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Measures adopted by the Member States to protect the EU's financial interests in 2020 Implementation of Article 325 TFEU

Accompanying the document

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

32nd Annual Report on the protection of the European Union's financial interests - Fight against fraud - 2020

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LIST OF ABBREVIATIONS

AFCOS	Anti-fraud coordination service
AM	Mutual assistance
CAP	Common agricultural policy
EDES	Early Detection and Exclusion System
EPPO	European Public Prosecutor's Office
ERDF	European Regional Development Fund
ESF	European Social Fund
ESI Funds	European Structural and Investment Funds
NAFS	National anti-fraud strategy
TOR	Traditional own resources
TFEU	Treaty on the Functioning of the European Union
VAT	Value-added tax

1. PROTECTING THE EU'S FINANCIAL INTERESTS

Protecting the EU's financial interests is a shared responsibility between the European institutions and the EU's Member States. The Member States contribute the largest share of the EU budget, collect the traditional own resources (TOR)[1] on behalf of the EU, and 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) TFEU, 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 necessary information to prepare the report referred to in Article 325(5), the Commission has asked Member States to report on the most important measures they have taken to protect the EU's financial interests. Member States were asked to submit no more than three measures in detail, with the possibility to provide summarised information about additional ones. Member States have contributed to this document using the web platform EU Survey.

2. OVERVIEW OF THE MEASURES TAKEN BY MEMBER STATES IN 2020

Member States reported 68 measures in 2020 to protect the EU's financial interests and fight fraud. Member States were invited to report on – at most – three of their most important anti-fraud measures. This document therefore offers a good – albeit non-exhaustive – overview of trends and priorities in the anti-fraud measures implemented by Member States. In some instances, there may be more than three measures effectively reported because Member States may report 'single' or 'package' measures. Package measures usually encompass a number of instruments adopted at the same time and that pursue the same objective. On the total number of reported measures, 22 (32%) were 'package' measures.

Some Member States also reported additional measures beyond the three requested. Across all Member State contributions, nine additional measures were reported. These additional measures are detailed in Section 6 of this document. Ten Member States also reported case studies on how they were protecting the EU's financial interests. These case studies are presented in Section 8.

Reported measures are categorised under four different categories: legislative, administrative, organisational and operational.

A **legislative** measure is an act adopted by a legislative body or having legal force.

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

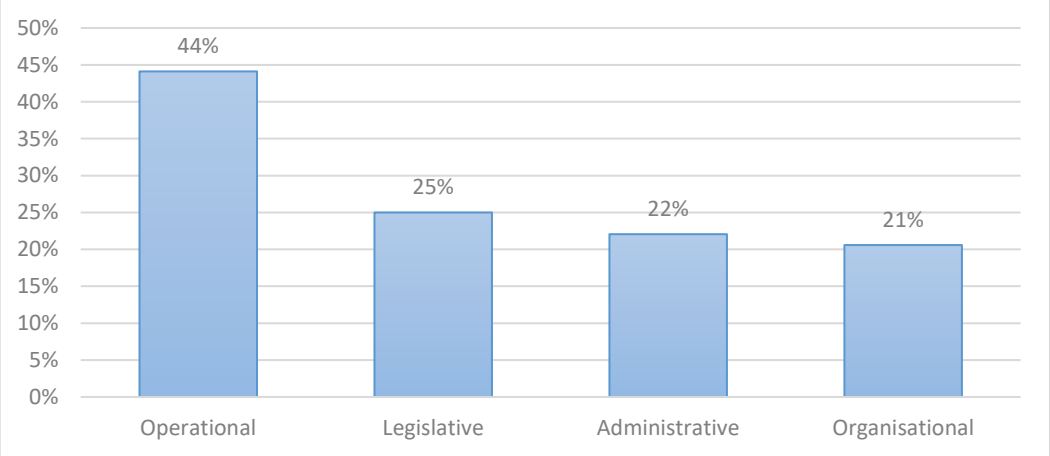
[1] Traditional own resources for the period 2014-2020 are mainly customs duties on imports from outside the EU and sugar levies.

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

An **operational** measure is any action undertaken by an administration or body whose tasks and activities related to the protection of the EU's financial interests, where that action has a direct impact on their operations.

In 2020, measures focusing on operational aspects were the most reported, and were present in 44% of the reported initiatives, as shown in Figure 1.

Figure 1: Distribution of reported measures by type[2]



3. ANTI-FRAUD MEASURES ADOPTED BY THE MEMBER STATES AND THE ANTI-FRAUD CYCLE

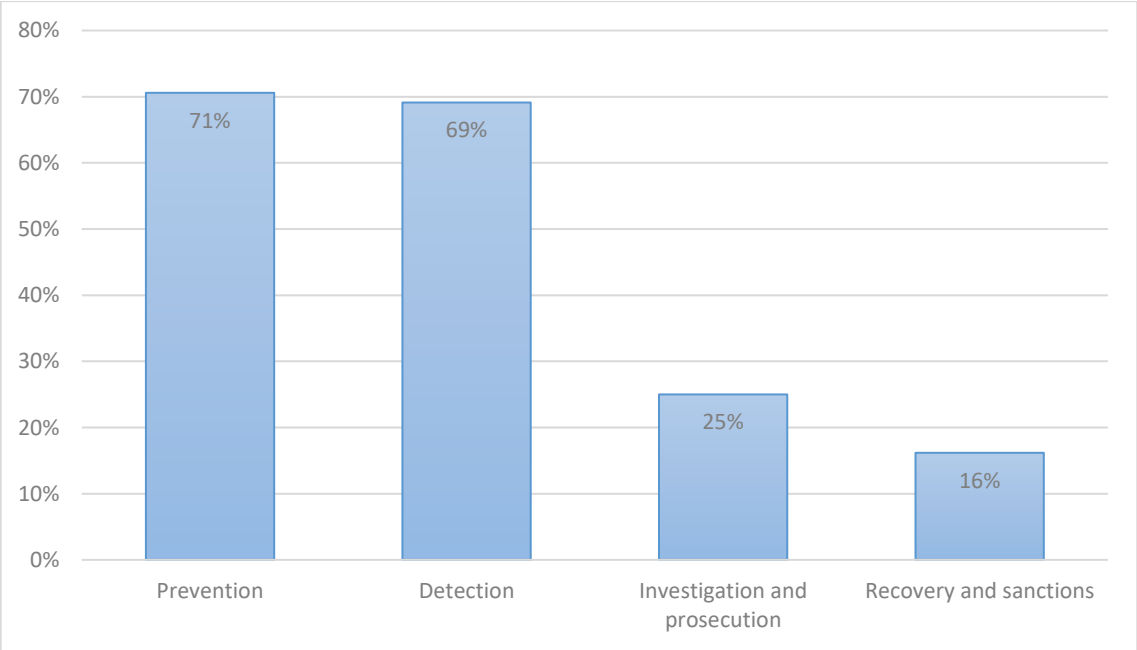
The fight against fraud can be truly effective if it follows a holistic and comprehensive approach and takes into account all the steps of the anti-fraud cycle. The concept of the anti-fraud cycle is grounded in the observation that the EU's financial interests are protected by many players, processes and stages. These players, processes and stages are deeply interconnected and influence each other. The anti-fraud cycle is presented in Figure 2 below.

[2] When reporting a package of measures, more than one category can be included in that package.

Figure 2: The anti-fraud cycle

In 2020, Member States reported measures covering the entire anti-fraud cycle. However, as in previous years, the measures reported in 2020 focused on fraud prevention and detection (around 70% of measures focused on fraud prevention and detection). Fewer measures focused on investigation and in particular on reparation (sanctions and recovery), as shown in Figure 3.

Figure 3: Reported measures and steps of the anti-fraud cycle



This distribution is broadly similar to the distribution over the last 3 years, and Member States show a high degree of consistency and continuity in their measures from year to year.

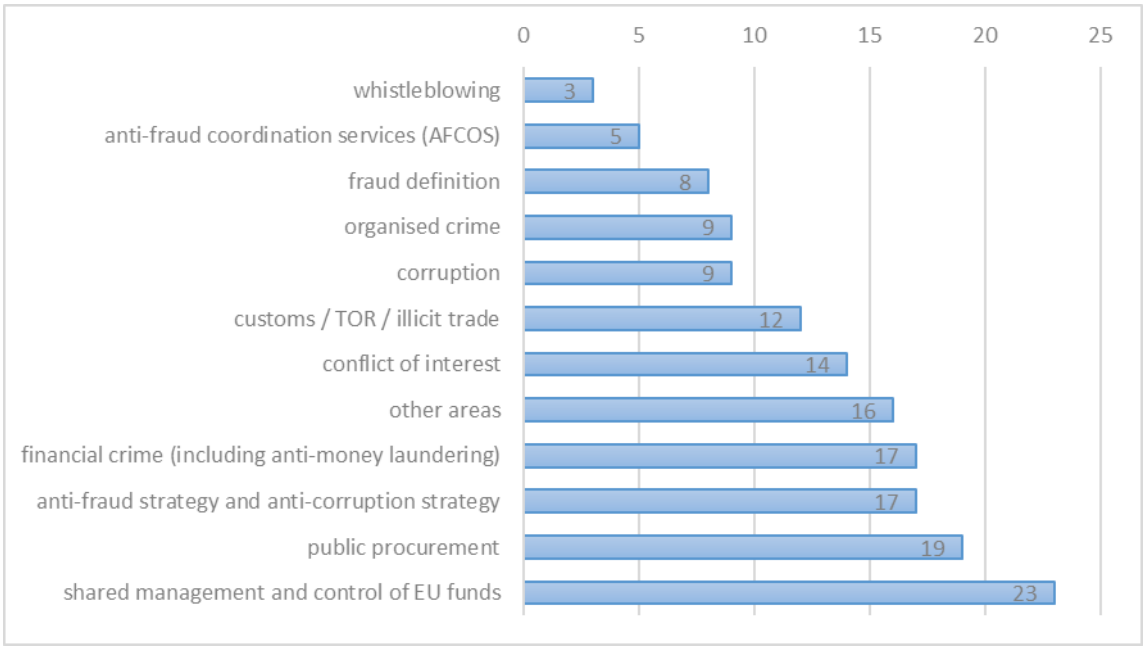
When reporting the adopted measures, Member States also indicate specific areas addressed by the measures. These areas are:

- public procurement
- financial crime (including anti-money laundering)

- organised crime
- corruption
- conflict of interest
- fraud definition
- anti-fraud coordination services (AFCOS)
- whistleblowing
- customs/TOR/illicit trade
- shared management and control of EU funds
- anti-fraud strategy and anti-corruption strategy
- other areas.

A measure can address more than one area at the same time. Figure 4 shows the areas addressed by the reported measures.

Figure 4: Measures by area addressed



As in previous years, several reported measures addressed 'shared management and control of EU funds' and 'public procurement'. In 2020, Member States devoted particular attention to 'anti-fraud strategies and anti-corruption strategies' and 'conflict of interest'. Figure 5 further breaks down the same information by Member State and by area concerned.

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	anti-fraud coordination services - AFCOS	whistle-blowing	customs / TOR / illicit trade	shared management and control of EU funds	anti-fraud or anti-corruption strategy	Other
BE	3	1				1					1	2	3
BG	3	3	1	1		2	1	1	1	1	2	1	1
CZ	3	1	1	1		2					1		1
DK	3					1					2	1	
DE	3	2	1		3	3	2		1		3	1	
EE	3	1								1			1
IE	1	1	1				1						
EL	3	1	2	1	1	1		1	1	1	1	1	
ES	3							2					3
FR	2		1	1				1		1			
HR	3		1				2			1		1	
IT	3		1		1					2	1	2	1
CY													
LV	3												3
LT	3	1	2	2	1					1			
LU	1	1				1					1		
HU	3			1	1						1	1	1
MT	1											1	
NL	3									1	2		
AT	2	1				1					1	2	
PL	3	1									1	1	1
PT	3	1	2			1				2	1	1	
RO	3	1	1				1						
SI	3		1				1			1	2	1	
SK	3	2			2	1							1
FI	1										1		
SE	3	1	2	2							2	1	
TOTAL	68	19	17	9	9	14	8	5	3	12	23	17	16
% of total	100%	28%	25%	13%	13%	21%	12%	7%	4%	18%	34%	25%	24%

Most of these measures (65%) targeted specific budgetary sectors.

