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**Annual Report on Activities
of Network Partners
in the Protection of the EU's
Financial Interests
in the Slovak Republic
for 2021**

ANNUAL REPORT

*"Jointly preventing irregularities and
fraud in the use of the European
Union's funds"*

The document was prepared by the National
Office for OLAF in cooperation
with the Working Group for Communication at
the Steering Committee for the Protection of
the Financial Interests of the European Union
in the Slovak Republic

**Annual Report on Activities of Network Partners
in the Protection of the EU's Financial Interests
in the Slovak Republic for 2021**

April 2022

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INTRODUCTION

The Annual Report on Activities of Network Partners in the Protection of the EU's Financial Interests in the Slovak Republic for 2021 ("Annual Report") has been prepared by the National Office for OLAF ("NO OLAF") of the control section of the Office of the Government of the Slovak Republic ("Government Office" or "GO SR") in cooperation with the members of the Working Group for Communication ("WGC") established under the Steering Committee for the Protection of the EU's Financial Interests in the Slovak Republic ("Steering Committee" or "SC") in line with the Communication Plan for the Protection of the EU's Financial Interests in the Slovak Republic ("Communication Plan"), version 4.0, in effect from 20 July 2021.

The aim of the Annual Report is to provide information to the general and professional public on the activities of the NO OLAF and the network partners in the protection of the financial interests of the European Union ("EU") in the Slovak Republic ("Slovakia") and on the cooperation between the NO OLAF and other network partners and the European Anti-Fraud Office ("OLAF").

With respect to the fulfilment of the obligations arising under Article 325 of the Treaty on the Functioning of the EU ("TFEU"), the protection of financial interests of the EU ("PFI EU") is ensured and coordinated by the **Government Office of the Slovak Republic** pursuant to §24(5) of Act No. 575/2001 Coll. on the organisation of the activities of the government and central government organisations, Act No. 528/2008 Coll. on assistance and support provided from the funds of the European Communities, as amended; and Act No. 292/2014 Coll. on contributions provided from the European Structural and Investment Funds and on amendments to certain other acts. The GO SR has delegated these tasks to its section control, the NO OLAF which serves as a contact point for OLAF.

The NO OLAF also serves as an anti-fraud coordination service ("AFCOS") in Slovakia pursuant to Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF), and cooperates with OLAF. At the national level, it cooperates with competent government and public authorities that constitute an AFCOS network and coordinates their activities related to the protection of the EU's financial interests. The AFCOS network partners ("network partners") are Slovak authorities and institutions responsible for the management, implementation, control and audit of expenditures of the EU budget and for the collection and control of funds that represent the revenues of the EU budget, as well as those responsible for recovery procedures and imposing sanctions and penalties to perpetrators of illegal activities affecting the EU's financial interest.

Network partners in the protection of the EU's financial interests in Slovakia are:

1. the Office of the Government of the Slovak Republic;
2. the Ministry of Finance of the Slovak Republic;
3. the Ministry of Transport and Construction of the Slovak Republic;
4. the Ministry of Economy of the Slovak Republic;
5. the Ministry of Agriculture and Rural Development of the Slovak Republic;
6. the Ministry of the Interior of the Slovak Republic;
7. the Ministry of Justice of the Slovak Republic;
8. the Ministry of the Environment of the Slovak Republic;
9. the Ministry of Culture of the Slovak Republic;

10. the Ministry of Labour, Social Affairs and Family of the Slovak Republic;
11. the Ministry of Education, Science, Research and Sports of the Slovak Republic;
12. the Ministry of Health of the Slovak Republic;
13. the Financial Directorate of the Slovak Republic;
14. the Public Procurement Office;
15. the Supreme Audit Office of the Slovak Republic;
16. the General Prosecutor's Office of the Slovak Republic;
17. the National Bank of Slovakia;
18. the Slovak Intelligence Service;
19. the Bratislava self-governing region;
20. the Anti-Monopoly Office of the Slovak Republic;
21. the Ministry of Investments, Regional Development and Information of the Slovak Republic.

AFCOS network - anti-fraud coordination network



1. Cooperation between the National Office for OLAF and OLAF

OLAF (from the French *Office européen de lutte antifraude*) is the European Anti-Fraud Office whose aim is to protect the financial interests of the EU, to combat fraud, corruption and any other illegal activities, including misconduct within the European institutions, through internal and external investigations. It regularly and closely cooperates with competent authorities of EU Member States in order to coordinate their activities. OLAF assists Member States in their activities to combat fraud by providing the necessary support and technical know-how. It contributes to the development of the European Commission's anti-fraud policy and takes steps necessary to strengthen relevant legislation.



Legend: OLAF investigates fraud against the EU budget, corruption and serious misconduct within the European institutions, and develops anti-fraud policy for the European Commission. Image source: OLAF's Twitter account @EUAntiFraud

OLAF's activities are based on **three pillars**:

1. **protecting the EU's financial interests** by combating fraud, corruption and other illegal activities;
2. **protecting the reputation of the EU institutions** by investigating serious misconduct by EU staff and members of the EU Institutions, which may result in disciplinary proceedings;
3. **providing support** to the Commission to develop and implement anti-fraud policies.

OLAF's mandate to carry out investigations is defined in the following regulations:

- Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999, laying down the detailed rules for investigations conducted by OLAF;
- Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities.

Area of support and cooperation with OLAF

In 2021, the NO OLAF cooperated with OLAF in a total of 29 cases of which 19 concerned administrative investigations conducted by OLAF and 10 cases involved verification of information by OLAF in order to decide on the opening of administrative investigations. The cooperation mainly involved providing information and documentation requested by OLAF and assistance in four on-the-spot checks carried out by OLAF in Slovakia under administrative investigations.

NO OLAF – participation in working groups of the Council of the EU and the European Commission (OLAF)

The NO OLAF representatives regularly attend the meetings of:

1. **Council's Working Party on Combating Fraud ("GAF")** that deals with questions related to the protection of the financial interests of the EU and the fight against fraud and other illegal activities detrimental to those interests.
2. **Advisory Committee for the Coordination of Fraud Prevention (COCOLAF¹)** and its working groups ("WGs"), namely:
 - **Fraud Prevention Group**
 - **Anti-Fraud Coordination Service (AFCOS) Group**
 - **Reporting and Analysis of Fraudulent and Other Irregularities Group**
 - **OLAF Anti-Fraud Communicators' network (OAFCN).**

Re 1)

Seven GAF meetings were held in 2021 to discuss the following legislative and other materials:

- revised Regulation No 883/2013 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office (OLAF) – implementation of Article 7(3a);
- proposal for a European Parliament and Council Regulation establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the "Pericles IV" programme) and proposal for a Council Regulation extending to the non-participating Member States the application of Regulation (EU) No .../2018 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the "Pericles IV" programme);
- proposal for a working agreement between OLAF and the European Public Prosecutor's Office (EPPO);
- OLAF annual report for 2020;
- Activity Report of the Supervisory Committee of OLAF – 2021;
- appointment of members of the Supervisory Committee of OLAF – proposal for a call for expression of interest;
- Opinion No. 1/2021 of the OLAF Supervisory Committee: OLAF's recommendations not followed by the relevant authorities;
- the Union Anti-Fraud Programme – work programme for 2021 and a call for proposals for 2021;

¹ **COCOLAF** serves as a working and information forum to exchange practical knowledge and information among individual competent national authorities and towards OLAF, as well as to coordinate their activities at the national and transnational level. The NO OLAF representatives participate in COCOLAF meetings as they are responsible for fulfilling the tasks of an OLAF contact point in Slovakia.

- 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 (“PIF” report);
- preparation of the interinstitutional exchange of views of 2 December 2021;
- Report from the Commission to the European Parliament and the Council concerning the implementation and the results of the Pericles programme for the protection of the euro against counterfeiting in 2020.

Re 2)

COCOLAF held two online plenary meetings in 2021, on 17 June and 6 December, to mainly discuss the Recovery and Resilience Facility – fraud prevention and support from OLAF; 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 (the “2020 PIF report”) and its annexes, and cooperation between OLAF and EPPO.

One meeting of the **Fraud Prevention Group** was held in 2021, on 7 December 2021. The purpose of the Fraud Prevention Group is to serve as a platform to share experience and good practices in the area of fraud prevention and to share national examples of best practices. The meeting focused on such topics as: a fraud risk framework under the Recovery and Resilience Facility, guidance on using ARACHNE to avoid conflict of interest/duplicate funding, and national IT tools in the context of the Recovery and Resilience Facility.

The **8th AFCOS Group meeting** was held online on 30 September 2021 aimed at deepening the cooperation among AFCOS units in individual EU Member States and providing a platform to exchange experience and best practices in cooperation between OLAF and competent national authorities. The main topics discussed included controls and audits under the Recovery and Resilience Facility and the role of OLAF and AFCOS, potential risks in the funding of healthcare infrastructure, an amendment to Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office (OLAF), cooperation between OLAF and EPPO, and a solution for OLAF’s access to Member States’ databases.

The **Reporting and Analysis of Fraudulent and Other Irregularities Group** met twice in 2021, on 28 April 2021 and 6 December 2021. The group serves as a platform for its members to exchange information and experience regarding the recording and analysis of irregularities in the drawing of EU funds. The meetings primarily focus on practical problems and issues related to the reporting of irregularities in the IMS². The key themes discussed at the 2021 meetings included the *proposal for the Commission’s Annual Report on the Protection of the EU’s financial interests – Fight against fraud – 2020 (the co-called “PIF” report)* and its annexes, the preparation of *the Commission’s Annual Report on the Protection of the EU’s financial interests – Fight against fraud – 2021 (the “PIF” report)*, as well as the analysis of the reasons for a decrease in non-fraudulent irregularities in the 2014-2020 programming period and future changes in the IMS.

² IMS (Irregularity Management System) is a web-based application of the AFIS system – an electronic system developed and provided by the European Commission for the reporting of irregularities to OLAF.

The 31st meeting of the OLAF Anti-Fraud Communicators' Network (OAFCN) on “**Communicating against fraud in a virtual environment**” was organised online on 10 February 2021. The WGC members were subsequently informed about the agenda, content and conclusions of the meeting by email. The purpose of the meeting is to exchange information, experience and best practices to improve information and communication on the fight against fraud in connection with the protection of the EU's financial interests. The members shared their experience with communicating fraud in a virtual environment and information on their communication activities and media strategies in 2021. They were introduced to the Recovery and Resilience Facility and related OLAF's role in preventing fraud in drawing funds under this facility and informed about the functioning and communication of the EPPO by its communication officers. They also discussed and exchanged information about implemented and planned communication campaigns and activities. More information is available in an OLAF press release at: https://ec.europa.eu/anti-fraud/media-corner/news/communicating-against-fraud-virtual-environment-2021-02-10_en.

2. Cooperation by network partners

2.1 Activities of the Steering Committee for the Protection of the EU's Financial Interests in the Slovak Republic

The Steering Committee approved, *per rollam*, a total of **seven documents** in 2021. The committee did not meet in 2021 due to the bad pandemic situation.

The following documents were approved by the Steering Committee in 2021:

- *Annex No. 9 to the Statute of the Steering Committee for the Protection of the EU's Financial Interests in the Slovak Republic (approved by the SC on 12 May 2021);*
- *Rules of procedure for permanent working groups established under the Steering Committee for the Protection of the EU's Financial Interests in the Slovak Republic (approved by the SC on 12 May 2021);*
- *OLAF questionnaire – Report on the protection of financial interests (PIF) 2020 (approved by the SC on 29 January 2021);*
- *Replies to the Commission's recommendations under the 2020 PIF report: "Preparation of the Commission Report on the protection of the EU's financial interests - fight against fraud, 2020 (Staff Working Document: Follow-up of recommendations to the Commission report on the protection of the EU's financial interests – fight against fraud, 2019)" (approved by the SC on 29 January 2021);*
- *Annual report on irregularities for 2020 (approved by the SC on 27 May 2021);*
- *Annual report on activities of network partners in the protection of the EU's financial interests in the Slovak Republic for 2020 (approved by the SC on 28 April 2021) and the Evaluation of the Communication Plan for the Protection of the EU's Financial Interests in the Slovak Republic, version 3.0 for 2020, pursuant to Annex 1 to the Communication Plan (approved by the SC on 28 April 2021);*
- *Communication Plan for the Protection of the EU's Financial Interests in the Slovak Republic, version 4.0, including Annex 1 (approved by the SC on 20 July 2021).*

2.2 Activities of Steering Committee's working groups

Four working groups operated under the SC in 2021, concentrating on seeking solutions to particular tasks related to the protection of the EU's financial interests. Working groups' members include appointed representatives of network partners.

Working groups:

1. Working Group for Irregularities;
2. Working Group for Communication;
3. Working Group for Cooperation in Coordination of Control Activities;
4. Working Group for Article 325 of the TFEU.

The Working Group for Irregularities (“WGI”) did not meet in 2021 due to the bad pandemic situation. **The Commission Notice Guidance on the avoidance and management of conflicts of interest** was sent to the WGI members on 28 April 2021. A summary of the 2020 PIF report was sent to the WGI members on 7 October 2021, containing the most important indicators and trends in the area of irregularities within the EU. The summary highlighted topical issues and possible solutions in problematic areas.

