with European developments.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	a) Public procurement;j) shared management and control of EU funds	Single	Legislative	A	c) Definition of a specific topic;j) Other	c) To enforce the rules in line with developments in EU law	H
Detection							
Investigation and prosecution							
Recovery and sanction							

### Slovakia: Cross-cutting: Methodological guidance on financial control and audit issued by the Ministry of Finance

In 2019, the **Slovak** Ministry of Finance issued new methodological guidelines on financial control and audit. These guidelines describe in detail the specific procedures and principles of financial control and audit that are defined by law (the Act Nr. 357/2015 Col. on financial control and audit, amended on 01. 01.2019). Financial control legislation stipulates the obligation to create, maintain and develop financial management within public administration bodies. It is the basis for successful prevention of fraud and irregularities.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	a) Public procurement;b) Financial crime (including money laundering);e) Conflict of interest;j) Shared management and control of EU funds	Package	Administrative	N / A	b) Management of funds;c) Monitoring/desk checks;d) On the spot checks;e) Audit checklist	a) To clarify or consolidate existing rules	H
Detection							

### Slovenia: Cross-cutting: Several legislative measures concerning the Government Office for Development and European Cohesion Policy

In 2019, **Slovenia** implemented several legislature measures that concern the Government Office for Development and European Cohesion Policy. Firstly, they implemented stronger Cooperation between the State Attorney's Office and MA in order to improve the flow of information, increase efficiency of the ECP system, improve supervision, ensure uniform practise and raise awareness of the State Attorney's Office, the Public Prosecutor's Office and the MA. Secondly, they started unifying the procedures for allocating all funds in the RS. This initiative and process is managed by Government Office for Legislation. A more transparent and uniform allocation of resources shall help facilitate controls and prevent double funding, as well as contribute to a more equal treatment of applicants. Thirdly, they adopted the ECP implementation law that provides the frame for a uniform allocation process, better controls and legal basis for making financial corrections.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	a) Public procurement;j) Shared management and control of EU funds	Single	Legislative	N	a) Competences;c) Definition of a specific topic;g) Criminal sanctions;h) Time barring	New sanctions, decreased time barring; a) To clarify or consolidate existing rules;b) To remedy flaws;c) To enforce the rules in line with developments in EU law;d) Other	H
Detection							
Investigation and prosecution							
Recovery and sanction							

### Slovenia: Cross-cutting: Several legislative measures concerning the Financial Administration

In 2019, **Slovenia** adopted several legislative measures that concern the Financial Administration. Firstly, they implemented the FRC Decision in their risk analysis system by adding 14 FRC risk profiles to the system. Local Customs Depts were informed about this by an official letter. The FRC decision lays down 'the common financial risk criteria and standards. Secondly, Slovenia transposed Council Directive (EU) 2017/952 amending Directive 2016/1164 as regards to hybrid mismatches with third countries in order to restore confidence in the tax system and ensure that profits are taxed where economic activities take place and value is created. Thirdly, the transposed Council Directive (EU) 2016/1164 to lay down rules against erosion of tax bases in the internal market and the shifting of profits.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	b) Financial crime (including money laundering); Other (Anti tax avoidance practice)	Single	Legislative	A	c) Definition of a specific topic	c) To enforce the rules in line with developments in EU law	S
Detection							

## Combating financial and organized crime

The Member States reported six measures in this field.

Also here, their nature is quite diverse. They include:

- **operational** measures, such as the implementation of the Arachne system (Italy) or a project to enhance capacities of the National Police force (Malta);
- a **package of organisational and operational** measures implemented by coordinative groups, such as the annual expert level meetings of Baltic States Tax and Customs Crimes Investigation Services (Lithuania) or the annual work of the Swedish Council for the protection of the European Union's financial interests (Sweden); and, similarly to that,
- an **organisational** measure creating an Advisory Council for prevention and fight against fraud affecting the financial interests of the European Union (Spain).

Additionally, Spain also took an **administrative** measure through adopting a national strategy against organized crime and serious criminal offences.

### Italy: Cross-cutting: Adoption of Arachne system

In the 2014-2020 programming period, in order to meet specific EU legislation requirements, including the establishment of appropriate anti-fraud measures, the **Italian** Inspectorate-General for Financial Relations with the EU (IGRUE) has launched a collaboration with the EC to promote the use of the Anti-Fraud Information System, Arachne. Its use results in an effective and proportionate anti-fraud measure (Article 125 of Regulation (EU) No 1303/2013). The internal working group, established at the Agency for Territorial Cohesion, is working on the functionalities of Arachne and is responsible for training around 150 users on how to use the system.

The Arachne risk scoring tool represents the most advanced technology in terms of data mining and enrichment. Firstly, this tool can help supporting improvements to the effectiveness and efficiency of management verifications, thereby contributing to desk review and on-the-spot verifications. Secondly, it can provide the managing authority the ability to document increased effectiveness and efficiency of management verifications over time and thirdly, prevent potential irregularities and therefore lead to a reduction in error rates.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, antifraud or anticorruption strategy	Single	Operational	N	IT tools ('IT data feeding', 'Other IT'), risk indicators	Enhanced information flow and ex-ante controls; to improve the effectiveness and efficiency of management verifications in order to prevent potential irregularities	H

### Lithuania: Cross-cutting: Annual expert level meetings of Baltic States Tax and Customs Crimes Investigation Services.

In 2019, **Lithuania** reported about the Annual Expert level meetings of Baltic States Tax and Customs crimes investigation Services. This measure is partially based on the Action Plan of the Baltic States customs cooperation for 2017-2019 and Europol EMPACT Excise Operational Action Plan. These meetings focus on cooperation between investigation units on sharing and exchange of best practices and on specific information on the latest trend based initiated criminal investigations. In the framework of this measure Joint Action Days (JAD) "Arktos" were coordinated by FRONTEX in May 2019 across Northern-Eastern EU border.

Customs investigations services of three Baltic States (Estonia, Latvia and Lithuania) is operating at the external EU border where they face challenges in fighting excise fraud due to extreme price difference in neighbouring countries. Therefore, better cooperation among respective law enforcement services are crucial in order to implement protection of EU financial interests and better prevention of economic fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	b) Financial crime (including money laundering);c) Organised crime;i) Customs/ToR/illlicit trade;l) Other	Package	Organisational	A	b) Competence;c) Inter- agency cooperation	a) Increased resources	H
Detection			Operational	A	c) Flagging practice;d) Risk indicators;e) Increased number of checks;f) Structured cooperation with law enforcement	b) Enhanced cooperation;c) Enhanced information flow;d) Targeting of checks;e) Targeting of investigations	
Investigation and prosecution							

### Malta: Cross-cutting: Project to enhance capacities of the Maltese Police Force

The **Malta** Police Force (MPF) enhanced their capabilities through I2 MPF Project, adopted in 2019. This Project connects the internal data gathered from the National Police System as well as from individual databases used by different units within the Force. By means of this software, MPF is in a better position to uncover and prosecute illegal activities. The software also enhances the exchange of information related to such activities, which include fraud, smuggling and economic crimes, with other law enforcement authorities (both at national and transnational level).

The I2 MPF Project helped MPF to strengthen Malta's fight against fraud and corruption in order to protect the financial interests of the country and the European Union (EU). Furthermore, MPF officers are now better equipped to forward the relevant data gathered through the I2 MPF Project, including when the Force is required to cooperate with law enforcement authorities in other countries, in line with its duties under the Prum Decision.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	b) Financial crime (including money laundering)	Single	Operational	N	a) IT tools ("IT data feeding", "Other IT")	c) Enhanced information flow;e) Targeting of investigations	H
Investigation and prosecution							

### Spain: Cross-cutting: Creation of the Advisory Council for prevention and fight against fraud affecting the financial interests of the European Union

In 2019, **Spain** created the Advisory Council for Prevention and Fight against Fraud affecting the financial Interests of the European Union by Royal Decree 91/2019 of 1 March. This Advisory Council is composed by AFCOS (which holds its Secretariat), General Public Prosecutor Office, National Police and Guardia Civil, all the Managing Authorities for structural funds, Central Paying and Coordination Agency for agricultural funds, Audit Authority, Tax Agency, Office for Asset Recovery, State treasury (Anti-money Laundering authority) and a representation of Regional and Local entities, among others.

This measure aims to formalise the AFCOS Network and shall improve the coordination among authorities over the entire anti-fraud cycle, which is one of the shortcomings which was highlighted by the European Court of Auditors in its audit over MS' antifraud measures in the Cohesion Policy (Special Report 6/2019). It will also improve the cooperation between law enforcement authorities (police forces and Anticorruption Prosecutor's Office) and administrative authorities (MA, AA, AFCOS etc.), as both types of authorities will be represented in the Advisory Council.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	AFCOS, antifraud or anticorruption strategy, interinstitutional coordination	Single	Organisational	N	Inter-agency cooperation	Neutral on resources	H
Detection							
Investigation and prosecution							
Recovery and sanction							

### Spain: Cross-cutting: National Strategy against Organized Crime and Serious Criminal Offences

On 21 January 2019, the **Spanish** National Security Council adopted a National Strategy against Organized Crime and Serious Criminal Offences 2019-2023 (Resolution of the National Security Council of 21 January 2019, published by Orden PCI/161/2019, of 21 February 2019).

This strategy lays down the strategic framework for the actions to be taken in the fight against all forms of serious criminal offences and organized crime. It is important because every action to be taken by national authorities in the field of fight against fraud affecting the financial interest of the EU (e.g. a national anti-fraud strategy) should be aligned with the parts of this strategy which are

referred to criminal offences which could affect such field (. e.g. corruption and fraud against public budget).

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), organised crime, corruption, customs / TOR / illicit trade	Single	Administrative	N	measures of all kinds regarding all forms of serious criminal offences and organised crime, including certain measures in the field of corruption and fraud against public budget	Cross-cutting measure, multi-agency measure; to structure and give coherence to the actions which must be taken by all the public authorities when combating serious criminal offences and organised crime	H
Detection							
Investigation and prosecution							
Recovery and sanction							

### Sweden: Cross-cutting: Annual Work of the Swedish Council for the Protection of the European Union's Financial Interests

The annual work of the **Swedish** Council for the Protection of the European Union's Financial Interests is an ongoing measure to protect the EU's financial interests in Sweden. The Swedish Council for the Protection of the European Union's Financial Interests, i.e. the SEFI Council, is responsible for coordinating initiatives in Sweden against fraud and other abuse of EU-related funds. The Swedish Economic Crime Authority is responsible for the Council's offices. The Council enhances the cooperation between the eight agencies that are implementing EU-programmes in Sweden. The Council has also organized seminars on a number of anti-fraud issues to increase awareness and knowledge in the agencies.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	g) AFCOS;h) Whistleblower;i) Customs/TOR/illicit trade;j) Shared management and control of EU funds;k) Antifraud or anticorruption strategy	Package	Organisational	A	c) Inter- agency cooperation;d) General trainings;e) Fraud awareness trainings	a) Increased resources	H
Detection							
Investigation and prosecution			Operational	A	f) Structured cooperation with law enforcement	a) Enhanced coordination;b) Enhanced cooperation;c) Enhanced information flow	
Recovery and sanction							

### Transposing EU law into national law

The Member States have reported 10 **legislative** measures in this field.