Figure 6: Cross-cutting measures that address several sectors vs sectoral measures that focus on a single sector

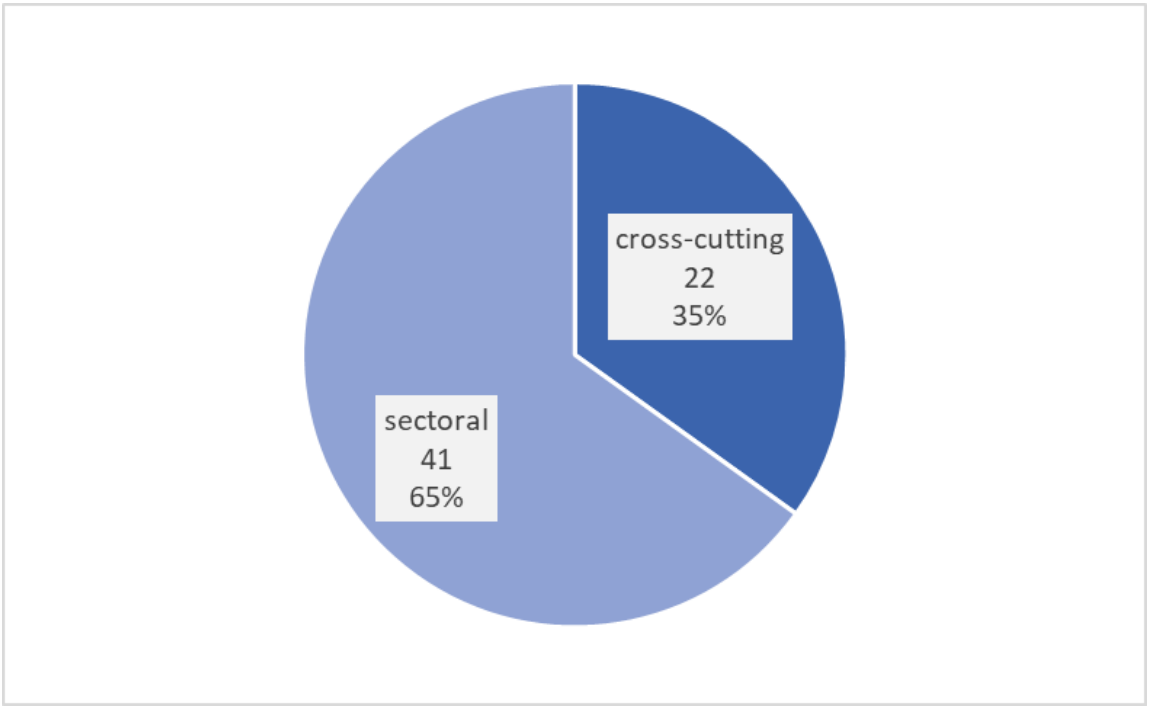


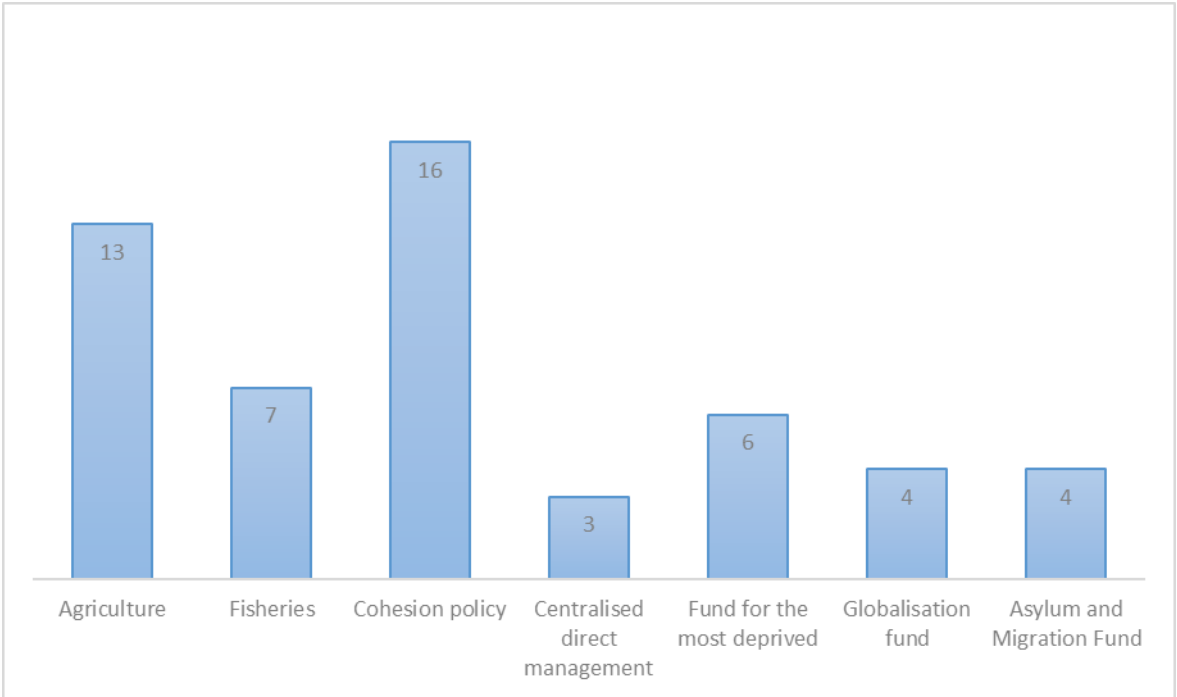
Figure 7 breaks down this information by Member State.

Figure 7: Cross-cutting measures vs sectoral measures by Member State

Member State	Cross-cutting	Sectoral	TOTAL
Austria		2	2
Belgium	1	2	3
Bulgaria	2	1	3
Croatia		2	3
Czechia	1	2	3
Denmark		3	3
Estonia	2	1	3
Finland		1	1
France			2
Germany	1	2	3
Greece	2	1	3
Hungary	1	2	3
Ireland	1		1
Italy	1	2	3
Latvia		3	3
Lithuania	2	1	3
Luxembourg	1		1
Malta	1		1
Netherlands		3	3
Poland	1	2	3
Portugal		3	3
Romania	2	1	3
Slovakia	2	1	3
Slovenia		3	3
Spain		3	3
Sweden	2	1	3
TOTAL	23	42	68

Among the sectoral measures reported, 23 relate to various expenditure sectors and 18 relate to revenue. Figure 8 shows that most of the adopted measures in the expenditure sectors largely relate to cohesion policy, followed by agriculture and fisheries.

Figure 8: Sectoral measures: expenditure



4. PROGRESS ON NATIONAL ANTI-FRAUD STRATEGIES

By the end of 2020, 14 Member States[3] had reported having adopted their national anti-fraud strategies (NAFS). Of these 14, Czechia informed the Commission that it had updated its strategy, but had not yet sent the Commission the new document; and Portugal said it had adopted a NAFS, but had not yet formally communicated nor sent it to the Commission. However, some of these NAFS need to be updated. Of the 12 Member States that replied they did not have a NAFS in place[4], 5[5] indicated that they had launched a procedure to adopt one, as shown in Figure 9.

The NAFS situation has improved compared to last year, when only 10 Member States indicated they had a NAFS in place.

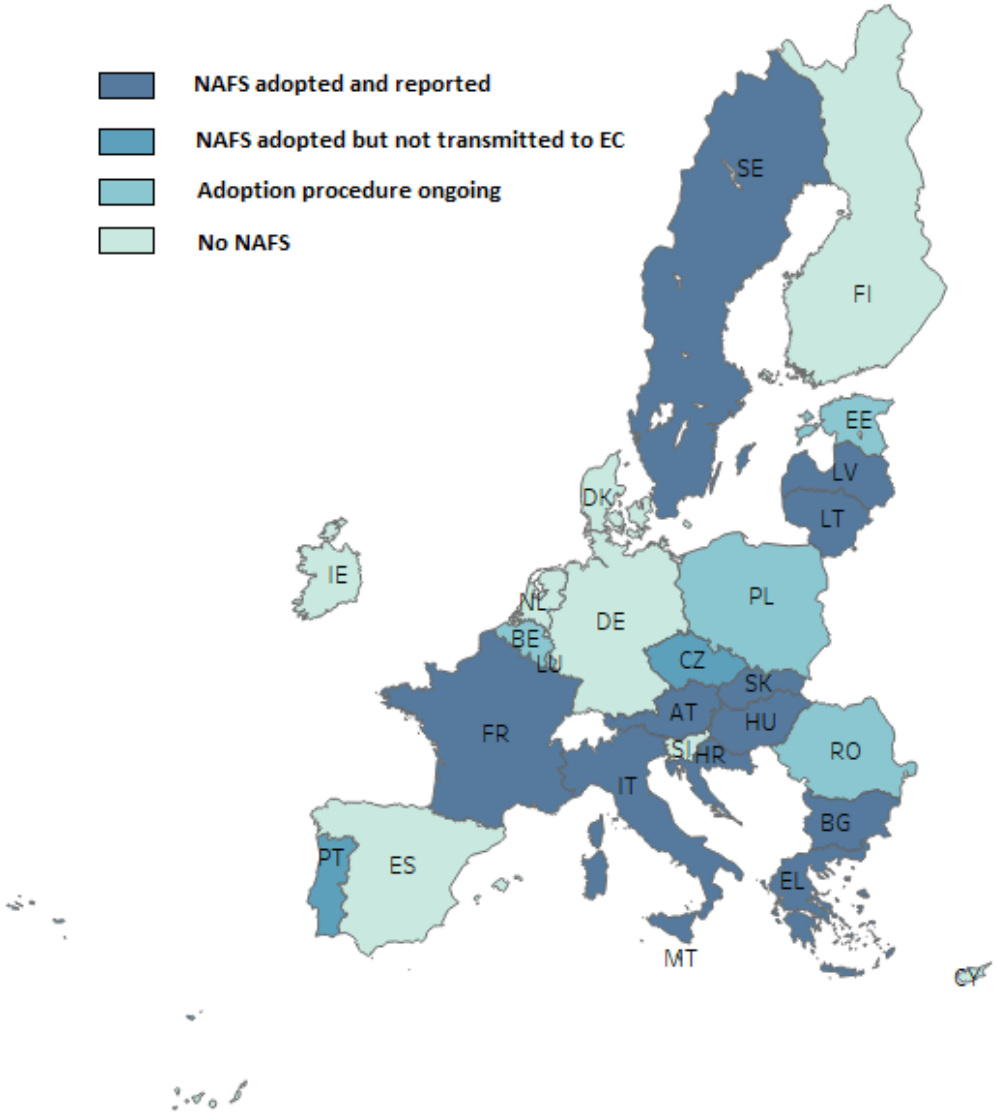
The implementation of the national recovery and resilience plans would be a good time for Member States that do not have a NAFS in place to draw up a NAFS based on the guidelines prepared by the Commission in collaboration with Member State experts. For Member States that already have a NAFS in place, they could take another step forward by updating the NAFS to take into account the risks linked to the implementation of the Recovery and Resilience Facility.

[3] Austria, Bulgaria, Croatia, Czechia, France, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Portugal, Slovakia, Sweden.

[4] Belgium, Denmark, Estonia, Finland, Germany, Ireland, Luxembourg, Netherlands, Poland, Romania, Slovenia, Spain.

[5] Belgium, Estonia, Luxembourg, Poland, Romania.

Figure 9: NAFS state of play[6]



A NAFS makes it possible to structure the fight against fraud affecting EU and national budgets at Member State level. It also makes it easier to:

i. identify vulnerabilities to fraud in national systems, assess the main fraud risks, and decide on/implement appropriate responses;

ii. evaluate progress made, and adapt responses to both the trends in fraud and the resources available;

iii. involve all relevant stakeholders, in particular with more collaborative and coordinated actions.

iv. harmonise the response to fraud risks throughout the country, especially if the country has a decentralised management structure.

[6] Some Member States have broader strategies, not limited to anti-fraud issues.

The benefits of a NAFS are set out in the three bullet points below.

- A NAFS helps to effectively and efficiently protect the EU's financial interests (e.g. by improving the prevention, detection and fight against corruption and any other illegal activities affecting the EU's financial interests).

- A NAFS sets out a better framework upon which the administrations involved in implementing and monitoring EU funds can: (i) work to improve administrative capacity; and (ii) determine more precisely the roles and responsibilities of all the bodies involved. This would make it easier to better coordinate the national institutions' legislative, administrative and operational activities.

- A NAFS can help to recover more unduly spent funds from the EU's budget. It can also help to set proportionate and dissuasive penalties for undue spending under the applicable law.

5. ANTI-FRAUD MEASURES BY THE MEMBER STATES

5.1. Austria

Expenditure – Agriculture, fisheries, cohesion policy and Fund for the Most Deprived: Audit strategy

In 2020, Austria drew up an audit strategy. The aim of this strategy was to describe both the bodies responsible and the measures put in place. The audit strategy also described the administrative systems in place for checks, recovery measures, and penalties. This strategy should ensure that all audit bodies in Austria have a common understanding of: (i) existing procedures; (ii) room for improvement; and (iii) current best practices.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection Investigation and prosecution Recovery and sanction	Anti-fraud or anti-corruption strategy	Single	Administrative	N	Eligibility criteria; management of funds; monitoring/desk checks; on-the-spot checks; audit checklist; penalty; recovery	Describing the administrative systems for the checks; recovery measures and penalties put in place	S

Expenditure – Cohesion policy: Preventing irregularities through a high density of checks

The Austrian authorities conducted many checks under Article 125(4) of Regulation 1303/2013 for the 2014-2020 programming period. These checks helped to prevent irregularities. The audit procedures required the managing bodies to audit 100% of the expenditure submitted by beneficiaries. National rules on eligibility and requirements in the management and control systems should increase efficiency. Standardised forms (checklists) improved the quality of the accounts submitted. The entire funding process, including the accounting process, was set out in a central database. In addition, the authorities used the ARACHNE data-mining tool, provided by the European Commission, for risk assessment and risk analysis.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention Detection	Public procurement; conflict of interest; shared management and control of EU funds; anti-fraud or anti-corruption	Package	Administrative	A	Eligibility criteria; management of funds; on-the-spot checks; irregularities reporting; penalties	Cross-cutting measure; checking and guaranteeing the use of funds and reporting irregularities detected.	S
Recovery and sanction			Operational	A	IT-tools; depiction of the entire funding procedure, including the accounting process, in a central database; use of ARACHNE	Enhanced information flow; targeting of checks	

5.2. Belgium

Horizontal: Measures to strengthen monitoring

Belgium reported that, on top of its existing internal monitoring measures, it took several additional measures in 2020 to strengthen monitoring. These measures are described in the three sentences below.

1. The Brussels-Capital Region (dealing with the European Regional Development Fund (ERDF)) introduced monitoring measures and systematically followed-up state aid rules and public-procurement rules.

2. The ministry of the German-speaking Community drew up and applied a handbook on internal monitoring (this indirectly affected the European Social Fund (ESF)).

3. The Brussels-Capital Region (dealing with the ESF) computerised and simplified monitoring by calling on the help of Actiris Partners, the public-sector employment agency for Brussels.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Shared management and control of EU funds; anti-fraud or anti-corruption strategy; state aid	Package	Administrative	N	Management of funds; monitoring/desk checks; audit checklist; investigation	ERDF BXL: Strengthen administrative controls to ensure the use of European funds in accordance with the legislation on state aid.	H
Detection							
			Operational	A	IT tools; web reporting/hotline; flagging practice; risk indicators; increased number of checks	Enhanced ex-post controls	

Expenditure – Agriculture, fisheries and cohesion policy: Measures to strengthen integrity and prevent conflicts of interest

Belgium reported that, on top of its existing measures, it also took several additional measures in 2020. Two of these are set out below.

1. The Flemish Department for Agriculture developed its integrity policy by identifying functions vulnerable to integrity risk and creating a contact point for questions on integrity.

2. The Federal Department for Structural Funds (dealing with the ERDF) adopted a declaration on anti-fraud policy based on a Commission template. A similar declaration exists for the Flemish Agency for Structural Funds (dealing with the ERDF) as well as for the Flemish and Walloon agriculture agencies.

The aim of these measures was to identify vulnerabilities to integrity and take preventive action to remedy these vulnerabilities. This was in line with the Commission's increased focus on conflict of interest (Article 61 of the Financial Regulation).