On 2 November 2021, the WGI members received the methodology for the preparation of a PIF report, translated into Slovak at the NO OLAF’s initiative, as used by the Commission, to be applied in the work of individual competent authorities in Slovakia (e.g., to prepare statistics using their own criteria in critical areas from the data from national databases in order to compare them against the EU average, or to compare trends).

With the outbreak of the COVID-19 pandemic and a related increased transfer of funds to the healthcare sector, OLAF initiated preparing an analysis of existing irregularities and potential or confirmed fraud cases in this area of the EU policies. Subsequently, OLAF also contacted the Slovak AFCOS – the NO OLAF – with a request for necessary information on irregularities in the healthcare sector. The NO OLAF mainly cooperated with the Slovak Health Ministry in this regard. OLAF then prepared a Report on Healthcare Infrastructure.

Covid expenditures in the pandemic-related irregularities were also monitored in 2021, including the irregularities under this category (mainly by the CO/Finance Ministry)

The NO OLAF prepared the **Annual Report on Irregularities for 2020** (the “2020 Annual Report”) in cooperation with the AFCOS network partners, which was approved by *the Steering Committee for the Protection of the EU’s Financial Interests in the Slovak Republic* on 27 May 2021. The report was subsequently submitted to a government meeting based on task B.2 of the Slovak Government resolution No. 18 of 7 January 2015 regarding the National Strategy for the Protection of the European Union’s Financial Interests in the Slovak Republic (the “National Strategy”) and in line with permanent task No. II under Section 4.2.2 (Permanent tasks related to detection). The 2020 Annual Report was included on the agenda of the Government meeting of 16 June 2021 as an informative document which the Government **acknowledged**.

The report contains information about all irregularities reported in the IMS in 2020. It also contains a quantitative assessment of irregularities for individual programming periods and operational programmes and serves for comparing Slovakia against other EU Member States and to identify problems in this area. Irregularities contained in the report involve both the expenditure- and revenue-side of the EU budget. The complete 2020 Annual Report is available at <https://www.olaf.vlada.gov.sk//vyrocne-spravy-olaf/>.

No meeting of the **Working Group for Communication (“WGC”)** was held in 2021 due to the bad pandemic conditions. In 2021, the WGC prepared and approved the evaluation of the Communication Plan for PFI EU in Slovakia for 2020 and the Annual Report on Activities of Network Partners in the Protection of the EU’s Financial Interests in Slovakia for 2020. The **Communication Plan for PFI EU in Slovakia was updated to version 4.0** in 2021 and approved by the SC on 20 July 2021 with effect from the same day. The OAFCN members for Slovakia – the NO OLAF, the Financial Directorate and the GPO continuously fulfilled the tasks under the OAFCN Action Plan for 2021.

Due to the bad pandemic situation at the beginning of 2021, a coordination meeting of the **Working Group for Cooperation in Coordination of Control Activities** was held virtually through email exchange. The record from the 15 December 2021 meeting replaced a regular working meeting of the representatives of the Finance Ministry's audit and control section, the Government Office, and the Supreme Audit Office of the Slovak Republic ("SAO SR") regarding the elimination of potentially colliding controls and audits as proposed in the plans of the Finance Ministry, the Government Office and the SAO SR. The written exchange of information from the meeting also included the setting of mutual communication with the SAO SR with respect to the coordination of the submissions delivered to the Finance Ministry, the Government Office and the SAO SR in compliance with document "*Principles of Coordination of Controls and Audits of AFCOS Network Partners*", version 5.0.

The **Working Group for Article 325 of the TFEU** ("Article 325 WG") did not meet in 2021 either. The Article 325 WG members participated in the preparation and drafting of "Replies to the OLAF questionnaire, general part – Report on the Protection of Financial Interests (PIF) 2020" and "Replies to the Commission's recommendations under the 2019 PIF report (Staff working document: Follow up of recommendations to the Commission report on the protection of the EU's financial interests – fight against fraud, 2019)".

Tasks under the Action Plan for the National Strategy for the Protection of the European Union's Financial Interests in the Slovak Republic

In order to protect the EU's financial interests in Slovakia, individual AFCOS network partners are required under the National Strategy to fulfil the tasks in the **prevention, detection, investigation and sanctioning of fraud** (the so-called anti-fraud cycle, see the image) and the recovery of unduly paid EU funds. At the same time, together with the GO SR represented by the NO OLAF, they participate in working groups set up to fulfil the tasks under the Action Plan to the National Strategy, version 2.0 ("Action Plan").

In 2021, the AFCOS network partners primarily focused on two tasks under the Action Plan, namely task 5 and task 8.



Under task 5, an **Analysis of Cases Where Suspected Crimes Affecting the EU's Financial Interests in Slovakia were Identified by the AFCOS Network Partners as part of the Inspections/Audits/Verifications Performed** was prepared. The main objective of the analysis is to provide an overview of suspected criminal offences affecting the EU's financial interests in Slovakia identified during inspections/audits/verifications. This overview will enable tracking how the individual inspection findings have been dealt with in criminal proceedings, both in relation to the expenditure and revenues of the EU budget.

The analysis was prepared using the data from the AFCOS network partners that perform inspections/audits/verifications based on applicable regulations and the information from national monitoring system ITMS (or ITMS2014+) regarding irregularities, etc. The final document was submitted to the SC members/AFCOS network partners on 24 February 2021.

Under task 8 of the Action Plan, the NO OLAF, in cooperation with relevant AFCOS network partners, prepared an **Analysis of the Most Frequent Inspection and Audit Findings in the Implementation of EU Funds during the 2014-2020 programming period**. This working paper was prepared by NO OLAF irregularities managers in cooperation with NO OLAF inspection managers to serve as an informative document for the AFCOS network partners. The aim of the analysis is to provide a summary overview of inspection and audit findings regarding the implementation of EU funds in the 2014-2020 programming period and to identify the most frequent ones. Inputs for the analysis were provided by individual AFCOS network partners. The analysis should help identify the risk areas where irregularities in the implementation of EU-funded projects are most frequently found.

3. Activities of the NO OLAF and other network partners in the protection of the EU's financial interests

3.1 Activities of the National Office for OLAF

The NO OLAF is an organisational unit of the Government Office established within its control section and is one of the section's three departments. Its mission is to carry out the tasks related with the protection of the EU's financial interests in Slovakia by coordinating the preparation and implementation of legislative, administrative and operational measures, and by cooperating with all relevant national institutions and the European Commission, including the necessary communication and training activities.

3.1.1 Inspection Activities of the National Office for OLAF

Pursuant to §2(3) of Act No. 10/1996 Coll. on the control in state administration, as amended, the **Government Office** carries out **inspections for the purpose of the protection of the EU's financial interests**, including inspections of the process of providing and using the EU funds.

Five inspections were carried out in 2021, namely in the Implementation Agency of the Ministry of Labour, Social Affairs and Family of the Slovak Republic, the Slovak Innovation and Energy Agency (2 inspections), the Ministry of Education, Science, Research and Sport of the Slovak Republic, and the Agricultural Paying Agency ("APA").

A total of **26 findings** were made in the inspections that focused on the procedures applied by the inspected entities in the provision and use of EU funds. Protocols on the outcome of the inspection were drawn up in four cases, a control report was prepared in one case (no irregularities identified, no findings).

Examples of findings from the inspections:

- Non-informing successful candidates of their inclusion on the list of expert evaluators;
- Insufficient verification of compliance with requirements for expert evaluators prior to performing an expert evaluation;
- Insufficient verification of the correctness of an expert evaluation;
- Insufficient verification of compliance with the conditions for the provision of a non-repayable financial contribution ("NFC") from EU funds;
- Insufficient/missing reports on formal administrative checks of NFC applications;
- Failures to meet deadlines, e.g., for issuing an approval of NFC applications, for sending a draft contract on the provision of NFC, for publishing a contract on the provision of NFC in the Central Register of Contracts, for conducting administrative checks of public tenders, for updating data in ITMS2014+;
- Failure to inform beneficiaries during the financial control of public procurement, e.g., about the approval of public procurement related expenditures, about the reasons for not meeting the control deadline, and about the expected date of control completion;
- Discrepancies between documents and CCA's binding templates;
- Discrepancies between the contract on the provision of NFC with the Call and its annexes;
- Non-updating data in ITMS2014+;
- Failure to conclude amendment to the contracts on the provision of NFC;
- Non-informing beneficiaries within a change procedure;
- Deficiencies in monitoring, e.g., in formal administrative checks of a monitoring report, failure to meet the deadline for sending a notification to beneficiaries, failure to meet the

deadline for checking monitoring reports.

3.1.2 Reporting irregularities to OLAF

The NO OLAF regularly reports, using the IMS, to OLAF irregularities that must be reported to OLAF under relevant delegated and implementing regulations³.

In 2021, **eight reports** concerning the 2004-2006 programming period were sent through ITM to OLAF, **410 reports** concerning the 2007-2013 programming period, and **338 reports** concerning the 2014-2020 programming period (**157 quarterly and 181 monthly reports**). The following tables contain data by individual OPs.

2004-2006 programming period:

Table 1

2004 - 2006	rok 2021										celkom
	1.štvrťrok		2.štvrťrok		3.štvrťrok		4.štvrťrok		spolu		
	kvartálne	mimo CO	kvartálne	mimo CO							
IS EQUAL	0	0	0	0	0	0	0	0	0	0	0
IS INTERREG IIIA	0	0	0	0	0	0	0	0	0	0	0
JPD Cieľ 2	0	0	0	0	0	0	0	0	0	0	0
JPD Cieľ 3	0	0	0	0	0	0	0	0	0	0	0
ISPA/KF	0	0	0	0	0	0	0	0	0	0	0
OP ZI	0	0	0	0	0	0	0	0	0	0	0
SOP LZ	2	0	4	0	2	0	0	0	8	0	8
SOP PaRV	0	0	0	0	0	0	0	0	0	0	0
SOP PaS	0	0	0	0	0	0	0	0	0	0	0
celkom	2	0	4	0	2	0	0	0	8	0	8

Source: NO OLAF

³ Commission Delegated Regulation (EU) 2015/1970 of 8 July 2015 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council with specific provisions on the reporting of irregularities concerning the European Regional Development Fund, the European Social Fund, the Cohesion Fund, and the European Maritime and Fisheries Fund; Commission Delegated Regulation (EU) 2015/1971 of 8 July 2015 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with specific provisions on the reporting of irregularities concerning the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development and repealing Commission Regulation (EC) No 1848/2006; Commission Delegated Regulation (EU) 2015/1972 of 8 July 2015 supplementing Regulation (EU) No 223/2014 of the European Parliament and of the Council with specific provisions on the reporting of irregularities concerning the Fund for European Aid to the Most Deprived; Commission Delegated Regulation (EU) 2015/1973 of 8 July 2015 supplementing Regulation (EU) No 514/2014 of the European Parliament and of the Council with specific provisions on the reporting of irregularities concerning the Asylum, Migration and Integration Fund and the instrument for financial support for police cooperation, preventing and combating crime, and crisis management; Commission Implementing Regulation (EU) 2015/1974 of 8 July 2015 setting out the frequency and the format of the reporting of irregularities concerning the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund, under Regulation (EU) No 1303/2013 of the European Parliament and of the Council; Commission Implementing Regulation (EU) 2015/1975 of 8 July 2015 setting out the frequency and the format of the reporting of irregularities concerning the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development, under Regulation (EU) No 1306/2013 of the European Parliament and of the Council; Commission Implementing Regulation (EU) 2015/1976 of 8 July 2015 setting out the frequency and the format of the reporting of irregularities concerning the Fund for European Aid to the Most Deprived, under Regulation (EU) No 223/2014 of the European Parliament and of the Council; Commission Implementing Regulation (EU) 2015/1977 of 8 July 2015 setting out the frequency and the format of the reporting of irregularities concerning the Asylum, Migration and Integration Fund and the instrument for financial support for police cooperation, preventing and combating crime, and crisis management, under Regulation (EU) No 514/2014 of the European Parliament and of the Council.