Most measures concern the EU directive 2017/1371 (so-called 'PIF directive') that is about the protection of the Union's financial interests. Six countries (Austria, Estonia, France, Ireland, Latvia, Spain) have reported about transposing this directive in 2019.

Other measures concern Council regulation (EU) 2017/1939 that is about the establishment of the European Public Prosecutor's Office ('EPPO'). Two countries (Czech Republic and Greece) have reported about taking national legislative measures related to abovementioned regulation.

One country (Finland) has reported measures related to transposing the fifth anti-money laundering EU directive 2018/843, whilst another (Romania) transposed EU Directive 2015/849 on the



prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

### Austria: Cross-cutting: Legislative measures for fighting fraud affecting the financial interests of the Union by means of criminal law

On 22 July 2019, the **Austrian** legislator announced Federal Law No 62/2019 in the Federal Law Gazette of the Republic of Austria (BGBl). This legislative act transposed the EU directive 2017/1371 on the fight against fraud to the Union's financial interests in respect of revenue other than revenue arising from VAT own resources and in respect of revenue arising from VAT own resources by means of national fiscal criminal law.

On 27 December 2019, the Austrian legislator announced Federal Law No 111/2019 in the Federal Law Gazette of the Republic of Austria (BGBl). This legislative act transposed the EU directive 2017/1371 on the fight against fraud to the Union's financial interests by means of national criminal law.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Investigation and prosecution	Other: transposition of EU Directive (PIF)	Single	Legislative	N	g) Criminal sanctions	c) To enforce the rules in line with developments in EU law	H

### Czech Republic: Cross-cutting: Amendment of Czech legislation to enable the European Public Prosecutor's Office to begin its work

The **Czech Republic** implemented this legislative measure to ensure that the European Public Prosecutor's Office can in future discharge its responsibilities in the Member State.

The adoption of Act No 315/2019 ensures that the Office can discharge its responsibilities and European prosecutors are put in place by amending the Code of Criminal Procedure, the Criminal Code, the Act on the Public Prosecutor's Office, employment provisions and other acts.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	Antifraud or anticorruption strategy	Single	Legislative	A	Competences, Powers	To enforce the rules in line with developments in EU law	H
Investigation and prosecution							

### Estonia: Cross-cutting: Adoption of the PIF Directive

On 13 January 2020, **Estonian** legislators adopted an amendment that transposed into Estonian law the Directive on the protection of the Union's financial interests (Directive (EU) 2017/1371). A new description of the necessary elements of procurement fraud affecting the financial interests of the European Union was established (Section 209<sup>1</sup> of the Penal Code) and the necessary elements of illicit traffic were expanded (Sections 391 and 393 of the Penal Code) for cases in which a customs debt of 10 000 euros or more was incurred through fraudulent acts or by carrying out illegal

operations or transactions. In accordance with the Directive, personal jurisdiction was also expanded, and the definition of an official of a foreign state was clarified.

Although the amendment was adopted in 2020, it is included in the 2019 report since this is when all the preliminary legislative work was done.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Financial crimes (including money laundering), Fraud definition, Shared management and control of EU funds	Single	Legislative	A	Definition of a specific topic, more criminal sanctions	to enforce the rules in line with developments in EU law	H
Detection							
Investigation and prosecution							
Recovery and sanction							

**Finland: Cross-cutting: Finnish Customs Account Register Project**

On 26 April 2019, **Finland** adopted the Act on the Bank and Payment Account Monitoring System (the AMS Act 571/2019). Pursuant to the Act, the Bank and Payment Account Monitoring System is composed of (1) the Bank and Payment Account Register and (2) the decentralized Data Retrieval System.

Finnish Customs runs the Account Register Project, which will include the creation of a bank and payment account register and related Web Service interfaces, and issuing regulation for defining the interfaces of the Data Retrieval Systems.

This measure is linked to the implementation of the fifth Anti-Money Laundering Directive (EU) 2018/843 that must be transposed by the Member States by 10 January 2020.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	Financial crime (including money laundering)	Single	Legislative	N	Implementation of the 5th Money Laundering Directive	To enforce the rules in line with developments in EU law	H
Investigation and prosecution							

**France: Cross-cutting: Transposition of the EU Directive 2017/1371(PIF Directive)**

France transposed the Directive EU 2017/1371 by Order No 2019-963 of 18 September 2019; this measure concerns the area of financial crime, organized crime and smuggling. The amendment to the legislation extends the territorial jurisdiction of French courts by removing the condition of reciprocity of the infringement, the subordination of the prosecution to a prior complaint by the victim or an official denunciation of the State in which the facts of the respective case took place as well as the condition that the infringement has to be established by a final decision of a foreign court that has so far been necessary. In addition, criminal liability for certain crimes affecting the financial interests of the European Union has been increased and a criminal offence concerning intentional customs crimes was created.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	Financial crime (including money laundering), organized crime, Fraud definition, smuggling / illicit trade, control of EU funds	Single	Legislative	N/A	Competences, criminal sanctions, extension of the territorial jurisdiction	to enforce the rules in line with developments in EU law, to address issues which where not clear	H
Investigation and prosecution							
Recovery and sanction							

### Greece: Cross-cutting: Transposition into Greek law of Council Regulation on the establishment of the EPPO

In 2019, **Greece** reported the transposition into national law of Council regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office. Greece's participation in the new institution of the European Public Prosecutor's Office, which will be fully operational in 2020 and brings together 22 countries, represents a significant institutional development in the fight against fraud affecting the financial interests of the European Union and is an important step towards the creation of a unified criminal justice system, covering the EU as a whole.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	Financial crime (including money laundering), organised crime, corruption, smuggling / Illicit trade, control of EU funds	Single	Legislative	N	Competences, powers	to enforce the rules in line with developments in EU law	H
Investigation and prosecution							

### Ireland: Cross-cutting: Publication of Criminal Justice Bill

On 1 January 2020, **Ireland** published the Criminal Justice (Theft and Fraud Offences) (Amendment) Bill which when enacted will give full effect to Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law. The offences of money laundering and corruption are provided for in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and Criminal Justice (Corruption Offences) Act 2018.

Directive 2017/1371 replaces the Convention on the protection of the European Communities' financial interests of 26 July 1995, including the Protocols of 27 September 1996, 29 November 1996 and 19 June 1997 which are currently provided for in Part 6 of the Criminal Justice (Theft and Fraud Offences) Act 2001. This includes an expanded definition of fraud affecting the Union's financial interests and a new offence of misappropriation. The maximum penalties provided for do not require amendment. This Bill updates the provisions, when it completes its passage through the Irish Parliament and is enacted it will amend Part 6 of the 2001 Act to give full effect to the Directive. The Bill also amends the Criminal Justice Act 1994.

While the Bill was published on 1/1/2020 all the preparatory work was completed in 2019, therefore it is included in this report.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, financial crime (including money laundering), fraud definition	Single	Legislative	A	More criminal sanctions	to enforce the rules in line with developments in EU law	H
Investigation and prosecution							

### Latvia: Cross-cutting: Transposition of the Directive (EU) on the fight against fraud to the Union's financial interests by means of criminal law

In 2019, **Latvia** has taken all necessary measures to implement in national law Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law ("the Directive"). The Directive lays down minimum rules on the definition of criminal offences and sanctions in the fight against fraud and other illegal activities affecting the European Union's financial interests in order to strengthen protection against criminal offences affecting those financial interests. In order to comply fully with the requirements of the Directive, the Criminal Law was amended. Amendments entered into force on 3 July 2019.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	f) Fraud definition;l) Other (Transposition of EU directive - PIF)	Single	Legislative	A	c) Definition of a specific topic;g) Criminal sanctions;h) Time barring	Increased sanctions; increased time barring period; c) To enforce the rules in line with developments in EU law	H
Detection							
Investigation and prosecution							
Recovery and sanction							

### Romania: Cross-cutting: Legislative measures in the area of financial crime and money laundering

On 11 July 2019, **Romania** adopted law 129/2019 that transposes into national law Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, the transposition deadline for which was 26 June 2017. The legislative act enshrines in law the existence of a national mechanism (put in place by all competent institutions in the field) for preventing and combating money laundering and terrorist financing. That mechanism represents an international requirement contained in the FATF Standards and Directive 849/2015. The act consolidates the concept of a risk-based approach. It establishes registers of beneficial owners of legal persons that can be used by State authorities, but also by obliged entities, when applying customer identification.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	b) Financial crime (including money laundering)	Single	Legislative	N	a) Competences;b) Powers;c) Definition of a specific topic;e) Financial penalties;f) Other administrative penalties;g) Criminal sanctions	Increased sanctions; c) To enforce the rules in line with developments in EU law	H
Detection							
Investigation and prosecution							

### Spain: Cross-cutting: Legislative measures for fighting fraud affecting the financial interests of the Union by means of criminal law

On 20 February 2019, the **Spanish** legislator transposed the Directive (EU) 2017/1371, of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (PIF Directive). This measure was an obligation for all Member States and introduced Criminal liability of legal persons regarding offences against financial interests of the EU by adopting Organic Law 1/2019, of 20 February, amending Criminal Code (Organic Law 10/1995).

In addition to the transposition, the legislator has addressed two issues which were not clear. The first one is that the threshold for criminal liability affecting the Spanish national budget and the EU budget was not the same – in fact, it was 120.000 € when it comes to the Spanish national budget and 4.000 € when it comes to the EU budget. This difference was problematic in case of grants which were co-financed, where it was not clear how those thresholds should be applied. The Organic Law 1/2019 has solved this problem by establishing the same threshold (10.000 €) for fraud affecting any kind of grants, irrespective of their source of funding.

The second issue refers to the right of the Administration to start or continue and finalise the recovery procedure when it has detected an irregularity and has transmitted the file to the prosecutor considering the irregularity could be fraudulent, so that the administrative procedure for recovery does not have to stop due to the sole existence of a criminal procedure. This possibility was introduced in 2013, but it was not clear if it was applicable also to fraud affecting grants financed by EU budget. Organic Law 1/2019 has expressly included this possibility with regard to EU grants.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	Financial crime (including money laundering), corruption, fraud definition	Single	Legislative	A	Definition of a specific topic, more criminal sanctions, criminal liability of legal persons regarding offences against financial interests of the EU	to enforce the rules in line with developments in EU law, to address issues which where not clear	H
Recovery and sanction							

### Legal measures to enhance cooperation between OLAF and national authorities

The Member States have reported three **legislative** measures in this field.