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest; integrity and transparency measure	Package	Organisational	A	Inter-agency cooperation; fraud awareness training	Neutral on resources	S
			Operational	A	Risk indicators	Targeting of checks	

Revenue – Customs and tax fraud: National operational plan 2020

The Belgian national operational plan for 2020 further elaborated on the policy plan of the Belgian General Administration of Customs and Excise adopted in 2015. Part of the policy plan of the Belgian General Administration of Customs and Excise focused on using OLAF fraud reports by analysing and opening investigation cases where needed.

An essential part of safeguarding the EU's financial interests is to investigate – and take appropriate action against – the potential evasion of anti-dumping and countervailing duties.

The minimum threshold for opening an investigation into customs fraud is EUR 10 000 in evaded customs duties. For mutual assistance (AM) messages, the Belgian authorities collaborate closely with the Department of Risk Management, which draws up risk profiles. When these 'SPS-forms' hit in relation to a potential fraud covered by an AM message, the verifying first-line agent contacts the pre-designated case officers. The pre-designated case officers then check/take samples of the goods potentially subject to customs fraud/evasion of anti-dumping and countervailing duties.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Detection	Public procurement; anti-fraud or anti-corruption strategy; investigating customs fraud	Package	Administrative	A	Monitoring/desk checks; investigation	To clarify or consolidate existing rules	S
Investigation and prosecution			Operational	A	IT tools; risk indicators; monitoring of container traffic in the port of Antwerp	Enhanced coordination; targeting of checks; targeting of investigations	

5.3. Bulgaria

Horizontal: Adoption of a national strategy for preventing and combating irregularities and fraud affecting the financial interests of the EU over the period 2021-2027

The main objective of the Bulgarian national strategy for the programming period 2021-2027 adopted on 12 November 2020 is to continue Bulgaria's efforts to better prevent, detect and counter irregularities and fraud on the expenditure and revenue sides of the EU budget. The preparation and adoption of the strategy follows on from the actions taken by the Bulgarian authorities to protect the financial interests of the EU (reflected in the national strategy for preventing and combating irregularities and fraud affecting the financial interests of the EU for the period 2014-2020), and is in line with Bulgaria's commitments.

Bulgaria stated that this measure was important because it: (i) reflected the country's desire to continue its efforts to better prevent, detect and counter irregularities and fraud on the expenditure and revenue sides of the EU budget; and (ii) complies with Bulgaria's commitments undertaken for the period 2014-2020.

The national strategy outlines the objectives of the competent national authorities in Bulgaria that work to prevent and combat irregularities and fraud affecting the financial interests of the EU for the period 2021-2027. It also takes into account the new initiatives undertaken to protect the EU's financial interests at European level: (i) Directive (EC) 2017/1371; (ii) Council Regulation (EU) 2017/1939; and (iii) Directive (EU) 2019/1937 of the European Parliament and of the Council.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection Investigation and prosecution Recovery and sanction	Public procurement; financial crime; organised crime; conflict of interest; fraud definition; AFCOS; Whistleblowing; Customs; shared management; control of EU funds; anti-fraud strategy	Package	Legislative	N	To continue efforts to better prevent; detect and counter irregularities and fraud on the expenditure and revenue sides of the EU budget	To enforce the rules in line with developments in EU law	H

Expenditure – All areas of expenditure: Amendment to the Regulation on the reporting of irregularities constituting grounds for making financial corrections

In 2020, Bulgaria reported on: (i) an amendment to its Regulation on the reporting of irregularities constituting grounds for making financial corrections: and (ii) the percentage indicators for determining the amount of financial corrections under the European Structural and Investment Funds (ESI Funds) Act that was passed on 4 March 2020.

The Regulation on the reporting of irregularities constituting grounds for making financial corrections: (i) sets out in detail the powers of those involved in managing and monitoring the ESI Funds; (ii) states the necessary minimum controls; and (iii) lays down the procedure for recovering irregular expenditure. The Regulation also lays down the rules governing the payment, management and monitoring process.

The purpose of the changes introduced by Bulgaria's Council of Ministers Decree No 35 of 4 March 2020 is to align the approach taken to beneficiaries of programmes financed by the EU with developments in EU law. The amendments to the Regulation on the reporting of irregularities provide the necessary legal rules to allow the European Commission's previous guidelines to be applied to contracts, which fall within the scope of the European Directives of 2004.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Investigation and prosecution	Public procurement; conflict of interest; control of EU funds	Single	Legislative	A	Powers; recovery	To enforce the rules in line with developments in EU law	H

Horizontal: Use of a centralised electronic platform in public procurement

In 2020, Bulgaria reported that it had begun using a centralised electronic platform in public procurement. This measure is significant because, according to the requirements of the applicable European directives, it gradually introduces an obligation for all procuring entities to use the centralised electronic platform in accordance with Article 39(a)(1) of Bulgaria's Public Procurement Act.

The measure included the adoption of a timetable for the sequence in which the various entities would start using the centralised electronic platform (the Centralised Automated Information System for Public Procurement) under Article 39(a)(1) of the Public Procurement Act. With the adoption of the timetable, the centralised electronic platform will start to be gradually used. The purpose of this platform is to update the public procurement procedure and make it easier to use. The platform offers users an easy, convenient interface. Electronic procurement enables faster and more secure communication between the contracting entity and interested parties. It also makes it easier to prepare and exchange the documents required to participate in the tender procedure.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement; adoption of a timetable for the sequence in which the various entities will start using the centralised electronic	Single	Legislative	N	Definition of a specific topic	To enforce the rules in line with developments in EU law	H

5.4. Croatia

Horizontal: Implementation of anti-fraud policy for operational programmes

In 2020, Croatia reported on the implementation of anti-fraud policy by two different programmes: (i) the Managing Authority for Efficient Human Resources 2014-2020 operational programme; and (ii) the operational programme for food and/or basic material assistance 2014-2020.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Definition of fraud; anti-fraud or anti-corruption strategy	Single	Administrative	A	Monitoring/desk checks; reporting of irregularities	To clarify or consolidate existing rules	H

Revenue – Customs: Enhanced controls in the port of Rijeka

On 13 January 2020, customs officers from the port of Rijeka carried out an enhanced check on two containers that were on their way from South Korea to a recipient in Slovenia. The cargo declared in the customs document was LDPE (polyethylene). However, cigarettes were found hidden inside the containers: 9.3 million 'Moro' brand cigarettes and 5.7 million 'Manchester' brand cigarettes. The cigarettes were seized and criminal charges were filed against the offender.

In this specific case, customs officers shared information with officers from the Ministry of Interior, who filed criminal charges with the State Attorney's Office. Throughout the operation, the customs agency and the Ministry of Interior worked together and shared all important information.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	Customs/TOR/ illicit trade	Single	Operational	N	Structured cooperation with law enforcement; structured cooperation with judicial authorities	Enhanced coordination and cooperation	S
Investigation and prosecution							

Revenue – Tax fraud: Implementation of the General Audit Support System at the Croatian Tax Administration

Croatia implemented this project in 2018-2021. The project involved: (i) procurement of the IT system; (ii) adapting the system to the needs of the tax administration; and (iii) training users on the system. The system enables audit sectors/offices/field offices to perform checks, desk audits and comprehensive audits based on risk analysis and activated risks produced by a separate risk-management system.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection Investigation and prosecution	Financial crime; definition of fraud	Package	Operational	N	IT tools; risk indicators	Targeting of checks; targeting of investigations	S

5.5. Czechia

Horizontal: Adoption of organisational measures in the public prosecution system as part of setting up the European Public Prosecutor's Office (EPPO)

In 2020, Czechia reported on the adoption of organisational measures in the public prosecution system as part of setting up the EPPO and the scheduled launch of the EPPO's activities in 2021. The proper conduct of criminal proceedings concerning the EU's financial interests requires: (i) setting up mechanisms for mutual cooperation between national prosecuting authorities and the EPPO; and (ii) paving the way for European prosecutors to exercise their powers in the Member State.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	Public procurement; financial crime; organised crime; conflict of interest	Single	Organisational	N	Competence; inter-agency cooperation; adoption of measures to organise competitions for the position of European Delegated Applicants; appointment of the selection board, initiation of the selection procedure, selection of candidates for these positions, while creating the conditions for the future exercise of their functions by the National Public Prosecutor's Office	Neutral on resources	H
Detection							
Investigation and prosecution							
Recovery and sanction							

Expenditure – Cohesion policy: Update of procedures for checking ownership structures and conflicts of interest

In 2020, the Czech Managing Authority for the Research, Development and Education Operational Programme updated its procedures for checking ownership structures and conflicts of interest. The managing authority's operating manual now includes procedures for checking the risk of conflicts of interest among public officials under Section 4(c) of Act No 156/2006 on conflicts of interest. The ownership structure of applicants/partners is checked by the managing authority before issuing a legal instrument. Subsequently, in the course of the administrative handling of each request for payment and during on-the-spot checks, staff from the managing authority check whether the ownership structure has changed since the legal instrument was issued.

If this check reveals a match between an applicant's beneficial owner or partner with a financial stake and the managing authority's list of public officials, the data are checked in other information systems by requesting information/documents from the applicant/partner with a financial stake. If the applicant/partner is found to have a conflict of interest, the procedure is terminated and no grant is awarded.

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; shared management and control of EU funds	Single	Operational	A	Increased number of checks	Targeting of checks; targeting of investigations; enhanced ex-ante controls	S
Detection							

Revenue – Customs: Accelerating the process of determining a customs debt

In 2020, Czechia reported that it had sped up and simplified the process for determining a customs debt and entering it in the accounts after a post-release control.

The new Section 88(a)(4) of the Tax Code allows an additional payment notice to be served at the same time as a notice of completion of a post-release control under Article 48 of Regulation (EU) No 952/2013. This will reduce the time limit for entry in the accounts by up to 9 days, as what used to be two successive actions can now be carried out simultaneously. Before the amendment, notice of completion of the control had to be served before the additional payment notice could be sent.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	Customs/TOR/illicit trade	Single	Legislative	A	Determination and collection of customs debt	To clarify or consolidate existing rules	S
Recovery and sanction							

5.6. Denmark

Expenditure – Cohesion policy: Merging data to identify cases of double financing

In 2020, Denmark reported on an investigation that involved merging data from the salary-compensation scheme with reporting data from the Danish Business Authority to identify double financing (related to COVID-19). Denmark took this measure because COVID-19 has increased the risk of fraud. The administrative control has been expanded with additional checks to ensure that participating companies do not receive double financial support.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection	Conflict of interest; shared management and control of EU funds	Single	Administrative	N	Eligibility criteria; management of funds; monitoring/desk checks; expansion of administrative controls	To clarify or consolidate existing rules; cross-cutting control with the Commission scheme and the salary compensation scheme.	S

Expenditure – Agriculture: Action plan on the CAP

Denmark has implemented an action plan as a follow-up on conclusions and reports on the CAP from external experts in 2019. In 2020, Denmark implemented an action plan on the basis of the recommendations to improve detection and follow-up on red flags. Denmark's agency responsible for providing payments from the CAP has designed a risk profile to register, prioritise and mitigate the risk of fraud. The administration responsible for fraud prevention in the CAP has also received additional funding.

The action plan is designed to increase Denmark's detection and follow-up of fraud in the CAP.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection	Shared management and control of EU funds	Package	Administrative	A	Management of funds; monitoring/desk checks; on-the-spot checks	To clarify or consolidate existing rules	S
			Organisational	A	Competence	Increased resources	
			Operational	N	Risk indicators	Enhanced information flow; targeting of checks; enhanced ex-ante controls	

Expenditure – Fisheries: Anti-fraud strategy of the Danish Fisheries Agency

The Danish Fisheries Agency adopted its own anti-fraud strategy with an associated process plan in the summer of 2020. The strategy aims to protect the EU's financial interests and fight fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Anti-fraud or anti-corruption strategy	Single	Organisational	N	Simplification of procedures; process plan for the internal division of responsibilities for handling fraud	Neutral on resources	S
Detection							

5.7. Estonia

Revenue – Customs: Fight against fuel fraud

In 2020, Estonia implemented a measure that: (i) simplifies monitoring of debunkered fuel; and (ii) helps to fight illicit trade in untaxed/smuggled fuel from ships registered in non-EU countries.

The release of fuels, bunkered from a ship, may only take place in a port. This helps to prevent both marine pollution and fuel fraud. By allowing non-compliant bunker fuel to only be transferred in a port, risks can be mitigated by control activities. This also reduces the likelihood of oil products with customs status from non-EU countries being smuggled tax-free to the EU via Estonia's territorial waters.

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	Legislative	A	Definition of a specific topic	To remedy flaws	S
Detection							

Horizontal: Launch of a cybercrime information and notification website

In 2020, the Estonian Central Criminal Police launched a cybercrime information and notification website: https://cyber.politsei.ee/en/report/.

Estonia took this measure because personal and sensitive data can be found online. This could potentially attract criminals, and it is important that people can easily report such incidents if they become victims of cybercrime.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Cybercrime	Single	Operational	N	Web reporting/Hotline	Enhanced information flow	H
Detection							

Improvement of the public-procurement register

In 2020, Estonia reported on an improvement of its public-procurement register. The register provides machine-processed open data on public procurement. Machine-readable open data enable interest groups to provide applications to enhance better transparency and help prevent corruption (e.g. Transparency International in Estonia is working on a project on using procurement open data to publish links between the people connected to contracting authorities and winning companies). Open data is also used in a project started by State Audit. Further initiatives are expected (https://riigihanked.riik.ee/rhr-web/#/open-data).

The market research functionality enables contracting authorities searching the market before actually starting the procurement procedure. It helps learning the market players and making previous contact advertising the coming opportunity in an open and non-discriminatory way. It enables better setting the requirements for the goods or services to

be purchased and getting the indication for the best value for money: https://riigihanked.riik.ee/rhr-web/#/.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement	Package	Operational	A	IT tools; risk indicators; increased number of checks; transparency	Targeting of checks; targeting of investigations; enhanced ex-ante controls; enhanced ex-post controls; transparency	H

5.8. Finland

Expenditure – All areas of expenditure: Anti-fraud cooperation between national authorities under the ESI Funds

In 2020, Finland reported that it had launched anti-fraud cooperation between Finnish groups administering the ESI Funds to benefit from close cooperation and make practices consistent. The cooperation aims at sharing and developing good practices between the Funds.