2007-2013 programming period:

Table 2

2007 - 2013	rok 2021										
	1.štvrťrok		2.štvrťrok		3.štvrťrok		4.štvrťrok		nové	aktualizácie	celkom
	nové	akt.	nové	akt.	nové	akt.	nové	akt.			
OPIS	0	0	0	5	0	0	0	0	0	5	5
ROP	0	49	0	0	0	2	0	1	0	52	52
OP TP	0	2	0	9	1	0	0	0	1	11	12
OP BK	0	21	1	1	0	0	0	0	1	22	23
OP D	0	10	17	0	0	0	1	0	18	10	28
OP ŽP	0	29	3	3	1	4	1	4	5	40	45
OP KaHR	4	4	1	8	1	6	6	3	12	21	33
OP V	2	22	1	3	0	1	0	10	3	36	39
OP VaV	1	106	0	3	0	1	0	7	1	117	118
OP ZaSI	0	16	0	1	2	7	0	3	2	27	29
OP Z	0	2	0	0	0	0	0	0	0	2	2
OP RH	0	0	1	1	0	0	2	0	3	1	4
PCS SR-ČR	0	0	1	16	0	3	0	0	1	19	20
PCS SR-AT	0	0	0	0	0	0	0	0	0	0	0
PCS PL-SR	0	0	0	0	0	0	0	0	0	0	0
CBS SR HU	0	0	0	0	0	0	0	0	0	0	0
OP INTERACT II	0	0	0	0	0	0	0	0	0	0	0
celkom:	7	261	25	50	5	24	10	28	47	363	410

Source: NO OLAF

2014-2020 programming period:

Quarterly – initial reports:

Table 3

2014 - 2020	rok 2021 - úvodné hlásenia										
	1.štvrťrok		2.štvrťrok		3.štvrťrok		4.štvrťrok		spolu		celkom
	kvartálne	mimo CO	kvartálne	mimo CO	kvartálne	mimo CO	kvartálne	mimo CO	kvartálne	mimo CO	
OP II	3	0	8	0	13	0	15	0	39	0	39
IROP	3	0	17	0	1	0	28	0	49	0	49
OP KŽP	5	0	6	0	7	0	0	0	18	0	18
OP TP	0	0	0	0	0	0	0	0	0	0	0
OP LZ	3	0	13	0	2	0	23	0	41	0	41
OP Val	0	0	0	0	0	0	0	0	0	0	0
EVS	0	0	1	0	1	0	1	0	3	0	3
SK-AT	0	0	0	0	0	0	2	0	2	0	2
OP RH	0	0	0	0	0	0	1	0	1	0	1
SK-CZ	2	0	1	0	0	0	1	0	4	0	4
INTERACT III	0	0	0	0	0	0	0	0	0	0	0
celkom	16	0	46	0	24	0	71	0	157	0	157

Source: NO OLAF

Monthly – updates:

Table 4

2021	1.štvrťrok				2.štvrťrok				3.štvrťrok				4.štvrťrok				nové	akt.	spolu
	nové	aktualizácie			nové	aktualizácie			nové	aktualizácie			nové	aktualizácie					
		I.	II.	III.		IV.	V.	VI.		VII.	VIII.	IX.		X.	XI.	XII.			
OP II	3	4	3	0	8	0	6	3	13	3	0	17	15	4	8	24	39	72	111
IROP	3	2	1	0	17	1	0	0	1	4	0	2	28	0	3	12	49	25	74
OP KŽP	5	1	0	2	6	1	8	0	7	9	3	0	0	1	6	7	18	38	56
OP TP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	2
OP LZ	3	1	0	1	13	1	0	1	2	7	1	9	23	7	2	2	41	32	73
OP Val	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EVS	0	0	0	0	1	0	0	0	1	2	0	0	1	1	0	2	3	5	8
SK-AT	0	0	0	0	0	0	0	1	0	0	0	0	2	0	0	0	2	1	3
OP RH	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	1	2
SK-CZ	2	0	0	0	1	0	0	0	0	0	0	1	1	0	0	4	4	5	9
INTERACT III	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
celkom:	16	8	4	3	46	3	15	5	24	25	4	29	71	13	19	53	157	181	338

Source: NO OLAF

3.1.3 Submissions made by the public

The NO OLAF accepts submissions made by the public on suspected harm to the EU's financial interests in Slovakia electronically at nezrovnalosti@vlada.gov.sk and afcosr@vlada.gov.sk (both email addresses are published on the NO OLAF's website) and by letters delivered by regular mail.

The NO OLAF received **47 public submissions** on suspected harm to the EU's financial interests in 2021. Six submissions were forwarded for inspection, four submissions were referred to the National Crime Agency (NAKA), 33 submissions were referred to managing authorities and/or intermediary bodies (e.g., the Labour Ministry, APA, the Environment Ministry, etc.), and four submissions were put dropped.

3.1.4 Legislative and methodology activities of the National Office for OLAF

In 2021, the NO OLAF engaged in the preparation of several laws and regulations that also involved the protection the EU's financial interests. In order to comply with the obligation under Article 7(3a) of Regulation No. 883/2013⁴ as amended by Regulation 2020/2223⁵, the NO OLAF participated in the preparation of a draft bill on the central register of accounts, submitted to the Slovak Government in December 2021, which also amends related laws and regulations as regards the establishment of an authority responsible for the provision of information about bank accounts to OLAF. With respect to the preparations for the 2021-2027 programming period, the NO OLAF cooperated in drafting a new act on contributions paid from EU funds, in particular as regards the definition of an authority responsible for PFI EU and the PFI EU mechanism as such, which was submitted for an inter-ministerial review

⁴ [Regulation \(EU, Euratom\) No 883/2013](#) of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999

⁵ [Regulation \(EU, Euratom\) 2020/2223](#) of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU, Euratom) No 883/2013, as regards cooperation with the European Public Prosecutor's Office and the effectiveness of the European Anti-Fraud Office investigations

procedure in September 2021. As regards the Recovery and Resilience Facility, the NO OLAF cooperated in the drafting of parts of Act No. 368/2021 Coll. on the Recovery and Resilience Facility and on amendments to certain acts, which became effective on 1 November 2021.

3.1.5 Projects to protect the financial interests of the European Union

In 2021, the NO OLAF continued the implementation of two projects approved under the Technical Assistance operational programme.

1. **“Ensuring and coordinating the protection of the EU’s financial interests III”, project code 301011ADV6**

The project is designed to ensure the implementation of the PFI EU system in Slovakia and the fight against fraud, which is part of the correct and transparent control system for ESIF.

A working meeting of AFCOS representatives, the General Prosecutor’s Office of the Slovak Republic, the European Public Prosecutor’s Office, and the Office of the Government of the Slovak Republic was held on 11 May 2021 at the Hotel Bôrik as part of the “Activities related to the organisation of working meetings with AFCOS representatives” activity. Discussions focused on the setting of the future mutual cooperation and exchange of information among the EPPO, the National Office for OLAF, and national authorities under their respective mandates. More information can be found in paragraph 3.2.1 of this report.

Eleven professional training workshops on the protection of the EU’s financial interests in Slovakia were organised as part of the “Educational and information activities” activity in 2021. Due to the bad pandemic situation in 2021, the workshops planned under the approved 2021 PFI EU Education Plan could not start before June 2021.

The **“Analysis of irregularities and fraud in EU funding to the healthcare sector”** was translated from English to Slovak under the “IS, technical and administrative support services for CCP OLAF/National Office for OLAF” activity.

The National Office for OLAF asked for a project modification in 2021, involving the extension of main project activities – time schedule, from the original 24 months to 36 months, i.e., until 31 December 2022, in line with the amended call.

The change was made in order to eliminate the risk of not drawing the approved amount of NFC and not meeting the measurable project indicators, and to use the available NFC amount by the end of the implementation period for the main project activities to cover the expenditure on the provision of training and educational activities by the National Office for OLAF focused on theoretical and practical issues in the PFI EU for state and public administration employees in accordance with the tasks set under the National Strategy.

2. **“Education of authorised Government Office employees cooperating with OLAF in the protection of the EU’s financial interests II”, project code 301011W645**

The project focuses on specific training of authorised Government Office employees cooperating with OLAF in the protection of the EU’s financial interests in Slovakia, enhancing their professional qualification and improving their expert knowledge and practical skills.

The National Office for OLAF could not implement all project activities in 2021. Its employees did not take part in any business trips. The planned business trips to professional training workshops and seminars both in Slovakia and abroad were cancelled due to the COVID-19 pandemic. The planned specific educational seminar on the PFI EU, scheduled to be organised by the National Office for OLAF, was cancelled for the same reason.

The National Office for OLAF employees attended English and French language courses and seven professional webinars in the English language in 2021.

In 2021, the National Office for OLAF asked for a modification of this project, too, again involving the extension of main project activities – time schedule, from the original 36 months to 48 months, i.e., until 31 December 2022, in line with the amended call.

The change was made in order to eliminate the risk of not drawing the approved amount of NFC and not meeting the measurable project indicators, and to use the available amount by the end of the implementation period for the main project activities to cover the expenditure on educational and training activities for Government Office employees cooperating with OLAF in the protection of the EU's financial interests.

3.2 Activities of other network partners in PFI EU

3.2.1 NO OLAF, the General Prosecutor's Office and the European Public Prosecutor's Office

European Public Prosecutor's Office (EPPO)

The **EPPO** was established on 1 June 2021. The EPPO is an independent public prosecution office of the EU responsible for investigating, prosecuting and bringing to judgment crimes against the financial interests of the EU. These include fraud, corruption, cross-border VAT fraud with damages above 10 million euros, money laundering, etc.

The EPPO was established under Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office that entered into force on 20 November 2017. It is composed of the central level and the decentralised (national) level. The EPPO's central level, with its headquarters in Luxembourg, consists of the European Chief Prosecutor (note: Laura Codruța Kövesi of Romania); 22 European Prosecutors (one per participating EU country), two of whom function as Deputies for the European Chief Prosecutor; and the Administrative Director. The decentralised level consists of the European Delegated Prosecutors (EDPs) in the 22 participating EU Member States. The central level supervises the investigations and prosecutions carried out by the EDPs at the national level, who operate with complete independence from their national authorities. The European Prosecutor for Slovakia is JUDr. Juraj Novocký, PhD. Five Slovak EDPs also worked in the EPPO in 2021.

More information is available at the EPPO website: <https://www.eppo.europa.eu/>

Second working meeting attended by the European Prosecutor at the Office of the Government of the Slovak Republic

A working meeting was held on 11 May 2021 at the Office of the Government of the Slovak Republic, organised by the NO OLAF with the representatives of the General Prosecutor's Office of the Slovak Republic and the EPPO, attended by European Prosecutor JUDr. Juraj Novocký, PhD. Held in the Hotel Bôrik in Bratislava, the meeting discussed the establishment of future mutual cooperation in light of the launch of the EPPO on 1 June 2021 and the exchange of information among the EPPO, the NO OLAF, and national authorities within their respective mandates.



Government Office working meeting with the GPO SR and EPPO representatives, 11 May 2021, Hotel Bôrik, Bratislava

3.2.2 National Crime Agency

The National Crime Agency (NAKA) is a special unit of the police force that detects and investigates crimes, including criminal offences against the financial interests of the EU pursuant to §§261, 262 and 263 of the Criminal Code.

NAKA is an administrator of infoirq@minv.sk, an email address which the public servants may use to notify suspected illegal activities which could negatively affect the EU's financial resources. NAKA registered **seven such notifications** in 2021, down by two compared to 2020; all of them are under review.

Regarding some statistics on criminal proceedings:

In 2021, NAKA registered **80** (+12 against 2020) procedures under §199 of the Code of Criminal Procedure, i.e., commencement of criminal prosecution, and **42** (-1 against 2020) procedures under §206 of the Code of Criminal Procedure, i.e., decisions to bring charges against specific natural persons and specific legal persons. **Sixty-five natural persons** (+5 against 2020) and **six legal persons** (+2 against 2020) were charged with criminal offences against the financial interests of the European Union. The damage caused to the EU's financial interests documented in connection with these criminal offences totalled **EUR 5,381.266** (EUR 8,712,002 in 2020). Total criminal cases amounted to **121** in 2021. **Sixty-**

nine cases were closed by the procedure under §197(1)(d) of the Code of Criminal Procedure, i.e., by a

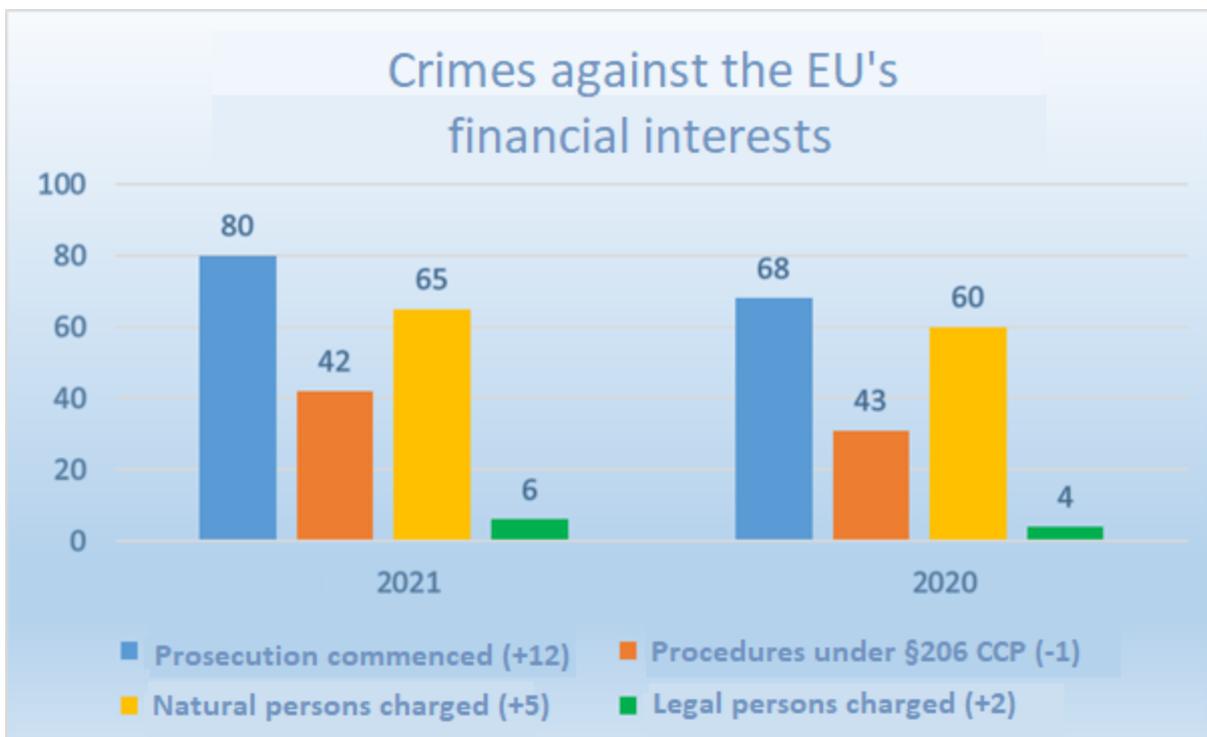
National Crime Agency	From 1 January 2021 to 31 December 2021	
Criminal offences against the financial interest of the European Union pursuant to §§261, 262, 263 of the Criminal Code (total for 2020)	121	
Procedures, i.e., decisions, under §199 of the Code of Criminal Procedure (criminal prosecution commenced)	80	
Procedures, i.e., decisions, under §206 of the Code of Criminal Procedure (charges brought)	42	
Number of persons charged with criminal offences affecting the financial interests of the European Union	Natural persons (individuals)	Legal persons
	65	6
§197(1)(d) of the Code of Criminal Procedure – cases turned down	69	
Documented damage	EUR 5,381,266	

resolution to turn down the case.