In one country (Belgium), a regional Parliament (Flemish) has adopted an according legislative act and in a second country (Slovakia), an according amendment to existing legislation was made on the federal level. In another country (Latvia), an according draft legislation was submitted for Consultation.

### Belgium: Cross-cutting: Legislative Act by the Flemish Parliament to enhance cooperation with OLAF

On 22 March 2019, the **Flemish** Parliament adopted Decree No. 1825 – Decree of 22 March 2019, Parliamentary Documents of the Flemish Parliament 2018-2019 in order to enhance cooperation of the judicial police within the Flemish Inspectorate with OLAF.

From 23 May 2019, the supervisory authorities, administrative investigation officers and agents and officers of the judicial police within the Flemish Inspectorates have the authority to use the supervisory and enforcement rights granted to them under the Framework Decree on administrative enforcement (KBH), as well as the supervisory rights granted to them under sectorial regulations, including in relation to assistance provided to OLAF. The KBH provides legal clarity, ensuring the streamlining of supervisory and assistance rights across sectors and aligning them with OLAF's investigative powers.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	AFCOS, Customs / TOR / Illicit trade	Single	Legislative	N, A	Powers	To clarify or consolidate existing rules, to remedy flaws	H
Investigation and prosecution							

### Latvia: Cross-cutting: Draft of OLAF assistance law

In 2019, **Latvia** drafted a new law in order to ensure effective cooperation with OLAF. In the beginning of 2020, a draft was submitted to the Government (Cabinet of Ministers) for Consultation. The law shall ensure Latvia's ability to assist OLAF effectively during OTSC and to answer requests for information. The OLAF assistance Law will stipulate competence and powers of Ministry of Finance in order to ensure effective cooperation with OLAF. The Ministry of Finance will not have investigative powers, but it will have the clear right to assist OLAF during OTSC, to take administrative measures if an economic operator resists to OTSC, as well as it stipulates the Ministry of Finance's right to request bank account information due to a request from OLAF.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	b) Financial crime (including money laundering);g) AFCOS	Single	Legislative	Proposal	a) Competences;b) Powers	c) To enforce the rules in line with developments in EU law	H
Investigation and prosecution							

## Slovakia: Cross-cutting: Introduction of legislation to improve cooperation with OLAF

In 2019, **Slovakia** amended the Act No. 10/1996 on control in the State administration. This was done to introduce provisions relating to controls performed in order to protect the EU's financial interests and enhance cooperation between AFCOS in Slovakia and relevant national authorities.

The amendment of the Act introduces a new provision that includes the right of access to criminal files for the Slovak AFCOS. This will enhance the exchange of information with OLAF. Furthermore, the amendment opens new opportunities that can help to improve the quality of controls performed by the Slovak AFCOS.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	g) AFCOS;j) shared management and control of EU funds	Package	Legislative	A	a) Competences;b) Powers	a) To clarify or consolidate existing rules;b) To remedy flaws;c) To enforce the rules in line with developments in EU law	H
Investigation and prosecution							

## Anti-fraud measures in Revenue

The Member States have reported a total of 16 measures in Revenue. These have been divided into three subgroups, depending on the area(s) in which they are implemented.

### Customs Fraud

The Member States have reported eight measures in this field. They include:

- Three **operational** measures, such as sharing best practices in the field of post-clearance checks between the V4 countries (Czech Republic), the introduction of individual-based and commodity-based risk management (Estonia) and the introduction of system for the profiling and segmentation of economic operators (Portugal).
- Two **organisational** measures, such as the Circular 'OLAF files on traditional own resources (Belgium) or the establishment of an operational planning and coordination directorate (Greece).

Another two countries have reported **administrative** measures, namely detection of falsely declared goods (Croatia) and measures in the field of tax revenue (Portugal). One country (Romania) has reported about implementing a **package of administrative, organisational and operational** measures in the field of tobacco and tobacco products smuggling.

### Belgium: Revenue – Customs: Circular 'OLAF files on traditional own resources (TOR) – CD 810.2/207'

**Belgium** reported about the circular 'OLAF files on traditional own resources (TOR) — CD 810.2/207' that aims to improve the management and monitoring by the General Administration of Customs and Excise of the AM messages issued by OLAF on the basis of Regulation (EC) No 515/97. The circular provides for operational coordination between the departments of the General Administration of Customs and Excise in charge of, respectively, risk management, criminal

investigations, criminal prosecution and recovery in cases of fraud covered by AM messages and involving TOR.

The purpose of the measure is to facilitate the conduct of investigations and national criminal prosecutions initiated on the basis of information provided by OLAF in the context of administrative assistance. The measure also aims to facilitate the correct and timely collection of the customs debt generated by criminal customs offences linked to AM messages.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Investigation and prosecution	Customs / TOR / Illicit trade, Other	Single	Organisational	A	Inter - agency cooperation	to facilitate the conduct of investigations on the basis of information provided by OLAF; to facilitate correct collection of the customs debt generated by criminal customs offences	S
Recovery and sanction							

**Croatia: Revenue – Customs: Detection of falsely declared goods**

**Croatia** reported an administrative and operational measure that was implemented in 2019: By established contacts between OLAF and Member States, Croatia was informed of several containers dispatched from the USA for which the route was changed from Netherlands to the Port of Rijeka, Croatia, with final destination in Bosnia and Herzegovina. The goods were declared as used kitchen oil. However, it was suspected that when entering the EU, the description of these goods was changed from biodiesel-energy to used oil with the intention to avoid payment of ADD and countervailing fees. An analysis of these goods has shown that it was indeed biodiesel.

For shipments for which it was asked for transit customs procedure and to leave the Port of Rijeka, taking into account the results from analyses from Customs laboratory, from customs debtor it was asked to pay import customs debt in amount of 205.755,94 HRK (around 27.653,93 EUR). Such measure had also a preventive purpose. At the same time, in Port of Rijeka there were also many containers with the same goods, and after this measure, it was asked for all containers to be returned to consignor.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	Smuggling / Illicit trade	Single	Administrative	A	Recovery	to clarify or consolidate existing rules	S
Recovery and sanction							

**Czech Republic: Revenue – Customs: Sharing best practices in the field of post-clearance checks between the V4 countries**

The post-clearance checks carried out by the customs authorities include an extensive additional assessment of traditional own resources. For the purpose of effectively carrying out checks and sharing best practice, the **Czech Republic** reported about regularly holding a ‘V4 expert group



meeting – Area of post-release audit and control’ during which the participants exchange their experience of carrying out post-clearance checks. On the basis of this cooperation, a ‘V4 Bulletin’ is also published which sets out incorrect tariff classifications identified when carrying out post-clearance checks.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Customs / TOR / Illicit trade	Single	Operational	N	Making checks more effective	Enhanced coordination, and cooperation, targeting of checks, enhanced ex-post controls	S
Detection							

**Estonia: Revenue – Customs: Introduction of individual-based and commodity-based risk management**

**Estonia** reported about the Introduction of personalised and commodity-based risk management in 2019, involving both organisational, IT technology and ideological changes in customs’ risk assessment. The assessment of risks in tax and customs issues will be harmonised according to the rules of procedure. Customs permits are dealt with on a personal basis to ensure in 2020 that all information at the ETCB (both tax and customs) is taken into account when assessing risks and setting priorities of control. Operational reporting on the application of selectivity criteria has been implemented.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Customs / TOR / Illicit trade	Single	Operational	N / A	IT tools ('IT data feeding', 'Other IT'), web reporting / Hotline, risk indicators, increased number of checks	Enhanced coordination, cooperation and information flow, targeting of checks and investigations, enhanced ex-ante controls	S
Detection							

**Greece: Revenue - Customs: Establishment of an operational planning and coordination directorate**

In 2019, Greece reported the establishment of an operational planning and coordination directorate called ‘Executive Customs Audit Service (EYTE)’, based in the Prefecture of Attica, and of two new Sub-Directorates called ‘Prosecution Audits of Mobile Inspection Units’, in the Customs Audit Services of Attica and Thessaloniki. The measure is part of the bid to modernise the Customs Service and builds on the need for the departments carrying out auditing tasks to become more specialised based on auditing typology.

One reason for the reform was the adoption of the best practices of the EU Member States as part of the obligation to reduce controls at the time of customs clearance (with regard to physical checks, 5% on import and 1% on export) with a view to the immediate release of the goods and a reduction in administrative costs. The review of the audit policy led to the need to enhance the conduct of ex-ante audits and prosecution audits by specialised teams throughout Greece.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Organised crime, smuggling / illicit trade	Single	Organisational	N	Competence, inter-agency cooperation	Increased resources	S
Detection							

### Portugal: Revenue – Customs: Measures in the field of tax revenue

In 2019, **Portugal** reported that a number of anti-fraud measures have been adopted to tackle under-invoicing, whereby electronic checks are systematically carried out to compare against certain risk thresholds, with customs declarations being selected automatically for specific customs checks. The requisite IT developments have been carried out.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	c) Organised crime;j) Customs/ToR/illicit trade	Single	Administrative	A	c) Monitoring/desk checks;d) On the spot checks	b) To enhance existing measure	S
Detection							

### Portugal: Revenue – Customs: System for the profiling and segmentation of economic operators

In 2019, the **Portuguese** Tax Agency (AT) has developed a system for the profiling and segmentation of economic operators in order to prevent and detect tax revenue fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	i) Customs/ToR/illicit trade	Single	Operational	A	a) IT tools ("IT data feeding", "Other IT");c) Flagging practice	d) Targeting of checks;f) Enhanced ex-ante controls;g) Enhanced ex-post controls	S
Detection							

### Romania: Revenue – Customs: Administrative, organisational and operational measures in the field of tobacco and tobacco products smuggling

The **Romanian** customs authorities adopted a national strategy in the field of preventing and combating illicit trafficking in cigarettes and tobacco products over the period 2019-2021. This strategy is geared to the adoption and implementation of strategic lines of action in the field of preventing and combating illicit trafficking in cigarettes and tobacco products, in cooperation with all

law enforcement authorities and with support of cigarette manufacturers and/or other national and/or international institutions/bodies.

This is done to combat Illicit trafficking in cigarettes which causes major financial losses for the EU budget through non-payment of customs duties and other taxes such as VAT and excise duties; this favours the underground economy and finances organised crime groups and terrorism. Tobacco products originating from illegal trade are not manufactured in accordance with the requirements laid down in EU legislation and may affect the health of consumers in Member States.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	i) Customs/TOR/illlicit trade	Package	Administrative	N	d) On the spot checks;h) Penalty	b) To enhance existing measure	S
Detection			Organisational	N	c) Inter- agency cooperation;e) Fraud awareness trainings	a) Increased resources	
Investigation and prosecution			Operational	N	d) Risk indicators;e) Increased number of checks;f) Structured cooperation with law enforcement	b) Enhanced cooperation	

## Tax fraud

The Member States have reported five measures in this field. They include:

- Three **operational** measures, such as organising a technical training on ‘tools for monitoring and auditing of e-commerce and acquisition of tools’ (Croatia), increased inspections of sub-contractors in the construction sector (Estonia) as well as IT application to combat VAT fraud (Italy).
- Two **legislative** measures reported by Poland that concern, amongst other things, amendments to the VAT act.