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	Increased resources	S
Detection							

5.9. France

Horizontal: Transposition of Regulation (EU) 2017/1939 on the European Public Prosecutor's Office

French Law No 2020-1672 of 24 December 2020 adapts national law to the creation of the EPPO. Under the Law, French delegated prosecutors will have extensive prerogatives to fight against acts detrimental to the EU's financial interests.

The Law details: (i) the responsibilities of the European delegated prosecutors; (ii) the applicable procedures; and (iii) the division of powers between the EPPO, the European delegated prosecutors and the French judicial authority. It also details the powers of the EPPO in customs infringements detrimental to the EU's financial interests. It states that the Paris Judicial Court (Tribunal Judiciaire de Paris) and the Paris Court of Appeal will try criminal offences detrimental to the EU's financial interests that fall within the jurisdiction of the EPPO.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	Financial crime; organised crime; customs/TOR/ illicit trade	Single	Legislative	N	Powers; criminal sanctions	To enforce the rules in line with developments in EU law	H
Investigation and prosecution							
Recovery and sanction							

Horizontal: Creation of an inter-ministerial AFCOS

French Decree No 2020-872 of 15 July 2020 on the inter-ministerial coordination of the fight against fraud set up the Inter-ministerial Mission Coordinating the Fight against Fraud. This was designated as the French AFCOS.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	AFCOS	Single	Organisational	N/A	Inter-agency cooperation; setting up a French AFCOS	Increase of resources	H
Detection							
Investigation and prosecution							

5.10. Germany

Expenditure – Cohesion policy: Self-assessment of fraud risk for the federal ESF programme

In 2020, Germany reported on its self-assessment of fraud risk, a self-assessment recommended in the Commission *Guidance Note on Fraud-Risk Assessment and Effective and Proportionate Anti-Fraud Measures*. A report on the self-assessment was compiled by the ESF managing authority for Germany's federal ESF operational programme.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection	Public procurement; corruption; conflict of interest; fraud definition; shared management and control of EU funds; anti-fraud or anti-corruption strategy	Single	Operational	A	self-assessment of fraud risks	As part of the fraud risk self-assessment exercise, the impact and likelihood of common fraud risks occurring are assessed and the measures required to assess the risks are described.	S

Expenditure – Cohesion policy: Fraud-risk assessment for the ERDF

In 2020, Germany reported on the performance of a fraud-risk assessment for the Hessen ERDF programme, as specified by the Commission in its guidance note on anti-fraud measures.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection	Public procurement; financial crime; corruption; conflict of interest; shared management and control of EU funds	Single	Operational	A	Risk indicators	Monitoring and ensuring a tolerable risk level (net risk) in connection with ERDF support. Potential risks and the existing controls are identified and assessed for various risk areas. If the net risk level is not tolerable for individual risks, an action plan must be drawn up setting out additional measures.	S

Anti-fraud cycle (North Rhine-Westphalia ERDF programme)

In 2020, Germany reported different measures taken under the anti-fraud cycle of the North Rhine-Westphalia ERDF programme.

The federal state of North Rhine-Westphalia amended its framework guidelines on the award of grants from the ERDF under the 'Investment for Growth and Jobs' objective (ERDF) in the 2014-2020 funding period. In 2020, North Rhine-Westphalia also

amended the general ancillary provisions on grants to support projects using resources from the ERDF.

At managing authority and intermediate-body level, the following measures were taken:

i. separation of functions;

ii. introduction of the ‘four-eyes’ principle;

iii. use of the BISAM IT system for project implementation;

iv. verification of the intermediate body’s work, including via BISAM;

v. annual updates of SAT by the self-assessment team.

At project level, the following measures were taken:

i. transparent conditions for assistance were decided on, among other things, by making reference to the ERDF framework guidelines;

ii. standardised forms were provided by the managing authority;

iii. it was made possible to verify and document the application, payment claim, factual report and statement of expenditure using standardised checklists in BISAM;

iv. on-the-spot verifications were introduced;

v. a new rule was introduced stating that a statement relevant to the payment of subsidies must be included in applications;

vi. payments via BISAM were made possible;

vii. support awarded was recovered, if necessary;

viii. a guidance note on anti-fraud measures was published.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Corruption; conflict of interest; fraud definition; whistle-blowers; shared management and control of EU funds	Package	Administrative	A	Monitoring/desk checks; on-the-spot checks; audit checklist; recovery	To clarify or consolidate existing rules	H
Detection							
			Organisational	A	Competence	More efficient use of resources	
Recovery and sanction			Operational	A	IT tools; web reporting/hotline	Enhanced coordination; cooperation; information flow and ex-ante controls	

5.11. Greece

Horizontal: Decision setting out the organisation of the National Transparency Authority/AFCOS

In 2020, Greece's independent AFCOS was set up within the Directorate-General for Integrity and Accountability. The responsibilities of the AFCOS include: (i) coordinating the bodies involved in the fight against fraud affecting the EU's financial interests; (ii) cooperating with OLAF and the other Member States; (iii) reporting data and statistics to the European Commission; (iv) analysing data on fraud and irregularities; and (v) acting as a representative in national and international bodies.

Within the Inspection and Control Unit of the National Transparency Authority, a Public Works and Transport Department was set up, partly to investigate complaints and carry out checks relating to:

i. fraud and/or suspected fraud at all stages of the award of public supply contracts, public service contracts, and public works contracts, according to EU and national legislation;

ii. protection of the EU's budget and financial interests.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection Investigation and prosecution	Public procurement; corruption; conflict of interest; AFCOS; Whistle-blowers; control of EU funds; anti-fraud or anti-corruption strategy	Single	Organisational	N	Competence	Increased resources	H

Horizontal: Transposition into Greek law of Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law

Greece reported the adoption of Law No 4689/2020 (Government Gazette, Series I, No 103, 27.5.2020). It transposes into Greek law Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law. This Greek law lays down rules on the definition of criminal offences and sanctions to fight fraud and other illegal activities affecting the EU's financial interests. The Law seeks to strengthen protection against criminal offences that affect those financial interests, in line with the existing body of EU law in this field.

The Law includes specific articles on: (i) passive and active corruption that could affect the EU's financial interests; (ii) cross-border VAT fraud; (iii) ancillary provisions on the protection of the EU's financial interests under criminal law; (iv) money laundering to the detriment of the EU's financial interests; and (v) statistical reporting.

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

Revenue – Customs and tax fraud: Measures that aim to reduce smuggling

In 2020, Greece adopted Law No 4758/2020 (Government Gazette, Series I, No 242, 4.12.2020) on the reduction of smuggling. This Law is intended to modernise the current legislative framework and introduce updated tools to strengthen action in this area. Additionally, the Financial Crime Prosecution Unit (SDOE) has issued an operational guide on: (i) the legal content of commercial documents; and (ii) trade in and movement of goods and provision of services. This guide seeks to ensure the authenticity and traceability of transactions and to help prevent illegal trade.

The measures have three main effects, which are set out below.

i. The measures increase coordination among the relevant law-enforcement authorities and make new electronic registers and tools available to them.

ii. The measures complement the current penalty framework and make this framework stricter for: (i) offences related to smuggling and adulteration of fuel; (ii) infringing obligations relating to either the fuel input/output system and the installation of GPS on vehicles/vessels carrying fuels.

iii. The measures: (i) help the work of the inspection authorities; (ii) simplify procedures for destroying tobacco products; and (iii) reduce the time limits for destroying tobacco products.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection	Financial crime (including money laundering); organised crime; Customs/TOR/ illicit trade	Package	Legislative	A	Competence; powers; financial penalties; other administrative penalties; more criminal sanctions	To remedy flaws; to enforce the rules in line with developments in EU law	S
Investigation and prosecution			Administrative	A	Monitoring/desk checks; investigation	To clarify or consolidate existing rules	
Recovery and sanction			Operational	A	Flagging practice; increased number of checks	Enhanced information flow and ex-post control; targeting of checks and investigations	

5.12. Hungary

Expenditure – Cohesion policy and Fund for the Most Deprived: Use of ARACHNE and EDES

Hungary is one of the countries using the ARACHNE fraud-prevention system set up by the European Commission. Hungary sent updated data on ARACHNE three times in 2020. In 2020, Hungary also joined the Early Detection and Exclusion System (EDES) set up by the Commission and appointed a national administrator responsible for managing additional access rights within Hungary. Using the EDES, Hungary is also setting up a record in one of its national IT systems of enterprises excluded from EU funding (EUPR).

The ARACHNE system provides information on a number of key indicators in fraud prevention, and makes it possible to track these indicators over time. Hungary uses the system mostly for investigations, where ARACHNE provides information in addition to that available in the Hungarian IT system, for example through ARACHNE's international company databases (ownership relations; headquarters; information on final owners; and small and medium enterprise classification). EDES contains information on organisations excluded from EU funding by the European Commission, and Hungary joining EDES has made it possible to monitor these organisations.

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	Package	Operational	N/A	IT tools; risk indicators; rolling out the use of ARACHNE; appointing a national administrator for EDES; working on the set up of a record in the Hungarian IT system of enterprises excluded from EU funding (EUPR) based on EDES data	Enhanced information flow; targeting of checks; targeting of investiagtions	S
Detection							

Horizontal – Adoption of a comprehensive anti-corruption package

In 2020, Hungary reported that it had passed a comprehensive anti-corruption package in two parts: (i) a medium-term national anti-corruption strategy (*Nemzeti Korrupcióellenes Stratégia* - NKS) covering the period from 2020 to 2022; and (ii) a related action plan, which was adopted by Government Decision 1328/2020 of 19 June 2020.

The measures primarily focus on fighting corruption. Some parts of the measures aim – whether directly or indirectly – at detecting integrity and corruption risks, including fraud. The strategy sets out: (i) plans to strengthen the internal control system; (ii) an assessment and analysis of integrity and corruption in the civil service; (iii) a study of possible legislation addressing integrity risks in publicly-funded investments; and (iv) training for investigative prosecutors in covert information gathering.

The main objective of the NKS is to help to identify and manage occurrences of corruption promptly, thus helping the public administration and society to prevent, identify and manage these types of threat. The NKS also draws attention to a number of opportunities and instruments that can be used to deal legally with the harm caused by corruption.

The measures set out in the NKS cover the following areas of action:

i. technology

ii. rules

iii. values.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention Detection	Corruption; anti-fraud or anti-corruption strategy	Package	Administrative	N	identify and manage occurrences of corruption promptly	Cross-cutting measure; multi-agency measure/ measure with impact on various bodies	H
			Organisational	N/A	Inter-agency cooperation; general training	Neutral on resources	

Revenue – Customs and tax fraud: Drawing up the 2021 plan for post-release checks

In 2020, Hungary launched several investigations into: (i) e-commerce consignments; and (ii) consignments from a non-EU member of the EU's customs union. The decision to launch the investigations was based on: (i) Hungary's own analyses; (ii) alerts from tax and customs directorates; and (iii) alerts from OLAF. The investigations were part of a joint tax and customs initiative against businesses suspected of evading their obligations to pay customs duty and VAT. Additionally, customs value investigations were extended to trade in textiles and fabrics, taking into account the 'estimated fair prices' in the THESEUS system for products originating in China.

The measures put in place aim to: (i) ensure preventive, embedded, ex-post checks for more efficient collection of customs duties and VAT; (ii) encourage lawful behaviour; and (iii) prevent unlawful behaviour. A single system for assessing taxpayers (covering customs duty and VAT) will speed up the detection of new fraud schemes and enable appropriately targeted action by the authorities to better protect Member States' revenues and the EU's own resources.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection Recovery and sanction	Organised crime; customs/TOR/ illicit trade	Single	Operational	N/A	Risk indicators; increased number of checks; structured cooperation with law enforcement	Enhanced coordination; enhanced cooperation; enhanced information flow; targeting of checks; targeting of investigations; enhanced ex-ante controls	S

5.13. Ireland

Horizontal: Amendment to the Criminal Justice Act

In 2020, Ireland reported on an amendment to the Criminal Justice (Theft and Fraud Offences) Act 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 amending bill has gone through all stages in Seanad Éireann (the upper house of the Irish Parliament) and was passed by that house on 26 November 2020. The bill is now being examined by Dáil Éireann (the lower house of the Irish Parliament). Subject to parliamentary consideration, it is expected that the bill will become law in February 2021.

The Criminal Justice (Theft and Fraud Offences)(Amendment) bill 2020 amends Part 6 of the Criminal Justice (Theft and Fraud Offences) Act 2001 to give full effect to Directive (EU) 2017/1371. It also amends the Criminal Justice Act 1994. The bill includes an expanded definition of fraud affecting the Union's financial interests as well as a new offence of misappropriation. The bill also amends the Criminal Justice Act 1994 to enable the freezing and confiscation of criminal 'instrumentalities' (property used to commit crime) and proceeds from criminal offences.

The maximum penalties provided for do not require amendment.

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

5.14. Italy

Horizontal: Legislative decree implementing Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law

On 14 July 2020, Italian Legislative Decree No 75 was adopted to bring national legislation on financial crimes, corruption, smuggling and control of EU funds into line with Directive (EU) 2017/1371.

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); corruption; customs/TOR/ illicit trade; shared management and control of	Single	Legislative	A	Competences; definition of a specific topic; financial penalties; other administrative penalties; new criminal sanctions	To enforce the rules in line with developments in EU law	H

Revenue – Tax fraud: Operational guidelines against VAT fraud

In 2020, Italy issued operational guidelines for units of the Italian Guardia di Finanza (financial police), on the new measures introduced by the Parliament to combat excise and VAT fraud in the fuel sector. The guidelines outline the main fraud schemes and provide guidance on how to select taxpayers for checks or targeted judicial police activities.

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); corruption; customs/TOR/ illicit trade; shared management and control of	Single	Legislative	A	Competences; definition of a specific topic; financial penalties; other administrative penalties; new criminal sanctions	To enforce the rules in line with developments in EU law	H

Revenue – Customs: Implementation of control arrangements in application of Decision (EU) No 491/2020

In 2020, Italy reported on the implementation of post-clearance checks to verify that Decision (EU) No 491/2020 was being correctly applied. This Decision exempts goods intended to combat the effects of the COVID-19 pandemic from duty and VAT. Binding instructions were issued to customs offices to ensure that all operations relating to the goods referred to in Decision (EU) No 491/2020 that have not already been subject to online checks or which have in any event been considered to be at risk, undergo a revised assessment.