Table 4

Source: NAKA

Chart 1



Source: NAKA

NAKA investigators brought charges against **65 natural persons** and **6 legal persons** (companies) in total in 2021. Of the 65 natural persons charged:

- 18 were self-employed individuals;
- 26 were managing directors in companies;
- 6 were statutory representatives (such as a municipality mayor, headmaster, head of agricultural cooperative, company board of directors' chairman);
- 15 were employees.

Criminal offences against the financial interests of the European Union

The modus operandi in committing criminal offences against the EU's financial interests under §261 through §263 of the Criminal Code did not change significantly in 2021 when compared to the previous years.

Crimes against the European Union's financial interests, as such crimes are defined in §§261, 262 and 263 of the Criminal Code, are usually committed in conjunction with the crime of subsidy fraud under §225 of the Criminal Code, which is based on the fact that the financial resources in the form of subsidies, grants, contributions, etc., are provided by competent authorities in part from EU funds and in part from the state budget. The elements of subsidy fraud crime thus cover unlawful actions with respect to the use of a part of funds provided from the state budget (e.g., a perpetrator withholds or provides grossly distorted or false information in the documents related to the grant application, which are decisive for the assessment of the application itself).

Crimes against the EU's financial interests are also committed in conjunction with the crime of machinations in public procurement and public auction under §266 of the Criminal Code in the context of a violation of Act No. 343/2015 Coll. on public procurement and on amendments to certain acts, as amended. Perpetrators contact insiders from contracting entities/authorities and seek to obtain preferential treatment in a public tendering procedure compared to other competitors and/or they seek "disqualification of competitors" from the public tender in order to be awarded the public contract. Gathering evidence of this type of economic crimes is extremely complicated because they usually involve closed (corruption) groups of persons acting in accord in order to set terms and conditions of the public tender so as to acquire a financial or other economic advantage for themselves or for third parties. It is practically impossible to use traditional procedural actions to gather evidence of perpetrators' unlawful conduct, hindered especially by witnesses' reluctance to provide evidence of such criminal activities.

A potential measure to prevent such crimes could involve a more stringent oversight performed by NFC providers when they pay the NFC (for example, regular checks of the works delivered, material used, its quantity, inspecting beneficiary prior to the signing of a contract and during its term, including on the site where the works under the NFC contract are to be provided, or changing the way of NFC payment to the refund of eligible expenditure after the inspection has been performed instead of providing advance payments after a formal administrative inspection).

EU funding at the same time creates room for corruption practices. However, without active cooperation of some of the parties and because very sophisticated criminal activities are involved, it is extremely difficult to track back and prove such practices.

In general, the crimes against the EU's financial interests investigated by NAKA in 2021 can be divided into three basic groups which have already been identified in the previous periods:

- (1) EU funding provided by a relevant office of labour, social affairs and family for an independent gainful activity as a direct support to small entrepreneurs to set up and operate a trade and business activity pursuant to Act No. 455/1991 Coll. on small trade (the Trades Act), as amended;
- (2) EU funding provided to projects under a provider's call (central government authorities acting as managing authorities for operational programmes, institutions funded from the state budget and organisations established by them) for applications for non-repayable financial contribution ("NFC");
- (3) EU funding provided by the APA, reimbursed from the EU budget – direct payments to farmers (single area payments) – subgroup of point 2, as well as other subsidies related to agricultural and farming operations.

A modus operandi of crimes can be determined for each of the characteristic groups.

In the case of less sophisticated, or "simpler" forms of criminal activity that causes a larger damage pursuant to the Criminal Code, perpetrators declare their "pretended" business intent as the reason to receive a grant but once received, they use the grant for a different purpose, quite often for their own (personal) needs. They then try to cover this by means of various false documents. In some cases, they do not even perform such intended, or "pretended", business activity at all.

Crimes related to the EU funding of projects under the calls announced either by the ministries or their subordinate organisations/agencies **are more sophisticated** which results in more demanding expert evidence-taking both in terms of time and costs.

The knowledge and information obtained through criminal investigations show that a portion of financial resources intended for approved projects is not invested in the actual project but, through various financial transactions and fictitious invoicing (e.g., of consultancy services, advertising, training workshops, education) and purchases of overpriced materials, goods and services by entities that implement the project, such resources are then siphoned out and distributed among participating persons with whom the NFC beneficiaries have concluded consultancy contracts. Companies that specialise on this area have long in place a complex system of consultancy services for the preparation of overvalued projects, ensuring its approval through related persons working for relevant managing authorities, and awarding public contracts to pre-agreed winning bidders; they use "special-purpose vehicles" through which false services and works are declared, and the financial resources accumulated this way are then transferred to organisers and perpetrators of such criminal activity under consultancy contracts.

In a number of criminal cases, applicants for support from relevant EU funds provided through the APA sought ineligible support. They mainly included private farmers as well as larger entities, or agricultural companies, that applied for support even though they were not eligible for it because they did actually not farm or had no legal title to the lands for which they had sought support, etc. Larger damage is documented in the case of criminal activities related to the provision of NFCs under various operational programmes where the NFCs are provided by individual ministries.

3.2.3 Public Procurement Office

Amendment to the Public Procurement Act

In 2021, the Public Procurement Office (“PPO”) focused on discussing an amendment to the Public Procurement Act with dozen entities, including international talks with the EU, OECD, representatives of the professional public, non-governmental sector, and the media. The PPO agreed with Deputy Prime Minister for Legislation and Strategic Planning Štefan Holý, who is responsible for the amendment, on cooperation in preparing legislative changes and they jointly drafted the amendment to the Public Procurement Act which was approved by the Slovak parliament on 7 October 2021 and signed by President Zuzana Čaputová on 28 October 2021. The amendment represents a system-level reform that complies with the European acquis and the principles of the rule of law. The amendment is expected to accelerate and simplify public procurement procedures, and strengthens expert capacities in public procurement through their professionalisation and defines public procurement responsibility. Some of the innovative aspects of the amendment include the implementation of an open public communication policy, strengthening the PPO’s autonomy, prohibition of conducting business with the state for defined public officials, or a definition of ill-founded objections. **Thanks to the consultations with the Commission, the amendment is in full compliance with the European acquis. Some of its parts, such as professionalisation and a public policy of open communication by the inspection authority, are even to become recommendations for other EU Member States.** The amendment was also consulted with the OECD. Changes related to criminal law that include more stringent sanctions and penalties for machinations in public procurement were consulted with the ministry of Justice of the Slovak Republic, the GPO, as well as the European Prosecutor for Slovakia.

Inspections of contracts financed under European Structural and Investment Funds

In 2021, preparations continued on a legislative proposal for a new system of inspections of contracts financed from European funds in cooperation with the Ministry of Investments, Regional Development and Information of the Slovak Republic (“MIRDI SR”) and other competent authorities. The proposed simplification of the system of inspections should facilitate and increase the uptake of EU funds in Slovakia. The new system was also discussed with Commission representatives and experts.

Situation in the construction sector

In 2021, PPO chairman Miroslav Hlivák started to review the situation in the construction sector of his own initiative, where an allegedly unforeseen hike in commodity prices had been reported which would allegedly inhibit the completion or further implementation of works under many public contracts. In a letter addressed to the European Commission in July, he also highlighted potential problems with EU-funded contracts which might be prompted by the surging prices in the construction industry. He also held several rounds of talks on this issue with transport minister Andrej Doležal, as well as with expert public. It did not eventually affect the changes made in the Public Procurement Act and the PPO is ready and open to seeking a solution to this situation that will benefit the protection of public finance. <https://www.uvo.gov.sk/aktualne-temy-2a8.html?id=907>.

Email address for reporting unfair practices

A total of 36 messages were delivered to nezrovnalosti@uvo.gov.sk, an email address which serves for reporting suspected irregularities in public procurement, in 2021 but none of them was a relevant notification of unfair practices in public procurement in connection with the EU’s financial resources.

3.2.4 SAO SR-PPO-MIRDI SR talks

The PPO, SAO SR and MIRDI SR discussed the details of the new system of inspections of EU-funded contracts on 15 December 2021. The system has been introduced under the new legislation on the contributions from EU funds which already passed a consultancy procedure⁶. When performing the inspections of EU-funded contracts, the PPO will also focus on checking the compliance with the principle of economy which is scrutinised in detail by the SAO SR.

The SAO SR chairman welcomes the efforts of the MIRDI SR to bring the supervision over public procurement in all beneficiaries of EU assistance under a single state institution. The PPO is a good choice in this regard. Undoubtedly, reviewing the cost-effectiveness already at the stage of preparation



and evaluation of projects is a new challenge for the PPO. National inspectors have long recommended this to the government and the parliament in light of their findings from the inspections carried out on EU-funded projects in the context of the principles of economy, effectiveness and efficiency of public spending. The SAO SR experts are prepared for open cooperation with the PPO in order to set up a methodology and rules for the evaluation of projects not only in terms of their compliance with the public procurement rules, but also with respect to the principles of economy in the use of EU financial assistance. “I am sure this is in the interest of all stakeholders, starting from the ministry, managing authorities and intermediary bodies through to the beneficiaries of non-repayable European grants and inspection authorities,” said SAO SR chairman Karol Mitrík. More

information can be found in a [SAO SR press release](#).

At the turn of 2021/2022, the Supreme Audit Office finalised its [inspection operation entitled Irregularities of the 2014-2020 Programming Period](#). The outcomes will be presented to the professional and general public in the first half of 2022.

3.2.5 Antimonopoly Office of the Slovak Republic

The Antimonopoly Office of the Slovak Republic organised and participated in several **educational and training activities** on the protection of EU’s financial interests in Slovakia. In addition, a **dedicated section of its www.antimon.gov.sk website** provides information about interinstitutional cooperation in the protection of EU’s financial interests and guidance on how to report suspected irregularities in the spending of EU funds in Slovakia. The Antimonopoly Office also issued several **press releases and administrative decisions** in this regard.

⁶ Note: The new legislation on contributions from EU funds was approved by the Slovak parliament on 16 March 2022 and signed by President Zuzana Čaputová on 5 April 2022.

At the end of 2021, the Antimonopoly Office issued a **decision** by which it sanctioned a **cartel in public procurement financed from EU funds**. The contract was awarded to a pre-agreed bidder whose bid exceeded EUR 130,000 (exclusive of VAT) which could have led to ineffective spending of EU funds on the procurement of reconstruction works. Details of the case are available in point 7 of this report.

The Antimonopoly Office is also a State aid coordinator in Slovakia; therefore, it fulfils selected tasks in **the protection of competition in the area of State aid**. Since the State and de minimis aid schemes may also be financed from EU funds in Slovakia, **decisions issued by the AMO in administrative proceedings against some aid providers and/or aid scheme operators** last year also concerned the protection of the EU's financial interests. In 2021, the Antimonopoly Office acting in its capacity as the State aid coordinator imposed fines of more than EUR 70,000 for **violations of the obligations under the State Aid Act**, i.e., to report to a central register (IS SEMP) the State aid within six months of the day the aid is provided and de minimis aid within five working days of the day the aid is provided, in the extent and structure as defined in the State Aid Act.