### Croatia: Revenue – Tax fraud: Technical training on tools for monitoring and auditing of e-commerce and acquisition of tools

In 2019, **Croatia** implemented the project ‘Technical training on tools for monitoring and auditing of e-commerce and acquisition of tools’ funded from the European Social Fund (ESF). With this project, Croatian Tax Administration shall acquire a combination of tools to be used for monitoring, analysing and auditing of activities which make part of digital economy. This shall enable inspectors to detect actors and entities that perform business activities through Internet not declaring appropriate taxes, or that perform fraudulent activities.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	Financial crime (including money laundering), fraud definition	Package	Operational	N	IT tools ('IT data feeding', 'Other IT tools'), risk indicators	Targeting of checks and investigations, enhanced ex-ante and ex-post controls	S
Investigation and prosecution							

### Estonia: Revenue – Tax fraud: Inspection of sub-contractors in the construction sector

The **Estonian** Ministry of Finance, in cooperation with the Tax and Customs Board, implemented a measure in the public procurement register to combat under-the-table wages. As of 1 August 2019, contracting authorities can designate in the register the conditions for checking sub-contractors to be used under a procurement contract. In construction contracts and concession contracts for construction, inspection of the grounds for excluding sub-contractors is compulsory, whereas in the case of other contracts it is voluntary. Using the register, it is possible to carry out automated checks in other national IT systems on sub-contractors that were added or changed in the course of a contract.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement	Single	Operational	N	IT tools ('IT data feeding', 'Other IT'), web reporting / Hotline, risk indicators, structured cooperation with law enforcement	Enhanced information flow, targeting of checks, targeting of investigations, enhanced ex-ante and ex-post controls	S
Detection							

### Italy: Revenue – Tax Fraud: IT applications to combat VAT fraud

In 2019, two IT applications based on the integrated use of the data derived from electronic invoicing have been made available to the **Italian** departments. These applications shall help guiding the selection of taxpayers to be subjected to checks or controls and to identify, in a timely manner, those potentially engaged in VAT fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Antifraud or anticorruption strategy	Single	Operational	N	IT tools ('IT data feeding', 'Other IT'), risk indicators	targeting of checks and investigations, enhanced ex-post controls	S
Detection							
Investigation and prosecution							

### Poland: Revenue – Tax Fraud: Act of 12 April 2019 amending the VAT act and certain other acts

In 2019, **Poland** reported the legislative amendments have been made to further tighten up the VAT Act. Combating VAT fraud is one of the Polish government's priorities. Increasing the certainty of transactions and the transparency of VAT settlements between honest traders is also important. The instrument is aimed at minimising the risk of traders inadvertently becoming involved in VAT carousels and increasing the security and certainty of business transactions by providing taxable persons with free and rapid access to up-to-date data on their partners, strengthening fair competition between businesses and limiting the shadow economy.

A single public-access database has been created in the form of a list of taxable persons, containing all the data in the two existing lists plus data on the status of active taxable persons and entities exempt from VAT. Payments by taxable persons for goods and services have been facilitated and

speeded up by providing the list in a form allowing an automatic check on whether operators' accounts figure on the list. The solutions introduced should curb VAT fraud and its knock-on effects on budget revenue.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Organised crime, preventing and combating VAT fraud	Single	Legislative	N/A	Definition of a specific topic	to clarify or consolidate existing rules, to remedy flaws	S
Detection							
Recovery and sanction							

**Poland: Revenue – Tax fraud: Act of 9 August 2019 amending the VAT act and certain other acts**

In 2019, Poland reported that a provisional solution restricting VAT fraud by reverse-charging has been replaced by a systemic solution imposing a split-payment mechanism for transactions concerning goods and services particularly prone to fraud. This mechanism is exceptionally important and effective, since it targets the very idea of VAT fraud, eliminating the risk that traders will go missing with VAT that has been paid to them by their partners but not yet deducted. The mechanism renders fraud at the level of the transaction itself practically impossible.

The instrument replaces the temporary solution of reverse charging by introducing a systemic solution that effectively eliminates VAT fraud. It is reckoned that it will reduce the VAT gap by about 0.5 percentage points, calculated in relation to theoretical VAT revenue. It will also increase the security of business transactions.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Preventing and combating VAT fraud	Single	Legislative	N/A	Definition of a specific topic	to clarify or consolidate existing rules, to remedy flaws	S
Detection							
Recovery and sanction							

**Customs and tax fraud**

The Member States have reported three measures in this area:

- Two **legislative** measures, namely new provisions to the VAT act and an amendment to the Customs act, have been reported by Bulgaria.
- A **package of measures of organisational and operational nature** implemented by the customs and risk management departments of the Hungarian National Tax and Customs Administration.

### Bulgaria: Revenue – Customs and Tax fraud: New provisions of the Value Added Tax Act

In 2019, **Bulgaria** added on proposal of the National Revenue Agency new provisions to the Value Added Tax Act (Article 96(10) and (11)). These provisions state that if two or more persons acting in concert carry out successively the same activity on the same business premises, the taxable turnover of each subsequent person shall include the turnover generated on the premises by all persons who have successively carried out the activity on the premises concerned before it, for a period not exceeding the last 12 consecutive months, including the current month, and shall be regarded as the turnover generated by the person concerned on the first day of the start of the same activity on the premises .

The rule specifically provides an aggregation of the turnovers forming the taxable turnover for mandatory VAT registration of taxable persons. Its purpose is to put an end to a practice of formally changing the entities performing the same activity on a business site before reaching the turnover threshold for mandatory registration under the VAT Act. These persons are legally distinct but related in one way or another and act in concert.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering),	Single	Legislative	A	Financial penalties	to remedy flaws	S
Detection							

### Bulgaria: Revenue - Customs and Tax fraud: Amendment to the Customs Act

In 2019, **Bulgaria** reported that Articles 66c and 195a were created in the amended Customs Act (published in SG No 102/2019) pursuant to which, on the proposal of the Director of the Customs Agency, by way of an order the Minister for Finance establishes a list of goods presenting a high risk to the financial interests of the European Union; where lower values are declared, the customs authorities require a guarantee in an amount ensuring payment of the customs debt and other receivables which may arise upon importation, calculated on the basis of the fair prices for those goods at the time of declaration (as per the THESEUS system of the Commission Joint Research Centre).

This measure was implemented because in accordance with the 2019 action programme for TOR control, the Commission’s Directorate-General for the Budget (DG BUDG) carried out an inspection in Bulgaria in the field of ‘Customs value control strategy’ and ‘Management of the B account and corrections of the A account’. Taking into account the preliminary findings of the inspection team presented on 18 October 2019, ‘Guidelines for the harmonisation of the practice of verifying, accepting and/or challenging the declared customs value of imported goods’ were established by Order No ZAM-1746/32 - 341402 of 27.11.2019 of the Director of the Customs Agency.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Fraud definition, TOR / customs / illicit trade, antifraud or anticorruption strategy, countering attempted fraud related to under-declaring of customs value	Single	Legislative	A	Definition of a specific topic, financial penalties	to remedy flaws, to enforce the rules in line with developments in EU law	S
Detection							

## Hungary: Revenue – Customs and Tax Fraud: Measures taken by the customs and risk management departments of the National Tax and Customs Administration

In 2019, **Hungary** took a compilation of measures of the 2020 post-release control plan. On basis of the opinion of OLAF, the Member State and the management, risk profiles of economic operators taking part in fraudulent trade and initiating import customs procedures with fake invoices and significantly undervalued imports were drawn up, and associated indicators of criminality prepared.

Economic operators with the highest risk were selected for post-release controls centrally, on the basis of uniform national criteria. Owing to the existence of profiles of economic operators associated with fake invoices and the strict checks conducted as a consequence, their import activities in Hungary were restricted.

Also, a management circular updating Annexes II and III to the OWNRES User Manual was issued. The annexes to the OWNRES manual provide information on current expectations with regard to identifying the irregularities detected.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	i) Customs/TOR/illicit trade	Package	Organisational	A	g) Other	c) Neutral on resources	S
Detection			Operational	N / A	d) Risk indicators;e) Increased number of checks;f) Structured cooperation with law enforcement	d) Targeting of checks;e) Targeting of investigations;f) Enhanced ex-ante controls	

## Anti-fraud measures in Expenditure

The Member States have reported a total of 21 measures in Expenditure. These have been divided into five subgroups, depending on the area(s) in which they are implemented.

### Multiple areas of shared management

The Member States have reported four measures in this field.

One country (Bulgaria) has reported a **legislative** measure, more precisely, an amendment of the regulation on indicating irregularities. A second country (Greece) has reported about a **package of operational and legislative measures** connected to the establishment of the National Transparency Authority. Another country (Hungary) has reported a **package of operational measures** that came with the the further development of a beneficiary data link system and a package of organisational measures related to several trainings within the network of institutions dealing with EU funds.

**Bulgaria: all areas of Expenditure: Amendment of the Regulation on indicating irregularities**

On 23 August 2019, **Bulgaria** amended the Regulation on indicating irregularities constituting grounds for making financial corrections and the percentage indicators for determining the amount of financial corrections under the ZUSESIF (published in SG No 67/2019 with effect from 23 August 2019) in conjunction with Commission Decision C (2019)3452 of 14 May 2019 establishing new Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement.

The amended Annexes 1 and 2 to the Regulation specify the types of irregularities constituting a breach of the applicable law through the beneficiary’s acts or omissions and which result or may result in damage to funds from the European structural and investment funds, and which constitute grounds for making a financial correction under Article 70 of the European Union Structural and Investment Funds Management Act, as well as the minimum and maximum rates of the percentage indicators for financial corrections set for irregularities pursuant to Article 70(1).

This measure was taken because under Article 143(1) of Regulation No 1303/2013, Member States are responsible for investigating irregularities and for making the financial corrections required and pursuing recoveries. Also, under Article 122(2) of Regulation No 1303/2013, Member States are to prevent, detect and correct irregularities and recover amounts unduly paid. As formulated, it is primarily the Member States’ obligation to prove that an irregularity has occurred and to recover all amounts unduly paid.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	Public procurement, conflict of interest, shared management and control of EU funds	Single	Legislative	A	Powers, recovery	to enforce the rules in line with EU law	S
Recovery and sanction							

**Greece: All areas of Expenditure: Establishment of the National Transparency Authority**

In 2019, Greece reported that they established a national transparency authority (Law 4622/2019). The National Transparency Authority is an Independent Authority resulting from the merger of five audit bodies and one coordination body. The basic principles governing the Authority are zero tolerance for corruption, transparency as a precondition for fair and sustainable development and enhanced accountability of state institutions. The Authority has been designated as an AFCOS; it has enhanced coordination and operational competences and 503 employees, of whom 320 are auditors.