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); corruption; customs/TOR/ illicit trade; shared management and control of EU funds	Single	Legislative	A	Competences; definition of a specific topic; financial penalties; other administrative penalties; new criminal sanctions	To enforce the rules in line with developments in EU law	H

5.15. Latvia

Revenue – Tax fraud: Registration of websites or mobile-phone applications in commercial passenger transport

Since 1 January 2020, regulations of the Latvian Cabinet of Ministers have come into force that affect service providers for websites or mobile applications in commercial passenger transport by taxi and car. These regulations require the service provider to submit information to Latvia's State Revenue Service (SRS) once a month on the services they have performed (commercial passenger transportation, drivers and vehicles) via the provider's website or mobile application.

The rules set out:

i. the procedure for: (i) registering a website or mobile-application service provider; (ii) cancelling the registration; and (iii) blocking a website or mobile application;

ii. the functionality of the website or mobile application and the information the website or mobile application must provide;

iii. the procedure for monitoring the activities of the service provider;

iv. the procedure by which the service provider provides information to the SRS and the nature of this information.

Previously, providing information to the SRS was only an obligation of the passenger carrier. However, passenger carriers often use third-party websites and mobile applications when providing taxi services, making it difficult for the passenger carrier to provide this information. The new regulations are intended to remedy this problem, by requiring the website or mobile-application service provider to provide information to the SRS. Given that commercial passenger transport often operates in the shadow economy, the new regulation will also help to fight against VAT fraud.

The new rules mean that the SRS is able to: (i) obtain and select data; (ii) prepare analytical reports for further preventive and control measures on taxpayers who perform commercial passenger transportation by taxi and/or car using websites or mobile application services; and (iii) compare these data from analytical reports with taxpayers' tax returns. The SRS now has data on the journeys made, the carrier, the driver, the vehicle, the fare, and the fee charged by the website.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Protection of the EU's financial interests against (VAT) fraud	Package	Legislative	N	Definition of a specific topic; SRS can obtain data and perform data selection, prepare analytical reports for further preventive and control measures	To clarify and consolidate existing rules; to remedy flaws	S
Detection							
			Operational	N	Risk indicators	Targeting of checks; enhanced ex-ante controls	

Revenue – Tax fraud: Cheque lottery

Since 1 July 2019, the Latvian SRS has organised a cheque lottery. Anyone can participate in the lottery by registering a cheque, receipt or ticket worth at least EUR 5 on the website www.cekuloterija.lv. The document certifying the transaction must be issued for a good or service received from a taxpayer registered in Latvia. The SRS, based on the cheque lottery data, identifies taxpayers who have not declared the income from economic activity at all or declared it to a lesser extent. This allows the SRS to carry out preventive or control measures to ensure additional tax is declared.

The check lottery was introduced to: (i) promote fair competition and voluntary compliance with tax obligations; (ii) combat tax fraud; and (iii) encourage shoppers to demand checks and receipts for income. 2020 was the first full year that the check lottery operated.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Protection of the EU's financial interests against (VAT) fraud	Package	Legislative	N	Definition of a specific topic	To ensure voluntary tax compliance	S
Detection							
			Operational	N	Web reporting/Hotline; risk indicators; increased number of checks	Targeting of checks; enhanced ex-ante controls; enhanced ex-post controls	

Revenue – Customs and tax fraud: Classification of taxpayers

In 2020, Latvia reported on its classification of taxpayers by tax-behaviour patterns, taking into account certain characteristic features of tax-compliance discipline. The aim of the taxpayer classification is to help the SRS tailor its approach to the taxpayer behaviour and voluntary compliance with obligations, and thus strengthen tax payment discipline in the most efficient way.

The system for segmentation of taxpayers works as a tool to prevent tax fraud. One of the risks analysed during the segmentation process is the risk of VAT tax fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Protection of the EU's financial interests against (VAT) fraud	Package	Administrative	N	All areas of tax administration	To enhance existing measures; to improve the tax administration process	S
Detection							
			Operational	N	Risk indicators	Enhanced coordination; targeting of checks; enhanced ex-ante and ex-post controls	

5.16. Lithuania

Revenue – Customs and tax fraud: Joint operation JAD HANSA

In 2020, Lithuania reported on the joint operation JAD HANSA (as part of the Europol programme EMPACT OAP – Excise Fraud) which took place between 2 and 13 November 2020. 15 EU Member States, the UK, OLAF and Europol participated in the joint operation.

The operation targeted cigarettes illegally diverted from transit-customs procedures onto the black market. The customs departments of the UK (HM Revenue & Customs) and Lithuania (Customs Criminal Service) led the joint operation. The most significant seizures of cigarettes were made in Lithuania (28.75 million), the UK (9 million) and Poland (6 million).

This joint operation targeted a common fraud mechanism: the abuse of the duty-suspension regime and smuggling. The operation led to the arrest of 17 suspects and the seizure of 67 million cigarettes and 2.6 tonnes of tobacco. 88% of the cigarettes seized were produced in Belarus.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection Investigation and prosecution	Financial crime (including money laundering); organised crime; customs/TOR/ illicit trade	Package	Operational	A	Flagging practise; risk indicators; increased number of checks; structured cooperation with law enforcement	Enhanced coordination; cooperation and information flow; targeting of checks and investigations; driving and monitoring the new EU EMPACT Operational Action Plan 2020 related to the EU crime priority 'excise fraud'	S

Horizontal: Purchase of software and hardware to implement anti-money laundering and counter-terrorist financing measures

In 2020, the Lithuanian Financial Crimes Investigation Service under the Ministry of the Interior (which is also the Lithuanian financial intelligence unit) invested in analytical software and hardware to help implement anti-money laundering and counter-terrorist-financing measures. The main aim of the project was to develop an information system to prevent money laundering. This project focuses on: (i) risk management of suspicious monetary operations or transactions (STRs); (ii) an electronic system for managing case information; and (iii) a 'big data' platform.

The capabilities of Lithuania's State Revenue Service (SRS) have greatly improved thanks to: (i) modern analytical software; (ii) new equipment; (iii) a sophisticated management system for 'big data'; and (iv) sophisticated analytical tools. In particular, these changes have helped the SRS to become better at: (i) collecting and storing data received from national and international sources in different digital data formats; (ii) performing quick searches on a 'big data' platform; and (iii) analysing data on a 'big data' platform. The investment improved the ability of the SRS to combat money laundering by: (i) detecting existing and newly emerging money laundering schemes; (ii) detecting new trends in criminal behaviour; and (iii) determining 'predicate offences' (the offences that generate the money that is subsequently laundered) such as fraud and tax evasion.

The updated IT solution was built in house and developed to meet the SRS's needs for: (i) user-friendly workflow; (ii) 'big data' collection, storage and analysis; (iii) automated risk management of STRs; (iv) improved document management; and (v) more efficient cross-border/domestic information sharing.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection	Financial crime (including money laundering); organised crime;	Single	Operational	N	IT tools; risk indicators; increased number of checks	Enhanced coordination; cooperation; information flow and targeting of checks; modern in-house solution for an anti-money laundering information system	H

Expenditure – Agriculture: IT tools and regulatory measures

One of the regulatory measures adopted by Lithuania in 2020 aimed at transparency during the procurement process. The measure involved developing IT tools to: (i) analyse the practices used when concluding contracts aimed at combating COVID-19; and (ii) observe the situation in 'single-supplier' procurement.

The measures oblige public buyers to state the price or costs that will be referred to when evaluating the acceptability of the bid before starting the procurement procedure (the procurement procedure typically begins with a procurement notification). Information must be provided in the section of the e-procurement platform meant for the buyers' internal use. Any changes to this information will be seen in audit trail showing the history of the procedure. The obligation does not apply when the price or costs are indicated in the procurement documents.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection	Public procurement; corruption	Package	Legislative	A	Additional obligation for public buyers to guarantee tracking of the changes in price/costs that will be referred to during the evaluation of the bids	To clarify or consolidate existing rules	H

5.17. Luxembourg

Horizontal: Administrative measure to fight against fraud

Luxembourg reported that the ERDF managing authority strengthened its internal administrative system in 2020 to detect and fight against fraud and conflicts of interest. It introduced in its administrative process:

i. a certificate of independence;

ii. a conflict-of-interest declaration form;

iii. a procedure for reporting in the event of suspected fraud;

iv. guidelines to manage conflicts of interest in public-procurement procedures (prevention, detection and management of conflicts of interest).

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; shared management and control of EU funds	Single	Administrative	A	Management of funds	To clarify or consolidate existing rules; to enhance existing measures	H
Detection							

5.18. Malta

Horizontal: Update of the national anti-fraud and corruption strategy (NAFCS)

Malta reported that it was in the final stages of updating its NAFCS, last updated in 2008. The country's Internal Audit and Investigations Department had the main responsibility for the update. It took into consideration the input received from the members of the coordinating committee set up by the Internal Audit and Financial Investigations Act, Cap. 461 of the Laws of Malta.

The main updates to the NAFCS were:

i. the inclusion of new members;
ii. an update on relevant legal measures taken;
iii. a revision of definitions where necessary;
iv. an updating of the legal situation;
v. a list of actions taken and to be taken.

The aim of the updated NAFCS is to continue to provide a normative, institutional and operational framework for the effective and efficient fight against fraud and corruption. The updated NAFCS also includes an action plan to improve the strategy's objectives. The action plan focuses on four main priorities:

i. capacity building;
ii. drawing up a communication strategy;
iii. increasing national cooperation as much as possible;
iv. increasing EU and international cooperation as much as possible.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Anti-fraud or anti-corruption strategy	Single	Administrative	A	The NAFCS was updated because of the changes in recent years, including regulatory and institutional changes	To enhance existing measures	H
Detection							
Investigation and prosecution							
Recovery and sanction							

5.19. The Netherlands

Revenue – Customs: Prevention by customs of fraud relating to COVID-19

In 2020, the Netherlands reported on the setting up of an action centre to prevent and fight against fraud relating to COVID-19 (smuggling, evasion of duty).

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	Package	Administrative	N	Monitoring/desk checks; on the spot checks; reporting of irregularities	Combating the pandemic	S
Detection							
			Organisational	N	Setting-up of an internal action centre	Neutral on resources	
			Operational	N	Specific checks as a result of tax legislation (exemption legislation and reduced rate)	Enhanced coordination; cooperation and information flow; targeting of checks	

Expenditure – Agriculture: Pre-filling parts of the digital application for subsidies

In 2020, the Netherlands reported on the creation of an IT tool that: (i) pre-fills parts of the digital application for subsidies by using data already known to the payment agency; and (ii) sends an alert when it encounters inconsistencies with the data on record.

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	A	IT tools; increased number of checks	Enhanced ex-ante controls to detect irregularities as early as possible in the application process	S

Expenditure – Agriculture: Selection of lots susceptible to fraud

In 2020, the Netherlands reported on the implementation of a new system, based on an algorithm to select companies with lots that are susceptible to fraud (i.e. lots where there is an increased risk of the subsidies being possibly claimed irregularly).

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	Shared management and control of EU funds	Single	Operational	N	IT tools; risk indicators	Targeting of checks	S
Detection							

5.20. Poland

Horizontal: Strengthening control mechanisms and means of monitoring public contracts financed by EU funds by amending the rules governing the control of public procurement

In 2020, Poland implemented measures to: (i) simplify the procurement process; (ii) simplify the monitoring of the procurement process; (iii) support the contracting authorities; (iv) increase transparency and accountability in the management of public funds; and (v) improve the flow of information between control bodies. These measures ensure that the award and control of contracts is more transparent for the contracting authorities, contractors, control bodies, and the general public. The measures help to achieve the objective of protecting the financial interests of the EU.

The measure changes the rules governing public procurement and obliges the control bodies (including the managing authority and audit authority) to make certain documents available in the public information bulletin (these documents include the audit-questionnaire template, information on the checks carried out, and the results of the checks). These requirements will help to promote: (i) a sense of legal certainty among contracting authorities; (ii) transparency in the procurement process and in the monitoring of the process); and (iii) transparency in the authorities' activities. They will also alleviate the audited entities' concerns about the way in which the authorities interpret the relevant laws.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement; shared management and control of EU funds	Single	Legislative	A	Definition of a specific topic; Control of contract-award procedures, including control of contracts financed by EU funds	To clarify or consolidate existing rules; to remedy flaws	H
Detection							

Expenditure – Agriculture: New anti-corruption policy at the Agency for Restructuring and Modernisation of Agriculture (the paying agency)

Poland reported this measure taken in 2020 because it was necessary to: (i) streamline and optimise anti-corruption processes; (ii) respond to suspicions of corruption; and (iii) implement changes in both the oversight of sensitive posts and the procedures for handling conflicts of interest.

The new anti-corruption policy will make it possible to: (i) take active anti-corruption measures; (ii) promptly respond to instances of corruption; and (iii) handle information on instances of corruption appropriately.

The purpose of the measure is to prevent corruption at the Agency for Restructuring and Modernisation of Agriculture. Some of the ways this will be achieved include:

i. designating the areas at particular risk of corruption in more precise terms;

ii. laying down detailed rules of procedure for employees if they encounter or suspect corruption, or if they are exposed to pressure to behave corruptly;

iii. clarifying the procedure for dealing with information on corruption;

iv. extending the scope of provisions governing conflicts of interest.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Anti-fraud or anti-corruption strategy	Single	Organisational	A	Fraud-awareness policy; preventing corruption at the agency for Restructuring and Modernisation of Agriculture	Neutral on resources	S
Detection							

Revenue – Tax fraud: Fighting VAT avoidance and evasion through real-time control mechanisms

In 2020, Poland reported on the Regulation of the Minister for Finance, Funds and Regional Policy amending the Regulation on exemptions from the obligation to keep records when using cash registers (Journal of Laws, item 965). The amendment requires taxable persons conducting business in the area of transport, hospitality, catering, and sale of coal products to keep records when they use cash registers. It also requires these cash registers to be made available to the tax administration online. The use of online cash registers is intended to increase the efficiency of the tax administration's efforts to combat undeclared retail sales and VAT avoidance/evasion through real-time control mechanisms.