An important milestone accomplished by the Antimonopoly Office with respect to enhancing the competition and preventing its distortion is the adoption of **new, amended legislation on the protection of competition – Act No. 187/2021 on the protection of competition and on amendments to certain acts** which entered into force on 1 June 2021. The new law transposed Directive (EU) 2019/1 of the European Parliament and of the Council of 11 December 2018 to empower the competition authorities of the Member States to be more effective enforcers and to ensure the proper functioning of the internal market (“ECN+ directive”) into Slovakia's national legislation. The ECN+ Directive is designed to make the enforcement of competition rules in EU Member States more effective through aligning the powers of competition authorities and some aspects of competition proceedings, and by introducing the rules for cooperation between the Commission and Member States' national competition authorities within the European Competition Network (ECN) related to the requests for notification of documents, conducting inspections and recovery of fines.

Related implementing regulations of the Slovak Antimonopoly Office entered into forces along with said act. The AMO subsequently **updated its priorities policy** to also reflect the effort for effective public spending.

3.2.6 Financial Directorate of the Slovak Republic

Strengthening and enhancing the effectiveness of cooperation and sharing of experience among the AFCOS networks partners in identifying new patterns in harming the financial interests of the EU and adopting corresponding measures is mainly the responsibility of a Financial Administration's Crime Office (“FACO”) representative who is also a member of the WGC and OAFCN. He follows OLAF instructions and cooperates with other national AFCOS bodies at the EU level.

Irregularities and fraud in traditional own resources are reported by means of OWNRES, an electronic application for collection and registration of detected cases of irregularities and fraud related to traditional own resources exceeding EUR 10,000 and their reporting to the Commission under Article 5(1) of Council Regulation (EU, Euratom) No 608/2014. Each case reported in the OWNRES application creates a separate irregularity report in the OWNRES system. Before the data is sent, the correctness of the case data inputs is reviewed by the department of post-release controls and TOR (traditional own resources) of the Financial Directorate's customs section. The report also contains measures to prevent the recurrence of given irregularity. The OWNRES application enables reporting on a daily basis. The

deadline for new cases and updates is two months after the end of each quarter. The report is considered completed and no updates are required if the Commission is notified through the OWNRES application that the recovery of traditional own resources is completed, the process ended by revocation, cancellation or remission of a customs debt, the release from the obligation to place the traditional own resources at the disposal of the European Commission was permitted (Article 13(2) of Council Regulation (EU, Euratom) No. 609/2014).

An irregularity demonstrates a high degree of obligation of a customs authority to recover corresponding customs amounts. Seven cases of irregularities and/or fraud were reported in OWNERS in the period under review, in which a customs duty totalling EUR 833,187.59 was imposed.

The Slovak Financial Directorate regularly assesses and updates risk profiles by means of automated national profiling in order to eliminate the risk of violations of customs regulations in connection with import, export and transit of goods.

A **new analytical tool** was fully implemented in the processes of customs risks management in 2021 which generates notifications of high-risk customs declarations which are then subject to a manual assessment and analysis performed by analysts in the analytical system in order to detect violations of the customs regulations. The high-risk findings are subsequently sent to the post-release control unit in the form of submissions and/or are forwarded to production systems through risk profiles, which provide indicative alerts of an imminent risk and, at the same time, operatively impose an obligation to carry out an inspection directly during a customs procedure so as to prevent the occurrence of violations of the customs regulations. The purpose of this analytical tool is to enhance effectiveness and efficiency in the inspection activities conducted by customs authorities.

Cooperation with OLAF on joint customs operations

The FACO's coordination department participated in joint customs operation SHIELD II, targeting hormonal substances, food supplements and medicines for erectile dysfunction, in 2021. No press release was issued on this. More information about the operation can be found in Part 6 of this report. The Slovak Financial Administration further cooperated in the LUDUS operation targeting fake toys and in the ongoing operation against substandard and fake food under the name OPSON. OLAF was engaged as a co-organiser in the first two operations and leads one of the targeted actions under the third operation. In addition, the Financial Administration was actively engaged throughout the year in partial operational actions targeted against tobacco/cigarette-related crime. A Slovak Financial Administration representative also attended an operational meeting in Spain in 2021.

Joint fight against fraud by the Financial Administration and the General Prosecutor's Office

The Slovak Financial Administration and the General Prosecutor's Office further stepped up their joint anti-fraud efforts in 2021, further strengthening interinstitutional cooperation following a previous agreement on more intensive cooperation with Slovak police authorities. They will coordinate their actions against tax evasions and siphoning off of public assets, including by setting up a **Tax Evasion Unit**.

The new unit will help with detecting tax crimes and money laundering, reducing tax evasions and eliminating carousel fraud. Its establishment was agreed by Financial Administration president Jiří Žežulka and prosecutor general Maroš Žilinka.

Cooperation will help to effectively investigate and uncompromisingly prosecute tax offences which costs the society enormous financial resources. The two top officials agreed that legislative changes needed be made to enhance effectiveness in fighting tax crimes, especially in terms of legislative provisions on effective regret and the scope and amount of damage in the case of tax crimes. The operational cooperation between the Financial Administration and the GPO will also address the criminal aspects of determining taxes according to auxiliary inputs and transfers of tax entities to so-called “straw men” once a tax audit has commenced. Both institutions also wish to share experience in detecting tax evasions, improve training of FACO officers and prosecutors, and strengthen the Financial Administration’s inspection service.

International operation “BOB”

An extensive joint **operation codenamed BOB** was carried out in Slovakia, the Czech Republic and Poland in September 2021. The operation was carried out by an international investigation team under an agreement concluded between the General Prosecutor’s Office of the Slovak Republic, the General Prosecutor’s Office of the Czech Republic, and the Polish Public Prosecutor General. This was the **largest operation in which FACO had ever participated**. The joint operation cracked down on an organised crime group whose illegal business activities involving the manufacture and marketing of counterfeit tobacco products had transcended the borders of three countries. As part of the operation, FACO carried out four house searches and searched 21 other premises and lands in the Nitra and Trnava regions. Partners from Slovakia, the Czech Republic and Poland, including Poland’s Central Bureau of Police Investigation (CBŚP), the general prosecutor’s office and the state tax administration, collected evidence, shared information and identified suspects, which helped to disrupt a sophisticated criminal network and stop the organised crime group from continuing tax evasions worth millions.



Excellent Czech-Slovak cooperation: Cross-border VAT fraudsters busted

Twenty-two persons, including the chief organiser, were arrested and assets worth nearly 8 million euros were seized by the Czech and Slovak customs authorities in November 2021 under a joint **operation codenamed Singer**. The investigation has so far revealed that, at least from January 2018 to June 2021, the fraudsters might have “stripped” both countries of more than EUR 6.5 million in value-added tax. The crime network included several dozen firms. The organised groups of VAT fraudsters operated in Slovakia and the Czech Republic, trading in fictitious or overpriced advertising services on race cars. They were uncovered by a Czech and Slovak investigation team consisting of FACO and NAKA officers and criminal investigators from the Regional Police Directorate in the Zlín region, Czech Republic. The Bratislava Tax Authority and the Slovak Financial Directorate’s anti-fraud and risk analysis section also participated in the joint operation. More than 50 premises in various locations were searched during the Singer joint operation and a total of 22 individuals, including the chief organiser, were detained (nine in Slovakia and 13 in the Czech Republic), resulting in the disbanding of an organised crime group which would otherwise continue robbing the state of additional millions of euros. Various assets were also seized in both countries which will be used to repay debts or may be forfeited to the state as revenues from criminal activities. Fake IDs, mobile phones, computers, stamps,

accounting documents, an illegally possessed gun, or 153,000 euros in cash were seized during house searches. The investigators seized assets worth nearly 8 million euros (200 million Czech korunas) in the Czech Republic, including passenger cars and even a helicopter. The organised group had been engaged in VAT frauds at least since 2018. Its members set up various companies in both countries to provide advertising services which, however, were either fictitious or their price was disproportionately excessive due to which the Slovak state budget allegedly lost more than EUR 1.4 million in value-added tax. The amount of the tax evaded in the Czech Republic was preliminary quantified at EUR 5.1 million (130 million Czech korunas). As many as 53 Slovak companies and dozens of Czech firms were involved in this fraudulent scheme, according to the investigators. Suspected money laundering is also under investigation in this regard. The Singer operation continued by revealing business entities which were making huge money transfers as part of trading in fuels, not only in the Zlín region, but also in Slovakia. In cooperation with FACO, Czech criminal investigators seized EUR 2.7 million held in the accounts of a foreign entity from the trading in fuels between Belarus and Ukraine. The investigators gathered evidence on several international business networks that only served for the transfer of payments for the supplied fuels and related logistics services through business entities in Slovakia on the basis of fictitious invoices, which gave rise to a suspicion of income tax avoidance. Between 2015 and 2021, deliveries amounted to nearly 176 million tons and the total value of investigated transactions exceeded 12 billion euros. The joint investigation in the Czech Republic and Slovakia was carried out under a European Investigation Order.



Projects implemented by the Slovak Financial Directorate/Financial Administration under the Commission's Hercule III programme⁷

The Slovak

Financial Administration signed two grant agreements in 2021 to implement two projects under the Hercule III programme to purchase technical equipment.

Project: Strengthening of the anti-fraud traffic control systems at the EU external border in Slovakia (grant agreement No. 831516 – SK ANPRS)

The aim of this project is to purchase, install and interconnect an automated number-plate recognition system (ANPRS) and a container code recognition system at border crossing points in Čierna nad Tisou, Maťovce, Vyšné Nemecké and Ubľa. The public tender was completed and supplier of the systems chosen in 2021. Due to the time-consuming character of the tender, the period for the implementation

⁷ Regulation (EU) No 250/2014 of the European Parliament and of the Council of 26 February 2014 establishing a programme to promote activities in the field of the protection of the financial interests of the European Union (Hercule III programme) entered into force on 1 January 2015. Hercule III is an multiannual action programme to promote activities against fraud, corruption and any other illegal activities affecting the financial interests of the Union. A total of EUR 104.9 million was allocated under the programme for the 2014-2020 period to support Member States in their fight against fraud, corruption and other illegal activities. The programme provides the funding for specific projects, such as the purchase of x-ray scanners, technical equipment, to stop smuggling and other illegal activities affecting the EU's financial interests. The Hercule III programme consists of three parts: technical assistance, law education and studies, seminars and conferences.

of the project had to be extended to 42 months, i.e., until 31 July 2022. A contract with the supplier is to be signed at the start of 2022.

Project: Improving customs surveillance and trade facilitation at Border Crossing Point Vyšné Nemecké (SK) – Uzhgorod (UA) (grant agreement No. 878519 - FLOODGATE)

The project implemented under the Hercule III programme was aimed at enhancing the effectiveness in customs surveillance and facilitate trade at the Vyšné Nemecké – Uzhgorod border crossing. A stationary truck inspection scanning system was purchased to be installed at the border crossing to help detect illegal trafficking, smuggling and counterfeiting of goods which affect the financial interests of the European Union. The public tender was closed at the start of 2021 and a corresponding contract for works was signed in March 2021. The stationary inspection system was delivered and installed at the border crossing at the end of August 2021. A final project report was prepared after the completion of the project on 30 September 2021 which was then approved by the European Commission and all financial obligations were settled.

The new stationary inspection scanning system (“ISS”) contributes to the objective of modernising Slovakia-Ukraine border crossings in order to enhance the effectiveness of customs checks, prevent illegal imports of goods, and provide better services to businesses and passengers. The new ISS has made the customs checks more effective and improved throughput at the border crossing (at least by 50% in the case of cargo vehicles). At the same time, it has increased the effectiveness of the scanning process and **improved the quality of customs checks**. The protection of financial resources in the state budget is a priority. The Financial Administration purchased the new ISS for EUR 3,420,000 in a public tender, **of which EUR 1,800,000 was covered by the HERCULE III grant**. The remaining amount was funded from the state budget. More information can be found in [a Financial Administration's press release](#).

3.2.7 Bratislava self-governing region

The Managing Authority for the INTERACT III cooperation programme is actively engaged in the sharing of information, for example, through regular reports on the implementation of the programme and participation in relevant training workshops which also provide an opportunity to exchange experience. It also participates in the preparation of inputs for PFI EU reports submitted by the NO OLAF.

3.2.8 Slovak Intelligence Service

SIS activities in the protection of EU’s financial interests

The protection of the EU’s financial interests is one of the key economic areas on which the Slovak Intelligence Service (“SIS”) has long focused its attention. The SIS continuously collects, gathers and assesses the information concerning the violations of laws and rules governing the provision of subsidies/grants from EU funds and procurement of goods and services using the EU resources and funds from Slovakia’s state budget. Relevant information is then forwarded to competent authorities.

The SIS’s monitoring of activities related to the EU funds detected several cases of fraud involving the ineligible drawing of NFCs in which manipulations in public tenders for suppliers of works, goods and services occurred, as well as fictitious or excessive invoicing for the declared projects in order to gain an unlawful profit from EU subsidies and the Slovak state budget, also accompanied by avoidance of taxes

and social contributions. These cases usually involved corruption practices by persons who were in charge of decision-making about the projects or who participated in their evaluation or control. Some projects were not even implemented at all and only served as a means to acquire NFCs and make unlawful profits.