The establishment of the Authority constitutes a significant administrative reform in the area of the fight against corruption. Merging the audit bodies enabled the problem of the fragmentation and overlapping of competences during audits to be resolved and reinforced the role of AFCOS as it now has operational/audit competences, which are carried out in accordance with international auditing standards. The Authority is also active in the field of prevention and public awareness-raising with regard to corruption, using modern methodological tools.



Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, corruption, conflict of interest, AFCOS, Whistleblower, Shared management and control of EU funds, antifraud or anticorruption strategy	Package	Legislative	N	Competences, powers, definition of a specific topic	ending overlapping competences, standardising auditing standards, streamlining the human resources; cost-efficiency	S
Detection			Operational	N/A	IT tools ('IT data feeding', 'Other IT'), web reporting/hotline, risk indicators, increased number of checks, structured cooperation with law enforcement and judicial authorities	Enhanced cooperation, coordination and information flow; targeting of checks and investigations	
Investigation and prosecution							

### Hungary: Expenditure – Cohesion policy and Fund for the most deprived: Further development of beneficiary data link system

In 2019, **Hungary** further developed the company data link system managed by the National Office for the Judiciary (OBH). Prior to this, it has already been established with the National Company Information and Company Data Service Provider (OCCSz) in the part of the national IT system (FAIR) dealing with EU funds (EUPR). As a result, the range of searchable company data has been expanded. This has enabled not only existing company data to be searched for, but also all changes that have taken place within the lifetime of the beneficiary registered as a company, which are also important for preventing fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	j) Shared management and control of EU funds	Package	Operational	A	a) IT tools ("IT data feeding", "Other IT");c) Flagging practice;d) Risk indicators	d) Targeting of checks;f) Enhanced ex-ante controls	S

### Hungary: Expenditure – Agriculture, Cohesion policy and Fund for the most deprived: Several trainings within the network of institutions dealing with EU funds

In 2019, **Hungary** has held several trainings for employees of institutions dealing with EU funds. The Ministry of Innovation and Technology (ITM) organized a basic training course for new entrants 'Introduction to the system of European Structural and Investment Fund'. It also organized, with the involvement of Hungary's anti-fraud coordination service (AFCOS), a training course 'Fraud prevention in EU development policy and protection of the EU's financial interests'. This training aims to clarify basic concepts such as, for example, 'suspicion of irregularity', 'systemic irregularity', 'fraud' or 'corruption', but also OLAF's tasks or categories of indicators of fraud.

Furthermore, the e-learning curriculum for the Hungarian State Treasury's Paying Agency course 'From foolishness to fraud – anti-fraud refresher training to help identify and prevent fraud' has been prepared. The relevant staff members are obliged to assimilate the curriculum along with examples of current cases once every three years. By doing so, the staff members will be able to identify and take action against possible cases of fraud more effectively.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	f) Fraud definition;j) shared management and control of EU funds;!j) Other	Package	Organisational	N / A	d) General trainings;e) Fraud awareness trainings	c) Neutral on resources	S
Detection							

## Agriculture

The Member States have reported four measures in this field.

One country (Austria) has reported an **administrative** measure, namely the transfer of the overall implementation of measures in the wine sector to the paying agency AMA. A second country (Italy) has reported an **organisational** measure that is about a cooperation project between the National Agency for the Administration and Divestment of Assets Seized and Confiscated from Organised Crime, the Agricultural Payments Agency and the judicial authorities.

Another country (Lithuania) has approved a **legislative** measure concerning the sanctions for Violation of Legal Acts in the Implementation of the Lithuanian Rural Development Programme. A **package of organisational and operational measures** has been reported by a fourth country (Denmark). These measures are part of an action plan to prevent fraud with resources from agriculture funds.

### Austria: Expenditure – Agriculture: Transfer of the overall implementation of measures in the wine sector to the paying agency AMA

In 2019, **Austria** transferred the whole subsidy management in the wine sector to the paying agency AMA. Until end of 2018 the assessment of wine sector applications was done in the relevant unit of the Ministry for Agriculture in coordination with the Paying Agency, which was responsible for on the spot checks and payment of subsidies. Recent developments have induced the transfer of the whole subsidy management to the paying agency AMA to ensure the need to integrate the area based measure ‘wine restructuring’ into the Integrated Administration and Control Scheme (IACCS) and to improve the control and sanction system for wine investments and promotion by making use of the elaborate Paying agency system from application to payment. Furthermore, the administrative system could be improved by the possibility to offer IT based applications directly managed by the Paying agency.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Shared management and control of EU funds	Single	Administrative	A	a) Eligibility criteria;b) Management of funds;c) Monitoring/desk checks;d) On the spot checks	a) To clarify or consolidate existing rules	S

### Denmark: Expenditure - Agriculture: Action plan to prevent fraud with resources from agriculture funds

The **Danish** Ministry of Environment and Food adopted an action plan for the agricultural funds in October 2018. It contains the following anti-fraud measures that were implemented in 2019: Firstly, temporary assistance from the Government’s legal adviser in investigating red flag cases. Secondly, external expert assistance from Deloitte for producing a risk analysis in relation to fraud and project support and thirdly, extra resources for the paying agency for combating fraud.

The action plan will proactively tackle potential problem areas relating to fraud. Expert legal assistance in assessing specific red flag cases will give the paying agency a sound basis for dealing with current and future cases. A risk analysis focusing on known and new risks for an area particularly exposed to fraud will strengthen our potential for risk-based and effective measures to combat fraud

in accordance with the provisions of the regulation. Extra resources for and focus on fraud prevention at the paying agency will strengthen our ability to detect and follow up on red flags.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Control of EU funds	Package	Organisational	A	Competence, fraud awareness trainings	Increased resources	S
Detection							
Investigation and prosecution			Operational	A	Risk indicators	Enhanced information flow, targeting of checks, enhanced ex-ante controls	

### Italy: Expenditure – Agriculture: Cooperation project between the National Agency for the Administration and Divestment of Assets Seized and Confiscated from Organised Crime, the Agricultural Payments Agency and the judicial authorities

**Italy** reported that in 2019, a project proposal was presented for the implementation of a prevention system orientated towards risk analysis and the development of anti-fraud traceability systems through cooperation between the National Agency for the Administration and Divestment of Assets Seized and Confiscated from Organised Crime and the judicial authorities.

The project is to involve a series of cooperative activities with other administrations for data exchanges, for setting up applications for mobile devices, and for dedicated web and desktop applications. The primary recipients in the first phase will be the National Agency for the Administration and Divestment of Assets Seized and Confiscated from Organised Crime, law enforcement, and the local authorities. The objective is the strengthening of the rule of law and the safeguarding of public resources through digital infrastructure that identifies fraudulent conduct, combatting corruption and the criminal infiltration of financial channels in agriculture.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Shared management and control of EU funds	Single	Organisational	N	Inter-agency cooperation in order to foster data exchanges	Neutral on resources	S

### Lithuania: Expenditure – Agriculture: Approval of the Methodology of Sanctions for Violation of Legal Acts in the Implementation of the Lithuanian Rural Development Programme 2014-2020 Measures

In 2019, **Lithuania** reported about the Order of the Minister of Agriculture of the Republic of Lithuania No. 3D-322 of 24/05/2019 'On the Amendment of Order of the Minister of Agriculture of the Republic of Lithuania No. 3D-929 of 04/12/2014 Concerning the Approval of the Methodology of Sanctions for Violation of Legal Acts in the Implementation of the Lithuanian Rural Development Programme 2014–2020 Measures'.

This Methodology sets out the rules of the application of sanctions defined in the Rules of the Administration of the Lithuanian Rural Development Programme 2014-2020 to applicants, beneficiaries and partners for the violation of relevant legal acts. This Methodology represents effective and practical guidelines for civil servants of the Ministry of Agriculture and National Paying Agency under the Ministry of Agriculture.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	k) Other (Violations and fraud prevention, protection of the EU and national financial interests)	Single	Legislative	A	c) Definition of a specific topic;d) Recovery;e) Financial penalties	c) To enforce the rules in line with developments in EU law;d) Other	S
Recovery and sanction							

## Fisheries

One Member State (Denmark) has reported one measure in this field. The **administrative** measure is to secure the arm length's principle between beneficiary and supplier.

### Denmark: Expenditure - Fisheries: Arm length's principle

In 2019, Denmark implemented an administrative measure to secure the arm's length principle between beneficiary and supplier, so that the beneficiaries don't artificially raise the costs for an investment or a project. The Danish Fisheries agency has updated its administration practices on this particular measure. In their case-handling procedures, they have formulated certain questions to the casehandlers in areas that they have experienced are sensitive to fraud (intentionally and by mistake). The casehandler is guided in what to be aware of and in doubt should contact the legal support of the Danish Fisheries agency for clarification.

In order to secure the use and effect of EU funds, it is important to focus on that the expenses funded by the EU are correct and correspond with market prices. Focus on the arm's length principle between beneficiary and supplier when determining reasonable prices for an investment or a project is one of several measures or principles that will help safeguard the EU funds.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest	Single	Administrative	A	Monitoring/desk checks	to enhance existing measure	S

## Agriculture and Fisheries

The Member States have reported two measures in this field.

One country (Germany) reported an **administrative** measure aimed at raising awareness on conflicts of interest among the competent authorities in the agriculture and fisheries sector, whilst another country (Slovenia) took an **organisational** measure and organized a training for employees of the Agency for Agricultural Markets and Rural Development on fraud prevention and detection.

**Germany: Expenditure – Agriculture and Fisheries: Raising awareness on conflicts of interest among the competent authorities in the agriculture and fisheries sector**

**German** civil service law contains many rules to prevent conflicts of interest. In 2019, they reported that they implemented measures in order to further raise awareness of conflict of interests among the competent authorities in the area of agriculture and fisheries (administrative authorities, paying agencies, audit bodies and competent authorities) by the amended wording of Article 61 of the EU Financial Regulation. These authorities were advised to include the legal basis and procedural instructions in the procedural rules on fraud prevention.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest	Single	Administrative	A	Eligibility criteria, management of funds, monitoring/desk checks, on the spot checks, investigation	to enhance existing measures, cross-cutting measure/multi-agency measure/measure with impact on various bodies	S
Detection							

**Slovenia: Expenditure – Agriculture and Fisheries: Training for employees of the Agency for Agricultural Markets and Rural Development on fraud prevention and detection**

In 2019, **Slovenia** reported that the Agency for Agricultural Markets and Rural Development continued to train their employees on detection and prevention of fraud and artificially created conditions. Employees of the Agency are managing administrative procedures and therefore, it is considered important to regularly train them on these topics.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	f) Fraud definition;j) Shared management and control of EU funds	Single	Organisational	A	e) Fraud awareness trainings	a) Increased resources	S
Detection							

**Cohesion policy**

The Member States have reported 10 measures in this field. They include:

- Four **operational** measures, such as self-assessment of the fraud risk as regards to the ESF (Germany), a project called ‘Strengthening law enforcement’s analytical capacity in preventing and detecting corruption crimes against the EU’s financial interests’ (Lithuania),

‘cross-checks’ IT applications (Poland) or strengthening cooperation between administration and judicial authorities (Portugal).