The introduction of online cash registers for certain groups of taxable persons is an alternative to the cash registers currently in use. This will reduce the costs taxable persons need to incur to comply with the obligation to register sales using cash registers. This will also improve the process of registering and controlling retail sales in real time. Applying the measure to taxable persons conducting business activities in the area of transport, hospitality, catering and the sale of coal products will give these persons a modern and easy solution to register their sales.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Fighting VAT avoidance and evasion	Single	Legislative	A	Definition of a specific topic	To clarify or consolidate existing rules; to remedy flaws	S
Detection							

5.21. Portugal

Revenue – Customs: Development of the technical conditions necessary to implement common financial risk criteria and standards (FRC)

In 2020, Portugal reported on the development of the technical conditions necessary to implement common FRCs. These FRCs ensure the uniform application of customs controls in accordance with Commission Implementing Decision C(2018) 3293 final.

Some of the FRCs have already been implemented. It is estimated that the process will be completed in the first quarter of 2021.

The measure will make it easier to uniformly apply customs controls in accordance with Commission Implementing Decision C(2018) 3293 final.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection	Financial crime (including money laundering); customs/TOR/ illicit trade	Single	Operational	A	IT tools; risk indicators; increased number of checks	Enhanced information flow; targeting of checks; enhanced ex-ante control	S

Revenue – Customs: Development of the interconnection between the Automatic Selection System and the Low-Value Merchandise Import System (e-commerce)

In 2020, Portugal reported that it had finished the functional specifications needed to develop the interconnection between the Automatic Selection System and the Low-Value Merchandise Import System (e-commerce). The measure will mitigate the risk of e-commerce fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection	Financial crime (including money laundering); customs/TOR/ illicit trade	Single	Operational	A	IT tools; risk indicators; increased number of checks	Enhanced coordination and information flow; targeting of checks; enhanced ex-ante controls	S

Expenditure – Cohesion policy: Audit of operational programmes for the programming period 2014-2020

In 2020, Portugal reported on an audit of operational programmes for the programming period 2014-2020. The specific objective of the audit was to confirm whether the respective management authorities were taking effective and proportionate anti-fraud measures to mitigate the residual risk of quantified fraud.

The aim of this audit was to ensure that effective and proportionate anti-fraud measures are taken to mitigate the risk of fraud in the implementation of EU funds.

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; shared management and control of EU funds; anti-fraud or anti-corruption strategy	Single	Operational	N	Risk indicators; increased number of checks	Enhanced ex-ante and ex-post controls	S
Detection							

5.22. Romania

Romania: Horizontal: Strengthening the protection of the EU's financial interests through criminal law by updating the definition of fraud

In 2020**,** Romania adopted a measure that strengthens the protection of the EU's financial interests in Romania through criminal law by updating the definition of fraud (through Law No 283/2000 transposing the corresponding provisions of Directive (EU) 2017/1371). Romania also adopted Law No 228/2020, transposing the provisions on confiscation and extended confiscation of Directive 2014/42/EU.

Law No 283/2020 transposes Articles 3(2)(a), 3(2)(b), 3(2)(c), 4(4), 15(2) and Article 18(2) of 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.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection Investigation and prosecution Recovery and sanction	Fraud definition	Single	Legislative	A	Definition of a specific topic	To enforce the rules in line with developments in EU law	H

Romania: Horizontal: Strengthening the fight against financial crime (including money laundering) by transposing several EU directives

In 2020, Romania reported on how it had strengthened the fight against financial crime (including money laundering) by:

- transposing Directive (EU) 2018/843 (AMLD V) through Government Emergency Ordinance No 111/2020, by updating secondary legislation (nine orders);
- transposing Directive (EU) 2015/849 (AMLD IV);
- transposing Directive (EU) 2018/843 amending Directive (EU) 2015/849 through Order No 3746/2020 of the President of the National Agency of Fiscal Administration concerning the organisation and operation of a central electronic register of payment accounts and bank accounts identified by IBAN.

These measures transpose Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU.

Romania's legislative acts to transpose these measures provide for the creation of a central electronic register. This register will make it possible to quickly identify all natural and legal persons holding or controlling: (i) payment accounts and bank accounts identified by IBAN (as defined in Regulation (EU) No 260/2012 of the European Parliament and of the Council); and (ii) safe-deposit boxes held by a credit institution

within Romanian territory. The register will also provide access for the competent authorities so that they can check these accounts and safe-deposit boxes.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention Detection Investigation and prosecution	Financial crime (including money laundering)	Package	Legislative	A	Competences	To enforce the rules in line with developments in EU law	H
			Operational	N	IT tools; increased number of checks; structured cooperation with law enforcement	Enhanced cooperation; coordination and information flow; targeting of checks and investigations	

Romania: Expenditure – Cohesion policy: Measures to make checks more efficient in the area of public procurement by digitalising the checks of ESI Funds competent bodies

In 2020, Romania took measures to make checks more efficient in the area of public procurement by digitalising the checks made by the competent bodies for distributing ESI Funds (Emergency Ordinance No 65/2020 on measures to digitise the system of coordinating and managing European Structural and Investment Funds for the 2014-2020 programming period). In addition, the National Agency for Public Procurement digitalised its *ex-ante* checks (Emergency Ordinance No 114/2020 amending and supplementing certain normative acts with impact in the field of public procurement). Furthermore, the financial correction rates in accordance with Commission Decision C(2019) 3452 were updated by Government Decision No 348/2020.

The objective of these measures was to make administrative checks more efficient. This package of legislative measures regulates the exchange of information via an electronic data-exchange system. This ensures rapid access to information for all the institutions involved in the management and control of structural funds. It also ensures rapid access to this information for beneficiaries and potential beneficiaries. This in turn makes it easier to effectively and transparently implement and absorb aid from the structural funds in Romania.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection Investigation and prosecution Recovery and sanction	Public procurement	Package	Legislative	A	Competences	To clarify or consolidate existing rules; to remedy flaws	S

5.23. Slovakia

Expenditure – Agriculture: Creation of an anti-corruption department in the Ministry of Agriculture and Rural Development

Slovakia reported on the creation of an anti-corruption department. The department's aim is to monitor, inspect, supervise and give methodological guidance to the country's Ministry of Agriculture and Rural Development. It hopes to have an impact across Slovakian society.

The anti-corruption department carries out financial controls on funds provided from the European Agricultural Fund for Rural Development and other EU funds. It also performs tasks related to: (i) combating anti-social activities; (ii) national anti-corruption policy; (iii) crime prevention; and (iv) the fight against corruption. The unit's activities help to prevent and detect irregularities and fraud and thus to protect the EU's financial interests.

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	Single	Organisational	N	Reorganisation of existing bodies; competence	Neutral on resources	S
Detection							

Horizontal: Extension of the powers of the Supreme Audit Office to submit reports to the meeting of the relevant committee of the National Council

An amendment to the Act on the Supreme Audit Office of the Slovak Republic (which came into force on 1 January 2020), extended the powers of Slovakia's Supreme Audit Office (SAO SR) to submit to the relevant committee of the National Council of the Slovak Republic (hereinafter 'the NC SR') a report on the result of its audits.

This means that the audit findings are discussed in Parliament with the participation of the relevant ministers or representatives of state institutions. Members of Parliament are thus better informed about systemic shortcomings, risks in the implementation of public policies, or the management of ministries. This will allow the Parliament to exercise better control over the executive branch and the government.

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; control of EU funds	Single	Legislative	A	Powers	to increase accountability, i.e. the discussion in the committee increases: (i) the effectiveness of preventive measures; and (ii) the responsibility of the ministry in question	H
Detection							

Expenditure – Cohesion policy: ISO 37001 Certificate – Anti-Corruption Management System and code of conduct

In 2020, Slovakia reported on the ISO 37001 Certificate – Anti-Corruption Management System and a code of conduct. This is an organisational measure taken by the Public Procurement Office on its surveillance work in the area of public procurement.

It is important to increase awareness of the fight against corruption among all employees in the Public Procurement Office and to strive for improvement in this particular area. The Public Procurement Office wants to: (i) actively fight corruption; (ii) prevent and minimise corruption risks; and (iii) be prepared to deal with possible corruption incidents when they arise.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Corruption	Package	Organisational	N	Training on fraud-awareness	Neutral on resources	H

5.24. Slovenia

Expenditure – Agriculture: Measures taken by the Agency for Agricultural Markets and Rural Development

Slovenia reported on four measures taken by the Agency for Agricultural Markets and Rural Development. These measures are set out in the bullet points below.

i. A specific checklist related to the detection of fraud and artificial conditions was included in the checklists for verification of eligibility criteria.

ii. A special tab in the application called 'Detecting fraud attempts' was added.

iii. Ten questions (such as the two below) were introduced to detect 'red flags'.

   a. From the available data, can the applicant be connected to the provider or are there connections between the providers?

   b. In the case of three tenders, is it clear from the documentation that the three tenders can be linked to each other?

iv. A webinar was organised called 'Prevention and detection of fraud and artificially created conditions' for all employees of Slovenia's Agency for Agricultural Markets and Rural Development.

Measures (i)-(iii) are part of the implementation of a new measure under Slovenia's rural development programme for 2014-2020, sub-measure M06.4: Support for investments in the establishment and development of non-agricultural activities and the establishment of control procedures for detecting fraud and artificially created conditions.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	Fraud definition; shared management and control of EU funds	Single	Organisational	A	General training; training on fraud-awareness; simplification of procedures	Neutral on resources	S

Revenue – Customs and tax fraud: Update of customs risk analysis

The Financial Administration of the Republic of Slovenia (FARS) updated its customs risk analysis. This update was to implement amendments to Council Regulation (EU) No 904/2010 on administrative cooperation and combating fraud in the field of VAT.

The customs administration must apply the updated risk analysis to goods declared for free circulation to protect the financial interests of the EU and its Member States. Common FRCs were implemented in the Slovenian risk-analysis system. The Council Regulation introduces: (i) several new forms of exchanges; (ii) the use of analytical tools (TNAs); and (iii) cooperation with OLAF and Europol when assessing the riskiest transactions. The FARS had to ensure appropriate risk analysis and use of this data at national level.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering); customs/TOR/ illicit trade; anti-fraud or anti-corruption strategy	Package	Administrative	A	Monitoring/desk checks; on-the-spot checks	To clarify or consolidate existing rules; to enhance existing measures	S
Detection							
			Operational	N/A	IT tools; flagging procedure; risk indicators	Enhanced coordination; cooperation and information flow; targeting of checks and investigations	

Expenditure – Cohesion policy: Cooperation in proceedings before national courts

Slovenia reported on the cooperation of the Government Office for Development and European Cohesion Policy with the State Attorney's Office on proceedings before national courts.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	Shared management and control of EU funds; Increased integrity and performance of control of EU funds	Single	Operational	A	Structured cooperation with law enforcement; Improved structural cooperation with the State Attorney's Office	Enhanced coordination; cooperation; ex-ante controls and ex-post controls; targeting of investigations	S
Investigation and prosecution							
Recovery and sanction							

5.25. Spain

Expenditure – All areas of expenditure: Cooperation agreement between the Spanish AFCOS and the Spanish police

In 2020, Spain reported on the cooperation agreement between the Spanish AFCOS and the Spanish police (*Guardia Civil*). This cooperation agreement will improve the exchange of operational information and operational/technical support between the AFCOS and the *Guardia Civil* (technical unit for judicial police) in OLAF investigations and investigations carried out by both organisations. It will also improve strategic cooperation and cooperation on training between the two organisations. In addition, the agreement will help to implement the recommendations to: (i) better structure the coordination between administrative checks and investigations on one hand and criminal checks and investigations on the other (a recommendation made in the PIF Report 2018); and (ii) promote systematic cooperation between judicial and administrative authorities (a recommendation made in the PIF Report 2017).

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Investigation and prosecution	AFCOS; coordination between administrative and law enforcement authorities	Single	Administrative	N	Investigation	To formalise and better structure the cooperation between AFCOS and the Guardia Civil, including specific measures or activities in order to put into practice the duty to cooperate between these two national authorities	S

Expenditure – All areas of expenditure: Direct access by AFCOS to the databases of the Spanish social-security system

On April 23, the Inspectorate General of Finance (IGAE) (in which the Spanish AFCOS is integrated) and the Spanish social-security administration signed a cooperation agreement. Under this agreement, several units of the IGAE, including the AFCOS, are granted direct access to some of the information included in the country's social-security databases. The AFCOS is granted access to this information for investigating irregularities and fraud affecting the financial interests of the EU. OLAF also has access to this database for its own investigations.

This measure will improve the efficiency of administrative investigations carried out by OLAF and/or the AFCOS, as the AFCOS will no longer have to ask for such information from the social-security administration but can instead obtain it directly from its databases. This will reduce the time taken to respond to OLAF's requests for this type of information. This is especially important in fraud cases linked to the false declaration of personnel costs, which is a fraud pattern highlighted in recent OLAF annual reports. It will also reduce the risk that information about ongoing investigations is disclosed.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection Investigation and prosecution	AFCOS; Cooperation among national administrative authorities	Single	Operational	N	IT tools	Enhanced cooperation and information flow	S

Expenditure – All areas of expenditure: Consolidation of cooperation among the national, regional and local anti-fraud authorities

Spain is a highly decentralised country, and several regions and municipalities have created their own anti-fraud administrative agencies. To promote cooperation and experience sharing among the anti-fraud authorities across the three levels of government, two workshops were held during 2020. These workshops gathered all those anti-fraud agencies and authorities under the informal Network of Administrative Anti-fraud and Anti-corruption Agencies and Offices of Spain.

It is essential to consolidate networks in which anti-fraud authorities working at the three levels of government can cooperate to better work together to fight fraud. The workshops discussed whistleblower protection, confidentiality vs transparency, emergency procurement, and fraud risks during COVID-19. On EU funds in particular, and given that the AFCOS participates in the network, the network makes it possible to share information and best practices in this field (e.g. OLAF participated in one of the workshops with a presentation on fraud risks in EU-funded expenditure on health).

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention Detection Investigation and prosecution	Cooperation among admnistrative authorities	Single	Organisational	N	Inter-agency cooperation	Neutral on resources	S

5.26. Sweden

Horizontal: Sweden's participation in the EPPO

On 14 November 2019, the Swedish government decided to appoint a commission of inquiry to analyse and propose legislative changes and other measures needed for Sweden's participation in the EPPO.

The inquiry presented a report in mid-December 2020. The report has been sent for consultation to relevant government agencies, organisations, municipalities and other stakeholders. Following the consultation period, the government started its work on drafting the legislation and will present a government bill to the Riksdag (Sweden's parliament) for approval.