The most serious subsidy frauds were committed by organised groups where organisers were able to ensure, by corruption practices, that subsidy providers approved subsidies for pre-selected, usually overpriced, projects. Together with a subsidy beneficiary, they also manipulated tenders for deliveries financed from the awarded subsidies so that the contracts were awarded to suppliers chosen in advance. The subsidies were used to purchase fictitiously overpriced goods and technologies, enabling the subsidy beneficiary to unlawfully reduce its tax liability, as well.

Intelligence activities also focused on ineligible and fraudulent drawing of agricultural subsidies from the APA, where subsidies or their part were paid to affiliated firms even though they were not entitled to receive such financial resources.

As a Steering Committee member, the SIS contributed to its work mainly by participating in the preparation and consultations on relevant documents and by fulfilling its permanent tasks under Act No. 46/1993 Coll. on the Slovak Intelligence Service and under the National Strategy. As in the previous years, SIS officers took part in educational activities (training workshops) on the PFI EU organised by the NO OLAF.

4. Training activities provided by the NO OLAF and other network partners

4.1 National Office for OLAF

In line with its tasks under the National Strategy, the Government Office organised, through the NO OLAF, educational and training activities for state and public administration employees focused on theoretical and practical aspects of the protection of the EU's financial interests. **In cooperation with AFCOS network partners and in line with the approved "Education plan on the protection of the EU's financial interests in Slovakia for 2021", the NO OLAF organised eleven training workshops on the protection of the EU's financial interests in Slovakia** which were attended by **420 employees** of AFCOS network partners – managing authorities, intermediary bodies, implementation agencies, certifying authority, audit authority, prosecutor's office, and the police services. Lecturers included representatives of selected AFCOS network partners from the GPO, the Special Prosecutor's Office of the Slovak Republic ("SPO"), the Antimonopoly Office, the Interior Ministry, the Finance Ministry, and the Financial Directorate of the Slovak Republic.

The NO OLAF sent invitations to the planned workshops to AFCOS network partners a month in advance and published their offer on the GO SR and NO OLAF website in the "Školiace activity" section, along with reports on the past seminars it had already organised: <https://www.olaf.vlada.gov.sk//planovane-skoliace-aktivity-v-roku-2022/>.

Workshop topics included:

- Protection of the EU's financial interest from the perspective of the Financial Administration of the Slovak Republic;

- Risk management and fight against fraud in the ESIF environment;
- European Public Prosecutor’s Office – establishment, functioning and relations with institutions;
- Administrative proceedings – application practice in the process of administrative proceedings and the issue of judicial proceedings;
- Competition protection rules and cartel agreements in public procurement;
- State aid;
- European Public Prosecutor’s Office – its powers and procedures in Slovakia;
- Experience from government audits – selected topics;
- Act No. 357/2015 Coll. on financial control and audit.

The aim of the workshops was to improve the PFI EU system and strengthen professional administrative capacities in Slovakia in this field through training reflecting the requirements of authorities engaged in the protection of the EU’s financial interests in Slovakia.

The Steering Committee members were notified of the approved “*Education plan on the protection of the EU’s financial interests in Slovakia for 2021*” on 15 December 2021, prepared on the basis of proposed topics, lecturers and recommendations for training activities from the AFCOS network partners.

An ESIF-related risk management and fight against fraud workshop was held on 21 June 2021, led by Interior Ministry employees. The training focused on risk management and the importance of the fight against fraud in ESIF, on fraud prevention, detection and investigation, on procedures and processes applied by the managing authority, including a practical workshop to share experience from risk management and external audits. Two more dates, 7 September and 29 October 2021, had to be added due to popular demand.



A workshop entitled “European Public Prosecutor’s Office – establishment, functioning and relations with institutions” was held on 24 June 2021 in the Hotel Bôrik in Bratislava. Lectures were delivered by two European Delegated Prosecutors and a GPO employee. The workshop focused on the EPPA and possibilities of mutual cooperation and exchange of information with national



authorities, reporting of suspected crimes to the EPPO, etc.

A workshop entitled “Administrative proceedings – application practice in the process of administrative proceedings and the issue of judicial proceedings” was held on 6 September 2021 in the Hotel Bôrik in Bratislava. The

workshop focused on the procedures of administrative authorities prior to issuing decisions, decision-making and service of decisions, remedies, and a summary of problematic judicial proceedings, including Q&A. The workshop was led by Finance Ministry employees.

A workshop on the rules of competition protection and cartel agreements in public procurement was held on 23 September 2021 in the Hotel Bôrik in Bratislava. The workshop discussed the introduction to competition, its legislative rules, risk indicators. Examples from the practical experience of the Slovak Antimonopoly Office were presented, complemented with Q&A. The workshop was led by AMO employees.



The second workshop on the EPPO for selected authorities (SAO SR, Government Office, AMO, APA, PPO) was held in the Hotel Bôrik in Bratislava on 8 October 2021. The workshop was led by a European Delegated Prosecutor. Participants received basic information about the EPPO, its mandate and powers, including procedural actions. The second part focused on reporting suspected crimes and

cooperation between national authorities and the EPPO. The lecturers presented the forms and formal requirements of such reports and application problems.

A workshop on selected topics and experience from government audits was held on 18 October 2021 in the Hotel Bôrik in Bratislava. The workshop was led by Finance Ministry employees.



A workshop on Act No. 357/2015 Coll. on financial control and audit was held on 19 October 2021 in the Hotel Bôrik in Bratislava. The workshop focused on the basic definition of terms, financial control and audit, basic rules of financial control and audit, practical examples, and Q&A. The workshop was led by Finance Ministry employees.

4.2 Other network partners

4.2.1 Public Procurement Office

The PPO prepares many workshops for the professional public and experts every year. More than 5,000 participants attended these workshops in 2021.

PPO chairman M. Hlivák, head of press department J. Zvončeková and head of complaints department M. Ďuranová presented the public procurement topic to primary school teachers. At a workshop attended by 51 teachers from thirty primary schools from all over Slovakia, they explained the methodology of teaching about public procurement as part of financial literacy classes.

List of workshops delivered by the PPO in 2021, including number of participants:

Table 5

Workshop	Number of workshops	Number of participants
Financial literacy – public purchases – workshop for primary school teachers	1	51
Low-value contracts	97	1,672
Summary reports	63	1,635
The basics of public procurement in the context of control	40	406
EVO – Electronic Public Procurement information system	15	481
The basics of public procurement for economic operators	1	29
Audit authority – the basics of public procurement	1	53
Audit authority – Public Procurement – Theory and Practice	2	198
Public procurement for beginners	1	116
Principles of public procurement and conflicts of interest in public procurement	1	60
Green public procurement	4	111
Social aspects in public procurement	4	128
Procurement of innovative solutions	4	103
The basics of MEAT criteria for beginners	1	25

4.2.2 Antimonopoly Office of the Slovak Republic

AMO representatives **participated in several training activities** on the protection of the EU's financial interests organised by the NO OLAF under the **Education Plan on PFI EU** last year.

They were also involved in public awareness-raising training activities on the protection of the EU's financial interests in the areas falling within the AMO's mandate. **As lecturers** or in cooperation with representatives of other general government and local authorities, they led **ten training activities under the Education Plan on PFI EU 2021 and the Central Education Plan for ESIF Administrative Capacities**, and **also led other PFI EU-related training activities** delivered outside the two education plans. Depending on the counter-pandemic measures valid at the time, the training courses were delivered either online or face-to-face and focused on competition rules and cartel agreements in public procurement in the area of State and de minimis aid, including aid measures and rules on the provision of aid which may also be financed by EU resources.

Four training activities on the rules of competition protection and on anti-competition practices in public procurement were led by AMO representatives. **Two** of them were held on 31 March 2021 and 30 November 2021 in cooperation with the MIRD SR as part of **education of the ESIF administrative capacities**, **one** was held on 23 September 2021 in cooperation with the NO OLAF as part of **the PFI EU education**, and **one online training on risk indicators of collusion in public procurement from the perspective of the Act on the Protection of Competition** was held, beyond the approved education plan, for APA representatives on 23 May 2021. During workshops, the AMO lecturers first described the powers and mandate of the AMO in this area, then explained what the agreements restricting competition are and what sanctions can be imposed for a breach of the provisions of the Act on the Protection of Competition. They paid special attention to clarifying how the agreements restricting

competition in public procurement are assessed and presented concrete cases investigated by the AMO that had involved such unlawful conduct by businesses in public tenders co-financed from EU funds.

The AMO representatives led several training activities on State aid, organised numerous working meetings, discussions and phone consultations, especially with representatives of aid providers.

In order to **train ESIF administrative capacities**, representatives of an aid coordinator cooperated as lecturers in **six training activities**, focusing, in particular, on the **legislation applicable to State aid de minimis aid schemes and provision of non-repayable financial contributions from ESIF resources**. These activities were held on 30 March, 27 April, 25 May, 22 June, 12 October and 07 December 2021. **A training workshop on the Slovak Recovery and Resilience Plan in the context of the State aid rules** was held on 24 September 2021, organised in **cooperation with the Government Office** (the recovery plan section and NO OLAF). Participants were introduced to the legislation governing the State aid and to the Commission guidance and guiding templates for recovery and resilience plans to be prepared by EU Member States, and selected components of Slovakia's Recovery and Resilience Plan within which the reforms and investments need be assessed against the State aid rules. In addition to the seven training activities delivered under the aforementioned education plans, the AMO representatives **also led eleven more training activities or workshops** for representatives of government authorities or self-governing regions. The key topics included the legislation governing **State aid**, the Act on State Aid, the rules on the **provision of State aid de minimis aid**, information system for recording and monitoring aid **IS SEMP**, **aid measures**, as well as other questions concerning the application of the State aid and **investment aid** rules.

In addition to training activities, the AMO representatives held a total of **138 working meetings with aid providers** and/or aid scheme operators to raise awareness about State aid. They were most frequented by representatives of the Government Office, government ministries and other government authorities, as well as municipalities and self-governing regions. In many cases, the working meetings focused on specific or planned aid measures (some of them co-financed from the European Structural and Investment Funds and also from the state budget) and legislative proposals for granting aid, as well as various questions regarding the application of State aid rules.

At the same time, representatives of the Antimonopoly Office continued to **engage in active cooperation with the government authorities** (MIRDI SR, MF SR, GO SR) **in the preparation of measures financed from European resources**, e.g. in connection with the preparation of the new programming period, in particular the Operational Programme Slovakia, the Just Transition Plan as part of the OP Slovakia and the Recovery and Resilience Plan of the Slovak Republic, under which State aid or de minimis aid are to be granted.

4.2.3 Ministry of Investments, Regional Development and Information of the Slovak Republic

In 2021, the MIRDI SR organised **five training workshops** for the ARACHNE system. The training was completed by **69 participants**. The trainers were MIRDI SR employees.

Activities of the MIRDI SR Department for ESIF Administrative Capacities in the area of protecting the EU's financial interests in Slovakia for 2021

In 2021, as part of the *Central Education Plan for ESIF AC for the 2014-2020 programming period ("CEP")*, the Department of European Structural and Investment Funds Administrative Capacity ("AC" or

“ESIF AC”) organised **91 in-person and online training activities** where a total of **2,666 participants** from the MIRD SR, MoH SR, DataCentrum, IA MoLSAF SR, MoC SR, MESRS SR, MTC SR, MF SR, MoE SR, MoLSAF SR, MARD SR, MI SR, MoFA SR, SAO SR, AMO, SAE, SIEA, PPO SR, GO SR, VA, PPA have been trained. Thematically, the training activities focused on the most important areas of the ongoing ESIF implementation and were based on the management system and the ESIF financial management system, including other management documents, laws of the Slovak Republic, and the Commission guidelines and regulations.

The training activities were designed for standardised and non-standardised ESIF AC job positions in accordance with the prepared competency models that are part of the CEP. The in-person training activities were held in the premises of the GO SR’s facility Hotel Bôrik and their relevant modules were supplemented with practical exercises in the ARACHNE system. Among the lecturers of training activities were legislative sponsors and experts in the relevant areas of the ESI Funds, co-authors of the management and other documentation, in particular from the MF SR, MIRD SR, AMO, PPO and other institutions.

On 31 August 2021, the third version of the document *“Central Education Plan for ESIF administrative capacity for the 2014-2020 programming period”* came into force. The updated document will serve as the basis for organising the training activities for ESIF administrative capacity. It was updated based on the conclusions and recommendations of the Evaluation of the CEP 2014-2020, as well as on the basis of comments from the individual ministries. The purpose of the document is to establish a basic framework for systematic training of ESIF AC in the 2014-2020 programming period while taking into account the real needs of target groups. The document with annexes can be found [in the “Documents” section](#).

In-person and online training activities focusing on the PFI EU in Slovakia covered in particular public procurement, such as the **Control of public procurement of projects financed from the ESI Funds – case studies**, **Control of public procurement of projects financed from the ESI Funds – PP AC**, **Introduction to competition protection rules – anti-competitive practices in PP** and **Introduction to public procurement control** - e-learning, where a total of 12 training activities were organised during 2021 and completed by 339 participants. Lectures during the training workshops were delivered by employees of the PPO, AMO and MIRD SR.