- Three **administrative** measures, such as the implementation of a whistle-blower scheme (Denmark), updating ERDF-related procedures within the authorities of a federal land (Germany: Schleswig-Holstein) or a package of administrative measures within a project in cooperation with the OECD tackling fraud and corruption within the ESIF implementation (Slovakia).

An **organisational** measure has been reported by one country (Belgium); it is about the participation in training courses. One country (Finland) has implemented a **package of organisational and operational measures** related to the establishment of a fraud-reporting channel for the Structural Funds. Another country (Austria) has reported a **package of administrative and operational measures** in conjunction with a high density of verifications.

### Austria: Expenditure – Cohesion policy: Administrative measures/procedures: High density of verifications

A high density of verifications conducted by the **Austrian** authorities pursuant to Article 125(4) of Regulation 1303/2013 for the 2014-2020 programming period serves to prevent irregularities. The verification procedure allows the administrative bodies to check all the expenditure submitted by the beneficiary.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	a) Public procurement;e) Conflict of interest;j) Shared management and control of EU funds	Package	Administrative	A	a) Eligibility criteria;b) Management of funds;d) On the spot checks;g) Irregularities reporting;i) Recovery	c) Cross-cutting measure, multi-agency measure/measure with impact on various bodies;d) Other	S
Detection			Operational	A	a) IT tools (“IT data feeding”, “Other IT”);h) Other		
Recovery and sanction						c) Enhanced information flow;d) Targeting of checks	

### Belgium: Expenditure – Cohesion policy: Participation in training courses

Several **Belgian** services attended a conference or training course in 2019 to further improve their awareness on fraud prevention and detection. ERDF Wallonia attended a high-level conflict of interest prevention conference (Art.61), whilst ERDF Brussels, ERDF Wallonia and ESF Wallonia participated in a DG REGIO training course ‘Identifying and deterring fraud and corruption in ESI funds 2014-2020’.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Conflict of interest	Single	Organisational	A	Competence, Inter - agency cooperation, Fraud awareness trainings	Neutral on resources	S
Detection							

### Denmark: Expenditure – Cohesion policy: Whistle-blower scheme

In 2019, **Denmark** implemented a whistle-blower scheme that provides the possibility for anonymous reporting via an online form. Giving contact details when reporting a case is optional.

This measure can potentially help give people who would normally not report fraud with EU resources the courage to report a situation, because there is less risk of their identity being disclosed to the individuals or companies they are reporting.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	Whistle-blowers, control of EU funds, anti-fraud or anti-corruption strategy	Single	Administrative	N/A	Monitoring/desk checks	to enhance existing measure	S
Investigation and prosecution							

### Finland: Expenditure – Cohesion policy: Establishment of a fraud-reporting channel for the Structural Funds

The **Finnish** Structural Funds Managing Authority has set up a fraud-reporting channel for the Structural Funds on its website and has provided specific information on the fight against fraud. In addition, the Managing Authority conducted an information campaign on the fight against fraud. This measure aims at strengthening the fight against fraud and raise public awareness of the problem.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interests, Whistleblower	Package	Organisational	N	Competence, Inter-agency cooperation, General trainings, Fraud awareness trainings, Handling of notifications through the fraud-reporting channel	Increased resources	S
Detection							
			Operational	N	Web reporting/Hotline, Increased number of checks	Enhanced information flow, ex-ante controls and ex-post controls; Targeting of checks and investigations	
Recovery and sanction							

### Germany: Expenditure – Cohesion policy: Updating of ERDF-related procedures within the authorities of Schleswig-Holstein

**Germany** reported that in May 2019, a training was held by the Kiel Public Prosecutor's Office on subsidy fraud under Section 264 of the Code of Criminal Procedure. Also, subsequent updating of the guidelines for anti-corruption measures and fighting fraud in the ERDF OP 2014-2020 with regard to the authority's internal procedures and the handling of notable cases took place.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	Fraud definition, antifraud or anticorruption strategy	Single	Administrative	N/A	Monitoring/desk checks, on the spot checks, irregularities reporting	to enhance existing measures	S
Investigation and prosecution							

## Germany: Expenditure – Cohesion policy: Self-assessment of the fraud risk as regards the ESF

In 2019, **Germany** reported that they implemented the fraud risk self-assessment recommended in the Commission Guidance Note on fraud risk assessment and effective and proportionate anti-fraud measures by the ESF managing authority at OP level in the ESF federal programme. Under the fraud risk self-assessment, the impact of widespread fraud risks and the likelihood of their occurrence are assessed and the necessary risk mitigation measures are described.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, corruption, conflict of interest, fraud definition, shared management and control of EU funds, antifraud or anticorruption strategy	Single	Operational	A	Implementation of the fraud risk self-assessment recommended in the Commission Guidance Note by the ESF management authority at OP level in the ESF federal programme	Under the fraud risk self-assessment, the impact of widespread fraud risks and the likelihood of their occurrence are assessed and the necessary risk mitigation measures are described	S
Detection							

## Lithuania: Expenditure – Cohesion policy: Project ‘Strengthening law enforcement analytical capacity in preventing and detecting corruption crimes against EU financial interests’

In 2019, **Lithuanian** Special Investigation Service implemented the project ‘Strengthening law enforcement analytical capacity in preventing and detecting corruption crimes against EU financial interests’. The project was funded under the HERCULE III Programme administered by the European Anti-Fraud Office of the European Commission (OLAF) (HERCULE-2018-TA-AG/831525-ACIPC). The aim of the project was to enhance data-driven and evidence-based approaches in corruption and fraud risk management in order to prevent damage to the EU and national financial interests.

The project has expanded STT’s technical data analysis capabilities by integrating advanced data analysis tools into existing analytics system. Moreover, the strategical, tactical, and operational skills of the officers to detect corruption and fraud risks and its manifestation were enhanced. The new tools have enabled a speedier and more efficient detection of possible corruption- and fraud-related acts and their modus operandi, as well as better reporting and delivery of relevant information to the decision makers in a timely manner.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	a) Public procurement;b) Financial crime (including money laundering);d) Corruption;e) Conflict of interest;j) shared management and control of EU funds;k) Antifraud or anticorruption	Single	Operational	N	a) IT tools (“IT data feeding”, “Other IT”);c) Flagging practice;d) Risk indicators;e) Increased number of checks;f) Structured cooperation with law enforcement;h) Other	a) Enhanced coordination;b) Enhanced cooperation;c) Enhanced information flow;d) Targeting of checks;e) Targeting of investigations;f) Enhanced ex-ante controls;g) Enhanced ex-post controls;h) Other	S
Detection							
Investigation and prosecution							



### Poland: Expenditure – Cohesion policy: ‘Cross Checks’ IT application

In 2019, Poland implemented the use of the ‘Cross Checks’ IT application that identifies cases of double financing of expenditure incurred by beneficiaries implementing projects co-financed by Union funds.

The IT application is intended to detect and identify cases of double financing of expenditure incurred by beneficiaries. The latest search technology has been used to set up a big data platform with a machine algorithm that flags up suspected cases of invoices issued by a given issuer (based on the NIP number) that may have been submitted more than once. The entire population of documents supporting expenditure is now analysed.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Shared management and control of EU funds	Single	Operational	N	IT tools ('IT data feeding', 'Other IT')	Enhanced confirmation, cooperation and information flow; targeting of checks	S
Detection							

### Portugal: Expenditure – Cohesion policy: Strengthening cooperation between administration and judicial authorities

In 2019, **Portugal** reported that they implemented some measures in order to strengthen cooperation between the Agency for Development and Cohesion (which coordinates the Structural Fund) and the Public Prosecutor’s Office.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	j) Shared management and control of EU funds	Single	Operational	N	g) Structured cooperation with judicial authorities	b) Enhanced cooperation;g) Enhanced ex-post controls	S
Investigation and prosecution							
Recovery and sanction							

### Slovakia: Expenditure – Cohesion policy: Project in cooperation with the OECD tackling fraud and corruption within the ESIF implementation

In 2019, the Deputy Prime Minister’s Office of **Slovakia** for Investments and Informatization has carried out an international project in cooperation with the OECD tackling fraud and corruption within the ESIF implementation. The final outcome of the project is a strategy/AP depicting specific measures. This document will be the basis for conceptualising a national approach to tackle fraud and corruption within the ESIF implementation.

The project and its final outcome address untapped potential in the given area; notably issues of governance, monitoring and evaluation, training, fostering ethical principles and policy culture or whole-government partnership.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	a) Public procurement;e) Conflict of interest;f) Fraud definition;g) AFCOS;j) Shared management and control of EU funds;k) Other (Antifraud or anticorruption strategy)	Package	Administrative	N / A	b) Management of funds;c) Monitoring/desk checks;d) On the spot checks;e) Audit checklist;g) Irregularities reporting;j) Other	b) To enhance existing measure;c) Cross-cutting measure, multi-agency measure/ measure with impact on various bodies	S
Detection							

## Additional measures reported by the Member States

### Bulgaria

#### Creation of the unit 'Crimes against the financial system and the financial interests of the EU and against the creditors' at the Prosecutor's Office

Organisational measure — by Order of the Prosecutor General No RD-04-171/20.05.2019, a separate unit 'Crimes against the financial system and the financial interests of the EU and against the creditors' was created in Specialised Department 01 of the Prosecutor's Office attached to the Supreme Court of Cassation whose function is handling and control of files and cases concerning offences related to the misuse of EU funds.

### Denmark

#### Expenditure – Cohesion policy: OBS lists

In 2019, Denmark reported that they do data-driven sampling based on data collected their project-reporting tool in which the projects file their reports. Data is compared at project level, across projects and based on criteria that are continuously updated. They have developed their own IT system in which the projects file their reports and state that this system enables them to extract large quantities of raw data that are easy to analyse.

### Germany

#### Legislative measures to combat fraud affecting the financial interests of the Union

The Act transposing Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests of 19 June 2019 (BGBl. I p. 844) entered into force on 28 June 2019, thereby ensuring that criminal law incorporates measures to combat PIF offences in Germany.