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; shared management and control of EU funds	Single	Organisational	N	Competences	Increased resources	H
Investigation and prosecution							

Horizontal: Adoption of a Swedish national anti-corruption strategy

In December 2020, the Swedish government adopted an anti-corruption action plan for the public administration. The action plan primarily targets preventive work among the central government agencies, including government ministries. The working methods and recommendations of the action plan are also relevant for preventive work in municipalities, regions and municipal companies. The aim of the action plan is to provide the agencies with tools, working methods and best practices to enable them to pursue preventive, anti-corruption measures in an efficient and structured way.

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; anti-fraud or anti-corruption strategy	Single	Operational	N	Risk indicators; increased number of checks	Enhanced coordination; cooperation; information flow and ex-ante checks	H

Horizontal: Better procurement statistics

In October 2019, the Swedish Riksdag adopted a bill on better public-procurement statistics. The bill entered into force on 1 July 2020, and as of 1 January 2021, all public procurement must be advertised in registered databases. This new legislation makes it easier to screen for cartel activity and other types of serious irregularities. Moreover, the legislation is an important step in providing secure information on how tax money is used and in following how the national procurement strategy is applied.

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); organised crime; integrity and transparency measure	Single	Legislative	A	Definition of a specific topic	To clarify or consolidate existing rules	H
Detection							

6. ADDITIONAL MEASURES REPORTED BY THE MEMBER STATES

6.1. Croatia

Act on the implementation of Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO')

Council Regulation (EU) 2017/1939 is in application and takes precedence over national law. However, an analysis of the relationship between this Regulation and the national legislation in force has shown the need to deal with specific matters through a national implementing regulation. Therefore, on 18 December 2020, the Croatian Parliament adopted the Act on the implementation of Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO')[7]. The Act creates a legal and institutional framework for creating a decentralised level of the EPPO in Croatia through the European Delegated Prosecutors' Unit (part of the Office for the Prevention of Corruption and Organised Crime). The Act also creates a new category of authorised prosecutors – European Delegated Prosecutors – who have the power of state attorney in criminal cases falling within the remit of the EPPO. In addition, the Act also provides for the subject-matter and territorial jurisdiction for these issues and regulates matters of compulsory insurance for European public prosecutors. The Act will enter into force on the date of entry into force of the European Commission decision referred to in Article 120(2) of Council Regulation (EU) 2017/1939, which will be published in the Official Journal of the European Union.

6.2. Estonia

Cooperation and exchange of information between authorities

The Estonian authorities continue to cooperate and exchange information via e-channels. The focus is on risk assessment, learning from each others' experience and using different IT tools.

6.3. France

Reorganisation of the audit authority for European funds in France

On the ESI Funds, the *Commission interministérielle de coordination des contrôles* (CICC) is the audit authority for European funds in France. The CICC ensures the effectiveness and efficiency of the necessary administrative procedures for the obligation to report irregularities, suspected fraud or established fraud to OLAF. It carries out its duties in accordance with Regulation (EU) No 1303/2013 and Delegated Regulation (EU) 2015/1970.

Irregularities/fraud are examined in the control and audit reports and the annual control reports.

The management authorities enter reports of irregularities and/or suspected fraud in the IT system for management and control. The CICC examines these reports and either validates or rejects them. It sends validated reports to OLAF via the Irregularity

[7] Official Gazette of the Republic of Croatia No 146/20

Management System (IMS) application. Similarly, the management authorities and the CICC make updates following court decisions handed down against fraud.

In 2020, the CICC was reorganised. A cross-cutting department was set up in the area of audit. This department guarantees the uniformity, quality and supervision of the audits by: (i) designing and monitoring a management and internal control system; and (ii) providing qualitative legal support. This department is responsible for legal work in the fight against fraud and for developing methods, tools and training on this subject.

6.4. Germany

Regular coordination/updating of the management and control systems

The Federal Ministry of Food and Agriculture (BMEL) regularly coordinates and updates the management and control systems (including fraud-prevention measures) in place in different organisations (the federal government, federal states' paying agencies, and managing authorities) in the agriculture and fisheries sector.

6.5. Hungary

Further measures taken to help protect the EU's financial interests

In addition to the three measures described in detail earlier in this document, the Hungarian authorities have introduced a number of other measures that help to protect the EU's financial interests. Several measures presented in previous years also continued to be implemented in 2020. Given their limited scope, a brief description of these measures is provided below.

i. In the part of the Hungarian Development Policy Database and Information System (FAIR) dealing with EU funds (EUPR), there was: (i) further refinement of the existing fraud-prevention function; and (ii) streamlining of access to and designation of requests for information from public databases.

ii. Training courses were provided within the network of institutions dealing with EU funds. These courses included:

   - 'Introduction to the European Structural and Investment Funds System' and 'Preventing fraud in EU development policy and protecting the EU's financial interests', organised by the Ministry of Innovation and Technology;

   - 'From Stupidity to Fraud – Basic anti-fraud training' organised by the Hungarian State Treasury.

iii. An amendment was made to the conditions for establishing the offence of money laundering in the Criminal Code. This amendment expands the substance of the offence of money laundering. It requires: (i) greater transparency when establishing the facts; (ii) compliance with EU law; (iii) the creation of a classification system adapted to the value of the infringement; (iv) the incorporation of the receipt of stolen goods; and (v) making acts preparatory to money laundering criminal offences.

iv. The Public Procurement Authority took the following anti-corruption activities:

a. it helped to put e-procurement into action;

b. it examined the legality of public procurement;

c. it provided information and training;

d. it took actions to increase transparency, such as maintaining a list of prohibited tenderers and drawing up a code of ethics;

e. it sought statistical accreditation;

f. it took organisational measures.

v. The State Audit Office of Hungary assessed the integrity controls responsible for ensuring protection against threats of corruption at nearly 3 200 municipalities and 1 300 organisations. The audit report on this subject, issued by the State Audit Office of Hungary, is publicly available.

vi. The National Tax and Customs Administration (NAV) took two measures in the area of customs:

a. it published the 2021 plan for post-release checks and the annual check exercise;
b. it published the OWNRES user manual as updated by the European Commission.

vii. The NAV's Criminal Affairs Directorate developed analysts' investigative skills and resumed its evaluation and analysis of criminal activities.

viii. The Prime Minister's Office took the following anti-corruption measures:

a. legislative measures in the field of public procurement (e.g. amending Section 115 of the Public Procurement Act, under which contracting authorities can no longer initiate a procedure for EU-funded works contracts by directly inviting tenderers, but must first issue a public notice – this increases transparency, strengthens fair competition, and helps prevent potential conflicts of interest);

b. continuously operating and developing the electronic procurement system (EKR);

c. ensuring the interface between EKR and FAIR;

d. performing strict checks of public procurement procedures.

6.6. Latvia

Recent legal developments and criminal cases

In 2020, work continued on the OLAF support law, which was adopted on 21 January 2021.

In 2020, the State Police for Prosecution submitted two criminal proceedings related to fraud in EU funds. A description of the two proceedings follows below.

i. Criminal proceedings were initiated where sufficient evidence was obtained to prosecute three people who tried to defraud the Rural Support Service. These people indicated that the company represented by them had purchased new agricultural machinery, although the machinery was in fact counterfeit. The crime was not fully committed for reasons beyond the control of the perpetrators. Prevented damage: EUR 28 385.

ii. Criminal proceedings were initiated in which sufficient evidence was obtained to prosecute three people who defrauded the Rural Support Service by overstating value of equipment to be purchased (involving fictitious intermediaries). Thus, EUR 117 000 was defrauded.

In 2020, two criminal cases were sent to trial.

i. In the first case, two people between 2013 and 2015 used forged documents to mislead the person responsible for issuing EU funds – the Latvian Investment and Development Agency (LIAA). EUR 210 954 was misappropriated, causing large losses to Latvia.

ii. The second case concerned events between 2011 and 2016, when a member of the board of a company submitted false information to the LIAA to obtain foreign property to fraudulently obtain EUR 4.1 million of EU funds. This person was also charged with money laundering.

By order of the Prosecutor General, a specialised branch of the prosecutor's office was set up – the Prosecutor's Office for the Investigation of Criminal Offences in the Service of State Institutions. The unit will carry out its functions in criminal proceedings for corruption-related offences, which in some cases may involve damage to the EU's financial interests.

6.7. Lithuania

Improvement of the Ministry of Finance's online form for reporting corruption and fraud

To encourage people to report possible cases of corruption and fraud in the administration or implementation of EU-funded projects, the Ministry of Finance (as Lithuania's managing authority) has improved the section of its website for reporting corruption and fraud (www.esinvesticijos.lt). This website now includes additional information on anonymity, protection of whistleblowers, and the protection of personal data.

The measure has improved the detection of fraud, corruption and conflict of interest.

6.8. Romania

Legislative measure to prevent, detect and penalise irregularities

Romania passed Government Decision No 348/2020 amending and supplementing Government Decision No 519/2014 establishing the rates of percentage reductions/financial corrections applicable to the irregularities referred to in the Annex to

GEO No 66/2011 on preventing, detecting and penalising irregularities in the obtaining and use of European funds and/or the corresponding national public funds[8].

Decision No 348/2020 lays down a unified system of rates of percentage reductions/financial corrections applicable to the irregularities referred to in Annex 2 to Government Emergency Ordinance No 66/2011, approved with amendments by Law No 142/2012, as amended. The unified system focuses on analysing the effects of irregularities on procurement procedures with proper application of the proportionality principle.

The newly introduced Annex 2 applies to new cases of deviation from rules on public procurement/concession procedures carried out by beneficiaries of EU funds, as provided for in Commission Decision C(2019) 3452.

6.9. Spain

Procedures for anti-fraud measures laid down by the managing authority of the ERDF and the coordination authority of the CAP to guarantee a coordinated approach

The managing authority of the ERDF in Spain has laid down procedures for anti-fraud measures to ensure a coordinated approach among all the country's intermediate bodies.

There are many intermediate bodies in Spain, mainly because Spain is a highly decentralised country, so management of the expenditure co-financed by the ERDF mainly relies on them. Although the adoption of anti-fraud measures has been delegated to the intermediate bodies, the managing authority has assumed a leading role to give guidance and practical steps to the intermediate bodies for the adoption of anti-fraud measures.

The result of this leading role is that every intermediate body has adopted its anti-fraud measures on the basis of the guidance provided for by the managing authority, thus assuring a common and coordinated approach to anti-fraud measures. The guidance ensures that all the intermediate bodies apply the procedures consistently and share a common terminology, thus making it possible to compare the performance of the different intermediate bodies in this field.

Each intermediate body has carried out its own fraud-risk assessment and has drawn up its own handbook and adopted anti-fraud measures, based on the guidance and templates provided for by the managing authority.

This system is being evaluated as good practice as part of a project being carried out by DG REGIO ('Capacity building on identifying and preventing fraud and corruption in the ESI Funds'). This project is partly a continuation of the study carried out in 2018 ('Stock taking study on preventing fraud and corruption in ESI Funds').

A similar initiative was taken with the paying agencies that manage CAP expenditure in Spain. The coordination authority in Spain (Fondo Español de Garantía Agraria) issued its Circular 4/2020, to all the paying agencies in 2020 (there is one paying agency per region). It aims at coordinating anti-fraud measures among all the paying agencies. The circular covers the whole anti-fraud cycle and includes a wide range of anti-fraud topics, such as: (i) conflicts of interest; (ii) fraud-risk assessment; (iii) red flags; (iv) use of

[8] Published in the Official Gazette Part I No 363 of 6 May 2020

databases for fraud detection; (v) reporting of fraudulent irregularities; (vi) raising awareness on combating fraud; (vii) internal procedures on how to deal with potential cases of fraud, etc. The Circular has a practical approach in that it includes templates or models for relevant documents, such us for: (i) following up fraudulent irregularities; (ii) sending fraudulent cases to the prosecution office; and (iii) the self-declaration of not having a conflict of interest, etc.

7. TRAINING ON THE IRREGULARITY MANAGEMENT SYSTEM (IMS) ORGANISED BY THE MEMBER STATES

The IMS has more than 3 000 users across the 27 Member States and (potential) candidate countries. To support users, the Commission (OLAF) has put in place a system based on a 'train the trainers' approach.

Based on this decentralised model, 225 training sessions were organised in 8 Member States, attended by 284 trainees, as shown in Figure 8.

Figure 8: Training sessions organised by Member States in 2020

Member State	Number of training sessions	Number of trainees
BG	10	14
DE	200	200
HR	6	11
IT	1	19
HU	3	32
AT	3	3
FI	1	2
SE	1	3
TOTAL	**225**	**284**

8. CASE STUDIES REPORTED BY MEMBER STATES

8.1. Belgium

ESF Brussels-Capital Region – Establishment of 'multi-partnership' control

Some partners are financed for two different measures – a phenomenon known as multi-partnership. To ensure that there is no double subsidising, cross-subsidisation or other fraud, Belgium has included a new multi-partnership option in its risk analysis.

This means that, in cases of multi-partnership, the initial risk score is higher, and a single inspector monitors the projects of the partner concerned. The aim is to enable the inspector to crosscheck the data on the controls to ensure that there is no double subsidising of the funds or personnel.

8.2. Bulgaria

Misuse of EU funds in connection with the construction and purchase of equipment for a raspberry-wine production plant

The State Fund for Agriculture checked the payment requests submitted by company X under Measure 4.2 'Investment and processing/marketing of agricultural products' for the investment 'Construction and purchase of equipment for a raspberry-wine production plant'. The directorate managing the measure identified concealed construction and installation works between February 2014 and November 2015. The finding proves that the works were carried out before the date of submission of the application on 18 December 2015. Initially, company X provided the construction papers with the following dates: (i) record of the opening of a construction site and construction line dated 18.2.2014; (ii) order book number 8 of 21.3.2014; and (iii) 12 documents/forms for activities subject to closure, issued in the period 10.6.2015-10.8.2015. At the same time, the contract concluded between the State Fund for Agriculture and company X for financial assistance dates back to 4 January 2017, which proves that all the above works started well before the submission of the application documents and before the signature of the contract with the State Fund for Agriculture.

To clarify the matter, the State Fund for Agriculture asked the applicant about the irregularities found.

In the reply received, the manager of company X said that there had been a clerical error in drafting the construction documents of the project and that the company would submit a new, correct version.