Furthermore, in 2021, the training activity focusing on the PFI EU in the Slovak Republic was organised six times under the title *“Irregularities and financial corrections”* with a total of 194 participants. The lectures during the training activity were delivered by employees of the MF SR - CA.

Table 6

Title	Number of training workshops for 2021	Number of persons who completed training in 2021
Introduction to public procurement control – E-learning	5	148
Introduction to competition protection rules – anti-competitive practices in PP	2	43
Irregularities and financial corrections	6	194
Control of public procurement of projects financed from the ESI Funds – case studies	2	47
Control of public procurement of projects financed from the ESI Funds – PP AC	3	101
Total	18	531

It should be noted that the issue of the PFI EU in Slovakia was also incorporated, to a certain degree, in other training activities organised under the CEP, such as the Project Control within ESIF, the ESIF Management System for the 2014-2020 programming period, etc.

In 2021, the ESIF AC Department in cooperation with the AMO continued organising an optional online training course “Risk indicators” which should further contribute to a better understanding of the risk indicators of potential collusive bidding. The training course is available for all ESIF AC who have already created their user accounts in the CEP information system. In order to improve the quality of evaluation of identified risk indicators for anti-competitive behaviour, an optional training activity, which can be attended online, has been made available in addition to standard in-person training courses for administrative capacities organised by employees of the office. In this manner, administrative capacities can learn about the nature of every risk indicator in more detail, including the method of assessing its relevance based on the detailed characteristics and specific aspects of a particular indicator. With the implementation of the above training activity, the AMO seeks to achieve a considerable reduction in the number of irrelevant submissions which, in the past, have significantly reduced its capability to target the capacities at those cases where bid rigging within public procurement related to the spending of ESI Funds is more likely to be identified and demonstrated. Since September 2021 when the training course was launched again within the IS LMS, it was attended by **99 participants**.

The presentations and programme of the individual online training activities are published on the following portal: <https://cpv.mirri.gov.sk/>.

4.2.4 Ministry of Finance of the Slovak Republic

In 2021, the NO OLAF organised, as part of the 2021 PFI EU Education Plan, **two workshops** concerning the “Act on the financial control and audit” and “Experience from government audits – selected topics”. Training activities were intended for the AFCOS network partners. The lectures were delivered by employees of the Finance Ministry’s Audit and Control Section (“**ACS MF SR**”).

In 2021, within the framework of the CEP, the ESIF AC Department organised **two workshops** on the subject of Financial control performed within ESI Funds – theory and practice, attended by 71 participants, and **two workshops** on the subject of Selected findings from audits, attended by 87 participants. The training activities were intended for the MA/IB and other bodies involved in the implementation of the ESI Funds. The lectures were delivered by **ACS MF SR**'s employees.

In 2021, the MF SR Audit and Control Section organised **two workshops** to tackle the most frequent problems occurring in the application of the Financial Control and Audit Act with a focus on financial control; the workshops were attended by 188 participants, of whom 23 were from the MF SR. The lectures were delivered by **ACS MF SR**'s employees.

Furthermore, the MF SR Audit and Control Section organised:

- **one workshop** on selected questions regarding the application of Methodological Guideline No. 3 on the performance of government audits with a focus on international sources; attended by 71 participants, of whom two were from the MF SR;
- **two workshops** concerning the Act on the financial control and audit, with 229 participants, of whom fifteen were from the MF SR;
- **two workshops** on the subject of Financial control/audit and subsequent administrative proceedings, with 199 participants, of whom eight were from the MF SR;
- **two workshops** on the subject of Administrative financial controls and on-the-spot financial controls in practice, with 191 participants, of whom seven were from the MF SR;
- **one workshop** on the subject of ARACHNE, where 157 participants have been retrained, of whom eleven were from the MF SR;
- In cooperation with a lecturer from the MIRDI SR, **one workshop** on the subject of Financial control and public procurement within the ESI Funds, where 89 participants were retrained, of whom six were from the MF SR;
- **one workshop** on the subject of Irregularities and their settlement (lecturer **MF SR – CA**), with 89 participants retrained, of whom three were from the MF SR.

All training activities were intended for government authorities, including bodies involved in the implementation of the ESI Funds.

At the same time, the **ACS MF SR**'s lecturers held **three workshops** on the subject of Government audit and registration of results in the RIS.MZ module for the employees of the Government Audit Office where 75 participants have been retrained.

In addition to the workshops referred to above, the MF SR Audit and Control Section (external lecturers) organised, for the government authorities including the bodies involved in the implementation of the ESI Funds, **two workshops** concerning State aid and application practice, attended by 187 participants, of whom 20 were from the MF SR; **one workshop** on the subject of Cost-benefit analysis, where 122 participants received training, of whom 17 were from the MF SR; **one intensive course** on the subject of Cost-benefit analysis, attended by 15 participants, with one from the MF SR; and **two workshops** on the subject of Public procurement – theory and practice, where 199 participants received training, of whom eight were from the MF SR.

In 2021, the ESIF AC Department (**lecturers of the MF SR - CA**) organised six workshops on the issue of irregularities and financial corrections for the MA/IB and other bodies involved in the implementation of the ESI Funds; a total of **194 participants** have been retrained.

The internal workshops of the **MF SR - CA** on irregularities and financial corrections were not held in 2021.

Due to the declaration of the state of emergency and in connection with the adoption of measures to prevent the spread of COVID-19 pandemics, some of the planned professional training workshops for the AFCOS network partners were cancelled in 2021.

4.2.5 Bratislava self-governing region

The **Managing Authority for the INTERACT III cooperation programme** sent the proposals for training courses to be included in the NO OLAF's education plan for 2022 on 19 November 2021.

The Managing Authority for the INTERACT III cooperation programme is actively participating in the sharing of information, for example, through regular reports on the implementation of the programme and participation in relevant training workshops which also provide an opportunity to exchange experience, e.g., representatives of the INTERACT III cooperation programme attended the following workshops concerning the protection of financial interests:

- Anti-fraud in Interreg – What's new? organised by Interact Valencia on 12 May 2021;
- Risk management and fight against fraud in the ESIF environment; organised by the Government Office of the Slovak Republic on 21 June 2021, 7 September 2021 and 29 October 2021.

Other network partners did not organise training activities with a focus on the PFI EU, but attended the training workshops held in this area by the NO OLAF.

5. Information and awareness-raising activities on the protection of the EU's financial interests

5.1 National Office for OLAF

Contributions to the Eufondy newsletter of the Government Office of the Slovak Republic

In 2021, the NO OLAF published three contributions in the Eufondy newsletter published by the Information and Publicity Department (IPD) of the GO SR. In the March issue of the newsletter, the NO OLAF published information about the activities and composition of the [AFCOS network](#), its mission and the way it is coordinated by the NO OLAF. In its contribution published in June, the NO OLAF informed about the [creation of the EPPO](#) and presented its structure, powers in investigations into fraud against the EU budget, cross-border VAT fraud with total damage exceeding EUR 10 000 000, money laundering, corruption, etc. In September, the NO OLAF's contribution informed about the [publication of the Commission's Annual Report on the Protection of the EU's financial interests – Fight against fraud – 2020](#). The report provides details about measures adopted at the European and national level in the fight against fraud having an impact on the EU budget. It has been prepared on the basis of information provided by the Member States in accordance with Article 325 of the Treaty on the Functioning of the European Union, including data about identified irregularities and fraud. By analysing this information, it will be possible to assess which areas are most at risk and, therefore, better target the EU measures at the national level.

Roadshow 2021

On 22-27 August 2021, the Ministry of Foreign and European Affairs of the Slovak Republic organised a summer road show around Slovakia titled "What kind of Europe do you want to live in?" as part of the Conference on the Future of Europe. The NO OLAF was one of the partners to the summer road show.

It travelled around 25 Slovak cities and municipalities to showcase the benefits and importance of Slovakia's EU membership to the broad public in various regions – not only by means of discussions with experts in this field, but also by stirring interest in the EU topics through interesting debates and by presenting successful projects financed from the EU funds to the audience – as well as to obtain feedback on the perception of the EU by Slovaks. It was accompanied by a number of



interactive activities and parallel events where the NO OLAF prepared an interesting quiz for the public, offering the participants various promotional items with its own logo.

5.2 Information and Publicity Department at the Government Office of the Slovak Republic

Online competition “Young European 2020”

The **IPD GO SR** participated in the preparation and organisation of the **16th** general knowledge competition “**Young European**” which is organised annually by the Representation of the European Commission in Slovakia together with [regional information centres Europe Direct](#). The event took place in a hybrid (in-person and online) form. The competition focuses on increasing the level of general knowledge about the EU among secondary school students in Slovakia by making it possible to obtain information and answers to questions about the EU’s institutions, legislation, policies, programmes and the individual Member States. In the final of the Young European competition which took place on 23 June 2021, thirteen teams – the winners of regional rounds from secondary schools all around Slovakia – tested their knowledge of the European history, geography, interesting facts about the EU or notable persons of the EU and its Member States. Some questions were also about the PFI EU. This year again, the competition was held under the auspices of Maroš Šefčovič, the European Commission Vice-President for Interinstitutional Relations and Foresight. Partners to the competition included the **Government Office of the Slovak Republic**. It was also supported by the Matej Bel University in Banská Bystrica. The competition is intended for students of the 2nd, 3rd and 4th grade at the grammar schools and secondary professional schools in Slovakia. It is organised by the Representation of the European Commission in Slovakia together with ten regional information centres Europe Direct. More information can be found in the [press release of the EC Representation in Slovakia](#).

5.3 Financial Directorate of the Slovak Republic

Communication with the Financial Administration (“FA SR”) is available through a web site with access to the address: nezrovnalosti@vlada.gov.sk, as well as with links to OLAF, OAFCN, NO OLAF and the relevant Annual Reports at: https://www.financnasprava.sk/sk/infoservis/eu-olaf/_1. On its website, the FA SR regularly informs the public about tax and customs issues which are updated on a daily basis. In 2021, the FA SR published a total of 222 press releases.

The FA SR also publishes an internal newsletter for its employees, as well as external newsletter (Finančný newsletter/Financial Newsletter) for the public. It is also present on Facebook, Instagram, LinkedIn or Youtube and the public can communicate with the FA SR also by means of an information phone line/call centre or electronically. Email communication is available separately for the customs and taxation areas (all details and instructions concerning communication in the relevant areas are available on the FA SR’s website or through the Financial Administration’s Taxana chatbot). It also uses the “Skype for Business” communication channel.

Information and submissions from the public are received through the email: pokladnica@financnasprava.sk; complaints regarding the conduct of the financial administration bodies (only pursuant to Act No. 9/2010 Coll.) can be sent to: staznosti@financnasprava.sk. Also, the public can send emails to the Financial Administration’s Crime Office (FACO) using the address: oskufs@financnasprava.sk, or a letter to the following address:

Kriminálny úrad finančnej správy
Bajkalská 24
824 97 Bratislava
Paid hotline service is also available by calling 02/58251311.

Submissions concerning criminal activity in the area of VAT, excise duty (tobacco, cigarettes, spirits, mineral oils), as well as illegal imports, exports and transit of drugs and hazardous materials, violations of customs regulations or intellectual property rights: Green Line: +421 (800) 110110.

Call centre (048/43 17 222) is the most frequently used means of communication with the public. Through the call centre, the Financial Administration provides expert advice about tax and customs regulations.

OpenData portal

In November 2021, the Financial Administration launched its Open Data Portal. Organised in one place, all data available to the Financial Administration is accessible to the citizens, journalists or the general public. It can be found at: <https://opendata.financnasprava.sk/>.

In connection with the fraudulent conduct affecting the EU's financial interests and within the competences and jurisdiction of a financial administration investigator (as per §10(8) of the Code of Criminal Procedure), the FACO evaluates and keeps statistics on criminal proceedings concerning the violations of customs regulations in accordance with §254 of the Criminal Code where, effective from 1 June 2021, the EPPO commenced its activities and, in line with its jurisdiction, took over the conduct of criminal proceedings. The statistics on the investigation of the relevant cases are evaluated by the FACO on a regular basis.

5.4 Supreme Audit Office of the Slovak Republic

Through its regular information activities, the Supreme Audit Office of the Slovak Republic (SAO SR) continued the implementation of the Action Plan and the Communication Strategy in 2021. By presenting the results of control and analytical activities, pointing to the identified deficiencies or by suggesting solutions and defining good practices, the SAO SR contributed to increasing the transparency, effectiveness and accountability in the public sector, be it at the level of general government, or local governments. Out of 56 initiated media outputs in total, **53 press releases** covered both audit and non-audit activities. The SAO SR issued three joint statements with the Public Procurement Office.