### Estonia

#### Specific cooperation with different authorities

1. Cooperation between the ARIB and the Environmental Inspectorate in the areas of the mutual exchange of large amounts of information, analysis and the organisation of joint inspections, within the framework of EMFF measure 1.15 (fishing gear). The innovation lies in the labelling of supported fishing gear.
2. Regular cooperation between the State Shared Service Centre (hereinafter 'the SSSC') and regional investigative bodies in order to prevent potential fraud in one high-risk aid measure.

3. The Competition Authority is handling criminal proceedings in connection with the purchasing of drying equipment using aid from the ARIB - procurement fraud in the area of competition.

## Greece

### Measures concerning expenditure

1. Drawing-up and updating of checklists for system audits and audits of acts issued by the Audit Authority (EDEL).
2. Amendment of the legislative framework regarding the competences of the Independent Department for Extraordinary Audits of the Audit Authority (EDEL). In particular, Article 68 of Law 4607/2019 (Greek Government Gazette, Series I, No. 65) amended Article 60 of Presidential Decree 142/2017 (Organisation of the Ministry of Finance) and redefined the competences of the above Department in order to bring them into line with the competences of the audit authorities as set out in the EU regulations.
3. Single typology for findings (irregularities/suspected fraud): During the review of Guidance Documents EGESIF\_15-0008-05/03-12-2018 and EGESIF\_15-0002-04/17-12-2018, an Annex was added, containing the typology for findings relating to verifications and audits (Special Service for Institutional Support - EYΘY).
4. Updating of the guidelines and checklist under Regulation (EU) 1306/2013 of the European Parliament and of the Council, and provision of information and guidance to auditors by means of internal meetings and cooperation (Agricultural Funds).
5. Tool for assessing the risk of fraud, as described in the MCS of the 2014-2020 Fisheries and Maritime Operational Programme, applied from 2017 and updated every year (Fisheries and Maritime Fund).

### Measures concerning revenue

1. Instructions to the Operational Departments of the Financial Crime Unit (SDOE) on monitoring the application of Articles 39 and 40 of Law 4155/13 (fraud against the interests of the EU/SDOE).
2. Participation of a representative of the SDOE Directorate-General in a seminar entitled 'Excise fraud' organised by CEPOL (EU agency that promotes European and international cooperation in the field of law enforcement through training, with a view to exchanging good practices, knowledge and expertise).
3. Selection of goods to be checked based on weighing results (IAPR - Customs).
4. Pan-Hellenic Undertakings for combating the smuggling of goods that are subject to excise duty and in the case of undervaluation (IAPR - Customs).

## Latvia

### Measures in the area of procurement

1. Amendments to the Public procurement law in order to improve competition;
2. The Procurement Monitoring Bureau has organized several workshops on the most common procurement errors in EU funded projects, educating more than 300 participants;
3. A specific inter-institutional working group (consisting of the Procurement Monitoring Bureau, the Competition Council, the Corruption prevention and combating bureau and other institutions) has been established to improve the public procurement system

## Administration of the FEAD

The risks of fraud have been re-assessed and the risk register updated. Furthermore, a plan for action to prevent and mitigate risks has been drawn up.

## Action plan concerning the ESIF funds

The Action Plan for minimizing risks of fraud and corruption concerning the ESIF funds has been updated.

## Prevention of tax fraud

Control measures have been taken for users of electronic devices and equipment for the registration of taxes and other charges and monitoring measures have been taken to verify the compliance of electronic devices and equipment for the registration of taxes and other charges

## Organisational measures taken by the General prosecutor's office

1. The General prosecutor's office made a decision which identified cases of fraud and embezzlement related to the causing of material damage to the State or use of EU funds and foreign financial assistance funds as a matter of particular concern.
2. The information system of the Prosecutor's Office does not specify cases related to the violation of the European Union's financial interests. Therefore, in 2019, the General prosecutor's office issued a decision that all prosecutors must fulfil separate registers for cases related to the EU financial interest.

## Informative campaign #FraudOff!

The social informative campaign #FraudOff! took place for the third year in 2019. The focus theme for 2019 was the reporting culture. Within the campaign, Latvian authorities communicated the positive effects of reporting and its necessity in order to fight fraud and corruption to the population. A reporting tool was created where individuals can report about different irregularities in an easy and understandable way. The tool is situated on the website [www.atkrapies.lv](http://www.atkrapies.lv)

## Trainings for beneficiaries and investigative bodies

Educational activities on project implementation issues (including irregularities and fraud) for beneficiaries and for investigative bodies have been held.

## Romania

### Code of Ethics adopted by the National Agency for Public Procurement

The National Agency for Public Procurement (ANAP) adopted the Code of Ethics and Integrity for ANAP Staff. It applies internally, exclusively to ANAP personnel - OPANAP No 3390/31.12.2019.

### Organisation of vocational traineeships by Federal Authorities and Agencies

Organisation of vocational traineeships in the PIF area, conducted by the Audit Authority, the National Agency for Public Procurement, the National Integrity Agency, the Rural Investment Financing Agency (AFIR), the Paying and Intervention Agency for Agriculture (APIA), the Ministry of the Interior, the Ministry of European Funds, the Ministry of Justice (MJ), the Ministry of Public Works, Development and Administration (MLPDA) and the National Anti-Corruption Directorate (DNA). For example, the DNA held a national workshop on 30 October - 1 November 2019 in which public prosecutors, senior police officers, specialists and representatives of institutions involved in the management and identification of irregularities in the use of European Union Funds, including

the Ministry of European Funds, the managing authorities (AFIR, APIA), the Fight against Fraud Department (DLAF) and the Ministry of Regional Development and Public Administration (MDRAP) took part. On 25 November 2019 the DNA hosted an international conference in Bucharest on trends in the investigation of fraud and corruption affecting the financial interests of the European Union. It was attended by 90 representatives of national prosecutors' offices, anti-fraud coordination services (AFCOS) of EU Member States, Ukraine and the Republic of Moldova, as well as representatives of OLAF.

#### Internal audits conducted at public authorities

The MJ conducted an internal audit of the corruption prevention system at all public authorities; internal public audit missions were concluded, and the technical secretariat supporting the implementation of the National Anti-Corruption Strategy centralised a total of 3 669 audit reports. Of those, over 500 were submitted by central departments (including local branches acting in subordinate/coordinating roles/under authority, public enterprises, etc.), while over 3 100 were submitted by local public administration departments.

#### Implementation of the anti-bribery standard

In June 2019, the AFIR obtained certification of the anti-bribery management system in accordance with the provisions of the international standard ISO 37001:2016 and has completed the implementation of the anti-bribery management system (SMAM), the process having been initiated in 2018. The MLPDA is in the process of implementing the ISO 37001 anti-bribery standard.

### Slovenia

#### Implementation of FRC Decision into the Slovenian risk analysis system

On 1 June 2018, Slovenia implemented fourteen FRC Risk profiles into the system. On 5 July 2018, the Local Customs Dept. were informed about the implementation of the FRC risk profiles by an official letter. The FRC decision adopted on 31 May 2019 lays down "the common financial risk criteria and standards" (FRC) that the customs authorities need to apply to goods declared for free circulation with the aim of protecting the financial interests of the EU and its Member States. This measure is important for the protection of the EU's financial interests and the fight against fraud, due to the fact that it allows an electronic selection of the risk related information contained in the customs declarations.

### Spain

#### Measure to avoid false declaration of land implemented by Regional Paying Agencies

Several Regional Paying Agencies (e.g. Extremadura) have implemented a measure to avoid false declaration of lands in the submission of proposals for grants financed with agricultural funds. In particular, this measure consists of giving every land owner the possibility to notify the Paying Agency that his/her land is neither being exploited by him/her nor been rent out to anybody, so that nobody is entitled to ask for agricultural funds based on such piece of land.

Once the Paying Agency receives this notification (mainly by electronic means), the corresponding piece of land is automatically blocked in the information systems of the Paying Agency, so that, if an application for agricultural funds based on such piece of land is received by the Paying Agency, it will be automatically rejected by the system, preventing potential fraudsters to declare lands which they

do neither own nor have exploited, with the purpose of illegally obtaining agricultural funds based on them.

## Training on the Irregularity Management System organised by the Member States

The Irregularity Management System (IMS) has more than 3,000 users across the 28 Member States and (potential) candidate countries. In order to organise an adequate support to users, the Commission (OLAF) has put in place a system which is based on the "train the trainers" approach.

Based on this "decentralised" model, 37 training sessions were organised in twelve Member States, attended by 563 trainees, as showed in Figure 8.

**Figure 8: Training sessions organised by Member States in 2019**

Member State	# of training sessions	# of Trainees
AT	1	2
BE	4	7
BG	9	26
DE	4	79
ES	1	35
IT	3	90
HU	5	60
PL	1	90
<b>TOTAL</b>	<b>28</b>	<b>389</b>

## Case Studies reported by Member States

### Bulgaria

#### Misuse of EAFRD funds in connection with the construction of a guesthouse

In 2011 P. registered an EOOD (single-member private limited liability company) for processing and marketing agricultural products. The EOOD is registered as a farmer. For this purpose, agricultural land owned by D. was rented. In 2013 P. submitted an application at the PA of the SFA for financial aid under Measure 311 of the RDP for the construction of a guesthouse. The EOOD declared revenue from agricultural activities; copies of invoices for the sale of agricultural produce to a company for which D. is materially responsible were submitted. The State Fund for Agriculture concluded a grant agreement with P. The funds came from a loan from a company owned by D. and from P.'s personal means. The company contracted for the construction is owned by D. The payment request was submitted by P. The SFA paid the agreed amounts in 2015. An on-site check revealed that P. and G., a cohabiting couple, were present in the house. Currently, there are no guests in the house, no contracts with tour operator companies, no cash registers or visitors' register on the site. The property on which the project was implemented is owned by the EOOD and was purchased in 2013 from D. No declarations with regard to the site were submitted under the Local Taxes and Fees Act and the Tourism Act. No guests or commercial activity have been observed. The site is also used by D. and is known as D.'s house and D. and P. are relatives from which follows that D. is the actual owner of the house. Artificial conditions for an EOOD registration as a farmer were created with the land lease contract with D. and the invoices for the sale of produce to D.'s company. The site was not used as intended. Pre-trial proceedings have been initiated for an offence under Article 248a of the Criminal Code — submission of false information to the PA of the SFA in order to obtain EAFRD funds to build a guesthouse.