Following an analysis of the newly submitted documentation by the Fund's staff, the investigation noted that all of the years related to the activities carried out had been changed to a completely different year: 2016. The inspection carried out by the Fraud Prevention Directorate discovered that construction work on the site started before the fee for the construction permit had been paid and was not duly notified to the Plovdiv Regional Directorate for National Construction Supervision, according to the requirements of the Spatial Planning Act.

Infringements were identified on the part of the chief architects of the municipality of Y, who did not comply with the procedures in the Spatial Planning Act and issued a building permit and a commissioning certificate for the site. In the case file, the

construction documents referred to designers who, in the course of investigations, declared that the signatures in the documents were not theirs.

The investigation also led to the identification of a person employed by the manager of firm X on the basis of an oral agreement. This person had responsibility for 'technical control' of the site. This person had also drawn up, with the knowledge and consent of the manager of firm X, technical documentation for the site, including construction documents with false or falsified signatures. In this form, the technical documentation was submitted to the State Fund for Agriculture and to the Municipality of Y as proof of the performance of construction and installation works and hence entitlement to a grant in respect of the project. The Fraud Prevention Directorate also identified infringements that pointed to the irregular and incorrect keeping of construction records under the Spatial Planning Act [ZUT]. The suspicions of fraud aroused during the check, including the actions of the architects, formed the basis for issuing alerts to both the Prosecutor's Office attached to the Supreme Court of Cassation [VKP] and the National Construction Supervision Directorate [DNSK], asking these bodies to carry out checks under the Code of Criminal Procedure [NPK] and the Spatial Planning Act respectively [ZUT].

8.3. Croatia

Customs case – irregularity and illegal treatment of tobacco precursors

On 9 October 2020, customs officers from the mobile units sector and police officers stopped a truck with Croatian registration plates close to the Slovenian border-crossing point at Bregana. The driver gave a CMR document for surveillance purposes to the customs officer. The document had no number, and was issued on 7 September 2020. It indicated that the consignor was from Greece and the consignee from Slovakia. During the search of the vehicle, leaf tobacco with a gross weight of 12.75 tonnes, and net weight of 11.445 tonnes was identified inside the cargo area. The customs officer asked the driver to show the notification the driver had sent to the excise liaison office of Croatia, which monitors such shipments when they enter or leave Croatian territory. However, the driver did not show that notification as he did not have it. Thus, an offence was committed under the Excise Law, which led to the suspicion of illegal treatment of tobacco and to a detected irregularity. Customs officers found other documents in the truck that suggested that the driver also transported goods on 7 September 2020 and 24 September 2020, with no notification submitted. Following that, a fine was submitted to a legal and natural person, and a decision was issued for excise payment in amount of HRK 18 756 000 (about EUR 2.5 million).

8.4. Estonia

Excise fraud related to weakness in the Excise Movement and Control System (EMCS)

The Investigation Department of the Estonian Tax and Customs Board was in charge of a criminal case in 2020, in which a group of people was identified engaging in unlawful acts with large quantities of: (i) goods with customs preferences; and (ii) excise goods (Penal Code subsection § 393).

The people in question declared that they had dispatched light alcohol to different EU Member States, but in reality the goods were released for consumption in Estonia. As a result, the State retained an outstanding excise duty of more than EUR 530 000. It was ascertained in the course of proceedings that excise-exempt consignments of light alcohol (beer and cider) did not reach their destination. However, the electronic confirmation of

the receipt of goods in the EMCS system had been made in excise warehouses in Slovakia, Italy, Latvia and Denmark. Three citizens of the Republic of Estonia and two citizens of the Republic of Latvia were detained as suspects in the given offence in August 2020.

8.5. Greece

Participation of the Financial Police Directorate of the Greek Police in Operation OPSON organised by Europol and Interpol, with the support of OLAF, to tackle food fraud in general and, more specifically, the illicit trafficking of counterfeit/fake and low-quality food and beverages

The specific objectives of the operation are to:

i. protect public health;

ii. prevent illicit trafficking in counterfeit/fake food and beverages;

iii. identify and dismantle groups involved in organised crime and trading in counterfeit and low-quality food;

iv. strengthen international cooperation;

v. strengthen cooperation at national level between law-enforcement authorities and food inspection services;

vi. strengthen cooperation with private partners from the food and beverage industry;

vii. strengthen cooperation with Europol, Interpol and other international organisations.

The Greek Police, and in particular the Financial Police Directorate, participated in Operation OPSON IX and in the individual targeted actions on: (i) olive oil (in which they played a leading role); (ii) wine and alcoholic beverages; and (iii) milk and dairy products.

Operation OPSON IX ran from December 2019 to June 2020 and involved law-enforcement authorities from 83 countries around the world (EU Member States, other European countries and countries in Africa, America, Asia and the Middle East). It was supported by the European Anti-Fraud Office (OLAF), the European Commission and the European Union Intellectual Property Office.

As a result of OPSON IX, more than 26 000 checks were carried out, 19 criminal organisations were dismantled, 406 people were arrested, and more than 12 000 tonnes of illegal and dangerous goods worth approximately EUR 28 million were seized (see Europol press release of 22 July 2020).

The Financial Police Directorate also participated in Operation OPSON X, which ran from December 2020 to March 2021, and focused on specific targeted actions relating to wine and alcoholic beverages, as well as honey and products made from honey.

8.6. Hungary

Integrated management of tax risks arising from import procedures and related EU transactions

With the rise of e-commerce, the evasion of VAT linked to import procedures and subsequent commercial transactions poses new challenges for the tax and customs authorities of EU Member States.

In Hungary, a number of anomalies were signalled in the first half of 2020, mainly involving consignments from East Asian countries and a non-EU member of the Customs Union.

Because the tax and customs authority operates as an integrated organisation in Hungary, it has been possible to take concerted action in both fields. A pilot project in the fourth quarter of 2020 targeted combined checks at the most risky importers and their indirect representatives requesting customs clearance. Following the initiation of the procedure for the release for free circulation (customs procedure 40), consignments were designated for inspection at the same time that a tax check was initiated. The pilot procedure produced significant results, but has also highlighted a number of difficulties. The means by which fraudulent taxpayers try to evade anti-fraud measures quickly became apparent.

Overall, the combined action resulted in better-than-expected results, as a number of fraudulent schemes came to light. The combined checks uncovered several instances of: (i) goods infringing intellectual property rights; (ii) undeclared goods; and (iii) goods prepared for delivery by courier and addressed to private individuals. The Hungarian authorities managed to implement temporary insurance measures worth hundreds of millions of forint and to thwart the activities of fraudulent tax entities. The tax checks also included a check on the authenticity of Community transactions, and so several SCAC requests have been initiated.

Within the scope of its capacity to carry out checks, Hungary's National Tax and Customs Administration will seek to continue this inspection method in 2021. By learning from the experience of the pilot project, Hungary hopes to make the 2021 inspections even more effective, with the involvement of criminal specialists if necessary.

8.7. Italy

Customs fraud by misusing the inward processing procedure

The Guardia di Finanza is the customs authority and police force with general responsibility for economic and financial matters. It acts to protect the financial interests of the EU, including through: (i) the surveillance of customs areas; (ii) local economic monitoring (including by air and sea); (iii) post-clearance checks (on economic operators); and (iv) criminal investigation activities. Its active duties include post-clearance checks under Article 48 of the EU Customs Code, carried out by a financial and economic police unit of the Guardia di Finanza. These checks make it possible to crack down on customs fraud committed by abusing the inward processing procedure in 2020. After examining the economic relations between an Italian undertaking and a Swiss undertaking, officers identified import operations carried out under inward processing that were fraudulently declared as tax-exempt. Instead of re-exporting to Switzerland aluminium of a quality equivalent to that from Venezuela (99% purity), the

Italian operator sold to the Swiss undertaking alloys obtained from aluminium scrap smelting. The inspection identified EUR 280 784 in evaded customs duties, and charges were brought against the offenders for aggravated smuggling.

Customs and Monopolies Agency: INF-AM OLAF communications, investigative cases, imports of bicycles/e-bikes from Asian countries

The cases concern AM communications relating to imports of bicycles and electric bicycles from Asian countries. These communications showed an increase in abnormal import flows linked to circumvention of anti-dumping duties and under-invoicing, and also involved identity theft. The identity theft was examined by cross-referencing exports made against imports recorded in DB Surveillance 2, on the basis of the TARIC additional codes allocated to the Chinese exporters. This exercise revealed several anomalies, in particular for one undertaking which, according to Chinese export data, had exported 4 826 electric bicycles to the EU from July 2018 to August 2019, whereas a higher number of 7 419 electric bicycles had been imported from the same undertaking under the additional code C416(33.4% AD and CVD) up until October 2019. The undertaking in question therefore had 2 593 electric bicycles unaccounted for. The Customs and Monopolies Agency assumed that, in order to pay a lower duty, forged invoices in the name of this undertaking may have been presented at import to the EU for electric bicycles produced and exported by other Chinese undertakings classified under C999 (79.3%).

8.8. Lithuania

Health centre

The Financial Crime Investigation Service launched a pre-trial investigation into fraud and forgery of documents. This investigation was initiated in close cooperation with the Support Administering Agency. The investigation discovered that a company had signed a support agreement with a project value of EUR 4 713 507, of which the applicant's own funds had to be EUR 2 613 507.

The project was to construct and install a health-promotion centre. However, it was found that the beneficiary – in breach of the procurement procedures – had directly agreed with the contractor on the construction works. The beneficiary acted together with a contractor allegedly having the goal to commit fraud by avoiding the obligation to contribute by own funds to the execution of the project. The beneficiary accepted documents from the contractor stating that significantly more works were carried out in reality and provided this false data to the Support Administering Agency with the aim of unlawfully acquiring high-value foreign assets (i.e. the support funds).

When submitting payment requests to the Support Administering Agency, the beneficiary falsely indicated the quantity and cost of the works carried out, and thus illegally obtained EUR 210 875.19 from both the EU and the budget funds of the Republic of Lithuania. In total, the beneficiary attempted to fraudulently receive an additional EUR 451 231.92 in support from the EU and Lithuanian national funds.

In cooperation with the Agency's staff, the misappropriation of EUR 451 231.92 in support funds was prevented.

8.9. Romania

European Social Fund 2014-2020 – Unduly obtained EU funds for promoting social inclusion and combating poverty

Following the notification to DNA, DLAF carried out two checks into a beneficiary obtaining funds to implement two projects carried out under the human-capital operational programme 2014-2020. This programme was co-funded from the European Social Fund via the human-capital operational programme 2014-2020, Priority Axis 4 – social inclusion and combating poverty, specific objective 4.2 – reducing the number of persons at risk of poverty and social exclusion in marginalised (non-Roma) communities by implementing integrated measures.

The projects were to be implemented in two neighbouring municipalities in Buzău County, considered to be marginalised and at risk of poverty. The projects aimed at: (i) helping workers to travel and access transport; (ii) promoting social inclusion; (iii) combating poverty and all forms of discrimination; (iv) investing in education, training and professional training; (v) supporting the development and provision of socio-medical services; (vi) working to improve living conditions; and (vii) increasing awareness among relevant social players about the importance of equal opportunity, non-discrimination and social inclusion.

The notification concerned an applicant who submitted false documents to obtain funding: a qualitative social study was carried out which declared these two municipalities to be marginalised. This study used fictitious data, identity data of non-existent persons, forged signatures, and conclusions drawn on the basis of false information.

In these projects, the two municipalities were not listed as marginalised in the *Atlas of marginalised rural areas and local human development in Romania*. Therefore, DLAF checked the way in which the applicant declared these municipalities to be marginalised.

The check revealed issues relating to the insertion of fictitious data about the total number of inhabitants in the zones subjected to the study and the indicators obtained. DLAF notified DNA that criminal acts had been committed – namely: (i) use or submission, in bad faith, of false, inaccurate or incomplete documents or declarations, if the act results in the unlawful obtainment of funds from the EU budget with particularly serious consequences (Article 18(1)(1) and (3) of Law No 78/2000, as amended); and (ii) forgery of private documents (Article 322(1) of the Criminal Code).

8.10. Slovakia

An overview of the most frequent irregularities registered in the IMS and the most frequent forms of fraud in the implementation of EU funds identified in relevant programming periods

To fulfil the tasks set out in the action plan of the national anti-fraud strategy, the Slovak AFCOS in cooperation with the national authorities prepared two specific documents, set out below.

i. ‘The most common types of irregularities registered in the IMS system for the programming periods 2007-2013 and 2014-2020’.

ii. ‘The overview of the most frequent forms of fraudulent behaviour in the implementation of EU funds identified during the 2007-2013 and 2014-2020 programming periods’.

The analysis under i. revealed that the high percentage of irregularities that fall under the category ‘Txx/99 – Other’ appears to be particularly problematic. This high percentage is an obstacle to a deeper analysis of the causes of irregularities in individual categories, as it indicates that many irregularities with different causes are being lumped into this single category. The Slovak AFCOS therefore suggests restricting the use of type ‘Txx/99 – Other’, only to the specific cases where it is objectively not possible to assign an irregularity to a more specific type within the category.

Even for the programming period 2014-2020, it is extremely important to constantly: (i) make efforts to eliminate the risk of irregularities; and (ii) work on procedures, processes and plans that will result in the prevention of irregularities with extremely high financial impact. It is clear that – whether in number or financial impact – the categories ‘T11 – Application’, ‘T16 - Action (unfinished)’ and ‘T40 - Violation of public procurement regulations’ are dominant. Based on this analysis, it is possible to state there is a need to focus more on improving processes and procedures that will eliminate the risks of irregularities, especially in the categories with the highest susceptibility to irregularities.

The analysis under ii., ‘the Compendium’, focuses on the description of how crimes affect the EU’s financial interests in Slovakia. This material describes the cases that competent judicial authorities identified as a specific infringement of law.

The Compendium is divided into two parts covering the 2007-2013 and 2014-2020 programming periods. All cases included in the Compendium contain an irregularity and a description of a suspected fraud. The information on the irregularity includes: (i) the irregularity qualification; (ii) the type of irregularity; (iii) the authority that detected the irregularity; (iv) the detection method; (v) the classification of the case; (vi) the general identification of the applicant/recipient; and (vii) whether the irregularity was reported to OLAF.

The description of the suspected fraud contains: (i) a description of how the fraud itself operated; (ii) the identification of the criminal offence under national law; (iii) the identity of the offender; (iv) the punishment the offender received; (v) the type of court decision and (vi) how long the criminal proceedings lasted.