#### Uncovered illegal factory for tobacco products not paying excise tax

In 2019, a working illegal factory producing cigarettes without excise tax marking was uncovered. Moldova informed the Ministry of the Interior of Ukrainian and Moldovan nationals entering Bulgaria with the ultimate aim of working in an illegal cigarette factory. When entering Bulgaria, they were identified and an operation was initiated to check the information received about the purpose of their stay in the country. In the course of the work, a building was found that met the criteria for an illegal factory site in terms of area, communication, electrical autonomy, cover. The persons were staying there. Prior to the police operation to uncover criminal activities, operational observations had been carried out to determine whether the building constituted an illegal manufacturing site. Continuous traffic of both lorries and passenger cars was observed on the spot in the absence of officially registered commercial or production activity. About 1000 'master cases' of illegal cigarettes were seized as a result of the police operation. In addition to the excise goods, large quantities of tobacco were seized, enough for the production of more than 3000 'master cases', a large set of consumables for the manufacture of cigarettes: adhesives, films, paperboard cuttings for cigarette packs, etc.

### Croatia

#### Customs case – irregularity and illegal treatment of tobacco precursors

On 23 January 2019, customs officers of the Service for Mobile Unit Osijek, in cooperation with police officers, detected an illegal treatment with tobacco precursors, in quantity of 19.846,10 kg. It was



transported in a vehicle with polish registration plates, the driver was a citizen of Belarus. After the shipment exited the territory of the Republic of Croatia, it was returned to the customs territory of Croatia. Within the national legislation (Excise Law), there is a provision that stipulates that for each intended entrance to Croatia of tobacco products and precursors also, the operators have to notify the ELO (Excise liaison office). This measure should ensure that proper surveillance measures are taken regarding the vehicle and the shipment. In this case, the operators did not notify the ELO about the entrance of goods, which led to the suspicion of illegal treatment with tobacco precursors and to a detected irregularity. A misdemeanour proceeding against the offender was conducted, and a decision for payment of excise in the amount of 11.907.660,00 HRK was submitted.

## Estonia

### Eradication of an International group of perpetrators specialized on excise fraud

An international criminal group engaged in excise fraud in Estonia, France and Germany was blocked within the frames of criminal proceedings in cooperation with Germany and France. In Estonia, a criminal scheme was carried out in such a way that beer and wine were purchased from an Estonian producer free of excise duty and VAT, the sale and transport of which was formally to Germany. The German excise warehouses participating in the scheme submitted electronic waybills via the EMCS concerning the dispatch of goods in the terms of temporary excise duty exemption to an excise warehouse in another Member State and confirmed that the goods were dispatched to a German excise warehouse. In reality, excise goods were not transported out of Estonia, but was sold in the Estonian market. The same scheme was used in France, where the transport of goods was shown on papers to same German excise warehouses, but goods were actually sold in black market. In Estonia, three persons and one company were brought to justice who had been active during the period 04.07.2018 - 25.02.2019 and caused the excise damage of EUR 795 836, 92. Such a fraud scheme revealed the weaknesses of EMCS, where the electronic database shows the traffic and receipt of goods, but there were no goods in stock, in fact.

### Counterfeit goods detected in cooperation with German Customs authorities

On the basis of information received from the German Customs authorities, a container sent from Lebanon that arrived in Estonia was inspected, from which 10,000 000 Prince cigarettes were discovered. According to the manifest, cigarettes were supposed to move on to Russia. Neither the consignee nor the consignor contacted the Estonian Customs authorities. Since it turned out that cigarettes were counterfeit, whole shipment was confiscated and are going to be destroyed. German colleagues also informed that a shipment of water pipe tobacco from the United Arab Emirates is on the transit way to Estonia and the load was taken into the Customs control. As inspection revealed that the goods were counterfeit, all subsequent consignments were inspected as well and three of the five consignments (a total of 4,785 kilograms) were counterfeit Al Fakher' water pipe tobacco, which was confiscated.

### Bunkering fraud

The ongoing priority will be fuel fraud in connection with bunkering, where the most recent example is from May 2019, when the Estonian Tax and Customs Board, carried out national surveillance in cooperation with the Police and Border Guard Board, on the VF cargo ship STK-1008 in the E-area of the Tallinn roadstead. The bunkering data of the ship were checked based on documentary sources on the ship, such as bunker Delivery Notes (BDN)), Oil Record Books. It was found on the spot that a bunker delivery note was available on board the cargo ship, but the quantity of fuel on board, 30

tonnes, was not included in the Oil Record Book. A later comparison of the shipping documents with the declared figure showed a difference of 175 tonnes, with a possible unpaid tax of EUR 182 337, 27.

## Greece

### Special management service for the 2014-2020 Greek rural development programme

Study on the creation of a database of reasonable costs of equipment and building infrastructure for the investment measures of the 2014-2020 Greek Rural Development Programme.

The third deliverable (D3), entitled 'Final Database - Evaluation User Guide - Proposal for adapting the State Aid IT System', includes the development of the final database of reasonable costs of machinery and building infrastructure, an evaluation user guide and a proposal for making the best use of the database using the State Aid IT System. The first update of the database was submitted on 13 May 2019.

The database of reasonable costs for the investment measures of the Rural Development Programme helps to strengthen the procedures to verify the reasonableness of costs of investment operations at the evaluation and control stages, and consequently mitigates the risk of cost overruns for the projects under the investment measures.

## Italy

### Traditional own resources - Activities to combat the smuggling of foreign manufactured tobacco products

The Economic and Financial Police Unit of the Guardia di Finanza in Caserta, through operation 'Flyable', has disbanded a criminal organisation dedicated to the smuggling of foreign manufactured tobacco products that has evaded around €6 million in taxes.

The investigation initiated as the result of the stopping of an articulated vehicle and the car accompanying it in August 2015 by the aforementioned division of the Guardia di Finanza as part of an international cooperation activity with a UK counterpart organisation.

The subsequent investigative activities, carried out through cross-checking data from wiretapping and room bugging, video recordings, observation activities, shadowing, and checks, led to the seizure of over 35 tonnes of contraband cigarettes, the arrests of 36 people caught in the act, and the implementation of precautionary measures on 14 parties involved, in various capacities, in crimes of cross-border criminal conspiracy to smuggle foreign manufactured tobacco products.

Furthermore, immovable property, articulated vehicles and vans used for transporting cigarettes originating from Eastern Europe (Poland, Moldova and Ukraine) to sell in Italy were seized.

Among the ploys used by the criminal organisation are the following:

1. vehicles fraudulently registered to third parties with double bottoms for hiding the goods (in semi-trailers of articulated vehicles and the underside of boots in vehicles);
2. an underground bunker for storing the cigarettes, located in an industrial warehouse accessible through a fake manhole;
3. mobile phone accounts registered to front people;

4. specific transmitting/receiving devices, equipped with microphones and power buttons, skilfully hidden under the dashboard of the vehicles used for illicit trafficking, all tuned to the same frequency;
5. sophisticated instruments to detect the presence of possible bugs in vehicles or members' homes.

## Latvia

### Public procurements

A leading employee of a scientific institute, establishing an organized group with two other persons, used a shell company and organized its participation in two public tenders of this same institute with notably more expensive offers. Before participating in the tenders, the employee found out the real costs of the orders and found a company to be hired as a subcontractor to accomplish the orders. Later using the shell company in 2011 and 2012 the notably more expensive offers were submitted to the tenders and admitted winners. By signing the contract, the state lost 832 418,65eur.

Based on the received evidence, KNAB asked the State Prosecutor to initiate a criminal prosecution against three persons for fraud in an organized group (Article 177, Part 3 of the Criminal Law).

## Lithuania

### "Smart" purchase of equipment

In 2019, the Financial Crime Investigation Service instituted a pre-trial investigation concerning fraud. The investigation has been carried out in close cooperation with the agency administering assistance. The company signed the grant agreement for the project of which the total value was EUR 1 906 157, 48, including the own contribution of EUR 944 863, 98 Eur.

The project was aimed at equipping laboratory facilities by purchasing and installing equipment and at carrying out research activities. In the course of the investigation, it was established that the Director of the company was acting with other persons and seeking to avoid the commitment to co-finance the project under the Grant Agreement in order to unlawfully acquire another property of high value (the support funds), he purchased equipment at increased prices (the prices of some pieces of equipment were increased by 20 times) from the Estonia-registered company which was actually managed by him.

Due to the fact that the submitted payment request stated the false prices of the equipment, he unlawfully acquired EUR 158 715 of the European Union support and the Lithuanian national budget funds and attempted to fraudulently acquire no less than EUR 250 000 of the European Union support and the Lithuanian national budget funds.

In cooperation with the agency administering assistance, the investigation succeeded in preventing the payment of no less than EUR 250 000 of the EU support and the Lithuanian national budget funds.

## Romania

SOPHRD (Sectoral Operational Programme 'Human Resource Development') - 2007-2013- Social Economy - Use or presentation in bad faith of false, inaccurate or incomplete documents or declarations, if the act results in EU funds being unduly obtained

The DNA requested the Anti-Fraud Department to carry out a specialised check on how the beneficiary X SRL obtained non-reimbursable European Union funds for the implementation of the project 'From marginalisation to integration', financed under the SOPHRD.

The overall objective of the project was to promote the development of the social economy by facilitating access to the labour market for 150 persons belonging to vulnerable groups (in particular persons of Roma ethnicity, persons with disabilities, women, etc.), the aim being to reduce social exclusion, discrimination and the risk of poverty by establishing six Social Economy Structures (SEs) with separate legal personality (four in the rural, and two in the urban environment).

On the basis of the checks it carried out, the DLAF established that the beneficiary had submitted false documents in order to create the appearance of carrying out specific activities under the project, and that the six SEs were involved in some fictitious purchases.

It also found indications of the possible commission of criminal offences:

1. the falsification - by forging handwriting and signature - of a document under private signature submitted by the beneficiary in order to obtain non-reimbursable funding, may constitute a crime under Article 322(1) of the Criminal Code;
2. the fact of the X SRL managing director having submitted several false documents resulting in European funds being unduly obtained may constitute a crime under Article 181(1) of Law No 78/2000;
3. the fact of the managing directors of the six SEs having signed partial acceptance reports in respect of IT application services in the business management field and the fact of the legal representatives of the economic operators with which the six SEs concluded fictitious service contracts having thus helped the beneficiary to unduly obtain European funds may constitute an offence under Article 48(1) of the Criminal Code in conjunction with Article 181(1) of Law No 78/2000.

Following the checks, the DLAF sent a control report to the DNA and the MA.

## Slovakia

### Collusive behaviour of the tenderers

In 2019, the Ministry of Transport and Construction of the Slovak Republic as the Managing Authority (MA) for the Operational Programme 'Integrated Infrastructure' identified, in the standard ex-post financial control of a low value contract, the collusive behaviour of the tenderers. The MA applied a criminal complaint for the possible commission of a crime pursuant to Section 266 of the Slovak Criminal Code. On the basis of the identified finding in the public procurement control, the municipality cancelled the public procurement and announced a new one. The criminal prosecution, which was initiated after the criminal complaint concerning the offense of "Machinations at the PP

and Public Auction" was arrested by the Resolution of the Police Force of the SR. Despite of that, this behaviour was not considered a crime.