The SAO SR continued intensive online communication and development of its own website where, along with key information about the SAO SR and the schedule of controls, the general public can also find detailed reports about their outcomes (www.nku.gov.sk). Detailed information about allocating, contracting and spending of the European funds by individual cities and municipalities, as presented by the SAO SR on its website through the **MuMAP app**, is especially attractive. With the use of four maps, the visitors can search and compare data on the success rate of municipalities with regard to EU funding, including the findings and outcomes from the SAO SR's audits. The website had 3 million views last year, with the number of unique visitors hitting the 90,000 mark. Communication through social

networks was also intensive, bringing the processed information in formats required by individual audiences (target groups). The users of Facebook, Instagram, YouTube, Twitter or LinkedIn were able to test their knowledge and estimates on data correctness by means of [quizzes on expert topics](#), or to obtain behind-the-scene information on audits and the SAO SR through the summer video series “Letné štúdio NKÚ” (SAO Summer TV Studio). The number of core followers and subscribers of SAO SR’s feeds on these channels has surpassed [6,500](#) last year.

The public also communicated with the SAO SR by traditional channels – by submissions, letters or by electronic means. The volume of such communication has doubled, confirming the growing public trust in the SAO SR.

5.5 Public Procurement Office

Public open communication policy

The Act on Public Procurement includes, as one of its innovative elements, the public policy of open communication which was drafted on the basis of the document titled [“Nech právny štát hovorí” \(Let the rule of law speak\) ISBN 978-80-570-1588-8 \(pdf\)](#). This is a concept that is new to the state and is important in that it reinforces public control over purchases for public money. The public policy of open communication pursued by the PPO is based on the need to build society’s trust in the state’s actions. The way this policy is conceived and implemented is reflected in the particular activities where expertise, clarity, reinforcing the prevention and public control, publicity and training are of paramount importance. One of its objectives is to ensure that the public procurement agenda becomes a matter of public interest. If conceived and implemented in this manner, the public open communication policy can be an effective vehicle for increasing the transparency in public purchases, combating fake information on social networks, increasing public participation in governance and strengthening the soft power of the state.

As the policy is in line with the open governance concept, it is also supported by [Martin Giertl, Plenipotentiary of the Slovak Government for the Development of Civil Society](#). The public policy of open communication was presented by the author of the document and head of the Press Department J. Zvončková, on 5 October 2021 as part of the Open Governance Week and also [through the media](#). More information can be found in press releases and the published [video](#).

Methodological-educational materials

Every year, the PPO publishes several materials in the form of methodological guidelines, educational materials, infographics and magazines, and prepares podcasts covering various topics related to public procurement. These materials and activities encourage contracting authorities and entities to prepare tenders in line with the Public Procurement Act. Compliance with the Public Procurement Act also applies to contracts financed from the European funds and, therefore, it is crucial to raise awareness and offer a proper interpretation of the public procurement processes also by means of information materials. By the same token, the PPO also assists persons interested in tenders or other persons participating in the public procurement processes to educate themselves with the use of these materials. Because the PPO is a client-oriented agency, information is given to them directly in the regions through tailor-made consultancy services provided by the PPO’s permanent offices.

In 2021, the PPO published several materials on social and green public procurement and issued a methodological guideline and infographics for the Act on promoting green vehicles. On several occasions every year, it prepared an analysis and methodology in connection with the most frequent infringements of the act and also focused on public procurement in science and research. On a regular basis, the PPO prepares the “ÚVODzovky” monthly where it presents interesting decisions and methodological guidelines, as well as decisions of the Court of Justice of the European Union. Also, the PPO publishes, on a quarterly basis, a document titled “Výber z metodickéj a vzdelávacej činnosti” (Selected methodological and educational activities) where it provides answers to frequently asked questions concerning methodology queries handled over a certain period of time.

5.6 Antimonopoly Office of the Slovak Republic

With a view to raising awareness about State aid, the representatives of the AMO have conducted a total of **138 working meetings with aid providers** or aid scheme operators. The participants included, in particular, representatives of the Government Office of the Slovak Republic, the ministries and other government authorities, as well as municipalities and self-governing regions. In many cases, the working meetings focused on specific or planned aid measures (some of them co-financed from the ESI Funds and also from the state budget) and legislative proposals for granting aid, as well as various questions regarding the application of State aid rules.

At the same time, the AMO representatives continued to engage in **active cooperation with the government authorities** (MIRDI SR, MF SR, GO SR) **in the preparation of measures financed from European resources**, e.g. in connection with the preparation of the new programming period, in particular the Operational Programme Slovakia, the Just Transition Plan as part of the OP Slovakia and the Recovery and Resilience Plan of the Slovak Republic, under which the State aid or the de minimis aid are to be granted.

The AMO also contributes to raising awareness and informing the public about the protection of the EU’s financial interests through its **website www.antimon.gov.sk**. The redesigned website now contains a **separate section** titled “**[Cooperation in the protection of the EU’s financial interests](#)**” where it presents the AFCOS network, OLAF, the National Office for OLAF while also providing information about the options available for reporting suspected irregularities through the published email address: nezrovnalosti@vlada.gov.sk. This section also contains links to the published annual reports concerning the PFI EU (in 2021, the links to the following annual reports were made available: [Annual Report on Activities of Network Partners in the Protection of the EU’s Financial Interests in Slovakia in 2020](#), [OLAF Annual Report for 2020](#), [Commission’s Annual Report on the Protection of the EU’s financial interests – Fight against fraud – 2020](#)).

Twitter

On the Twitter social network, the **AMO** is an **OLAF profile** follower and shared some of the news published by OLAF also with its own followers on this social network. On Twitter in 2021, the **AMO** “retweeted” or “liked” almost 20 tweets from OLAF. The tweets also contained infographics and other images with which OLAF presented its role to the public in particular as regards combating fraud and protecting the consumers in various areas of the EU’s economy. The tweets covered, for instance, the results of OLAF’s investigations in connection with the smuggling of various types of goods, such as medicinal products, drugs, cigarettes, waste, vehicles, as well as possible misuse of EU funds in the

agriculture sector in Slovakia; the options and instructions with regard to reporting financial frauds to the EU; recommendations issued by OLAF after completing its investigations; presentation of OLAF's cooperation with the EPPO; modification of the rules and OLAF's powers in investigations and in the mutual cooperation with other institutions in 2021; setting up of the European centre to improve fight against fraud, detection and prevention also during the COVID-19 pandemic, publication of the Commission's Annual Report on the Protection of the EU's financial interests – Fight against fraud – 2020, or online meetings of the representatives of the OLAF Anti-Fraud Communicators' Network (OAFCN) within the PFI EU (10 February 2021).

Newsletter "Súťažný spravodajca"

In 2021, in the "Súťažný spravodajca" newsletter (**Competition Newsletter**) issue No. 1/2021, published by the AMO on its website, as well as distributed to its stakeholders, the Antimonopoly Office also included **information about OLAF's press release on completed investigations** into possible misuse of EU funds for agriculture in Slovakia. This issue of the newsletter is available at <https://www.antimon.gov.sk/data/att/674/2133.1a6746.pdf?csrt=13114403544648114384> (and the relevant information can be found on pg. 16 of the newsletter). In the individual issues of the Competition Newsletter, the AMO publishes, on a quarterly basis, a summary of updated information about its activities and state of play with regard to economic competition, State aid and the de minimis aid in Slovakia, as well as abroad.

5.7 Bratislava self-governing region

The Managing Authority for the INTERACT III cooperation programme has been regularly publishing press releases on the protection of the EU's financial interests on its website <https://bratislavskykraj.sk/urad-bsk/eurofondy-a-regionalny-rozvoj/program-spoluprace-interact/>. In 2021, the Bratislava self-governing region published the Commission's Annual Report on the Protection of the EU's financial interests – Fight against fraud – 2020, the Annual Report on Activities of Network Partners in the Protection of the EU's Financial Interests in the Slovak Republic for 2020, the OLAF's Annual Report for 2020, press releases and information concerning the PFI EU by OLAF in the EC, as well as press releases and notifications by the National Office for OLAF concerning the PFI EU.

The MA for the INTERACT III cooperation programme has in place procedures for reporting fraud and conflict of interests, both internally and to the European Anti-Fraud Office. Employees of the Managing Authority, Certifying Authority and other entities participating in the implementation of the INTERACT III cooperation programme (beneficiary), or members of the public are free to report any suspicion of unfair practices. The submissions can be made:

- a) by a letter;
- b) by an email to the address: kontrolor@region-bsk.sk;
- c) through the direct link [Reporting fraud and irregularities](#) to OLAF.

The MA for the INTERACT III cooperation programme has set up control mechanisms and fraud prevention system in a manner that sufficiently eliminates suspected fraud from the beginning of the implementation of the programme.

Every year, typically in February, the MA for the INTERACT III cooperation programme carries out an annual evaluation of the risks of fraud at the cooperation programme level and, if necessary, prepares an annual action plan for fraud risk management based on its results.

During the implementation of the INTERACT III cooperation programme, there were no cases of suspected fraud registered.

Any identified irregularities are registered in the eMS system and sent in accordance with the INTERACT III Management and Implementation System to the email address: co_nzr_INTERACTIII@mfsr.sk.

5.8 Ministry of Investments, Regional Development and Informatisation of the Slovak Republic

On its website, at the “Protection of EU’s financial interests” tab at <https://www.mirri.gov.sk/sekcie/cko/ochrana-financnych-zaujmov-eu-v-sr/index.html>, the **MIRDI SR** updates information in line with the requirements of the National Office for OLAF. It contains a link to the NO OLAF and information (link) where suspected irregularities are to be reported. There is also comprehensive information about the AFCOS network and a link to the “*National Strategy for the Protection of the European Union’s Financial Interests in the Slovak Republic*” and to the “*Steering Committee for the Protection of the EU’s Financial Interests in the Slovak Republic*”.

The MIRDI SR website section about the Integrated Regional Operational Programme (IROP) contains information on the reporting of suspected fraud falling under IROP at <https://www.mirri.gov.sk/mpsr/irop-programove-obdobie-2014-2020/oznamovanie-podozreni-z-podvodov-irop/>.

A dedicated section “Reporting suspected fraud” has been set up as part of the web pages for cross-border cooperation programmes, including an explanation of how to proceed in reporting suspected fraud/corruption/anti-social activities under the cooperation programme Interreg V-A Slovakia – Czech Republic and Interreg V-A Slovakia – Austria (link: <https://www.sk-at.eu/sk/kontakty/nahlasovanie-podozreni-z-podvodov>, <https://www.sk-cz.eu/sk/kontakty/politika-boja-proti-podvodom>); Anti-fraud Policy under the cooperation programme Interreg V-A Slovakia – Czech Republic and Interreg V-A Slovakia – Austria was published as well.

On social networks, the MIRDI SR published seven articles in connection with the protection of the EU’s financial interests. This included information on the adoption of an amendment to the Act on contributions from EU funds, which – in addition to making the process of spending simpler – also increases the transparency of the whole process involving the provision of non-repayable financial contributions. The ministry also published information about the strategic investment plan for the new programming period 2021-2027, a reform of the European funds establishing significant improvements to simplify the process for applicants, beneficiaries and grantors, and about the new public procurement manual unifying and clarifying the rules of public procurement. Information about the results of the SAO SR’s control concerning classified IT projects has been published as well.

6. Publication of press releases

6.1 National Office for OLAF

In 2021, the NO OLAF issued a total of **eight press releases** about topics related to the PFI EU. The press releases covered the activities of the National Office for OLAF, OLAF and the Commission as regards the

protection of the EU's financial interests (in particular, information about the publication of annual reports, the 2020 Annual Report on Irregularities, the launch of a digital platform for the Conference on the Future of Europe, a working meeting between the NO OLAF and the General Prosecutor's Office of the Slovak Republic, also attended by the European Prosecutor, about training workshops organised by the NO OLAF, and the working arrangement between the EPPO and OLAF). The press releases can be found here: <https://www.olaf.vlada.gov.sk//tlacove-spravy-a-oznamy/>.

On its own website and, in cooperation with the WGC members, on the websites of the AFCOS network partners, the NO OLAF published the *Commission's Annual Report on the Protection of the EU's financial interests – Fight against fraud – 2020* (the so-called "PIF Report"), the *OLAF's annual report for 2020* and the *Annual Report on Activities of Network Partners in the Protection of the EU's Financial Interests in the Slovak Republic for 2020*. The NO OLAF also provided, on its own website, information about the preparation of its *Annual Report on Irregularities for 2020*.

6.2 Other network partners

Throughout 2021, press releases regarding the protection of the EU's financial interests were published by other network partners as well.

At its website eufondy.sk, the **Information and Publicity Department (IPD) of the GO SR** published a [press release about OLAF's investigations in the Slovak Republic](#) related to direct payments and systemic weaknesses in national verification procedures, [about the AFCOS network](#), the [Commission's Annual Report on the Protection of the EU's financial interests – Fight against fraud – 2020](#) and a press release on the publication of the [OLAF's Annual Report for 2020](#) and on the [Annual Report on Activities of Network Partners in the Protection of the EU's Financial Interests in the Slovak Republic for 2020](#).

In June 2021, the IPD published information about the publication of the OLAF's Annual Report for 2020 also on its [Facebook profile at facebook.com/euuvsr](#).

In 2021, in addition to the annual reports concerning the protection of the EU's financial interests as referred to above, the **Antimonopoly Office of the Slovak Republic** also published a [press release concerning investigations into possible misuse of EU funds for agriculture in Slovakia](#) on its website. OLAF published its own press release concerning these investigations on 21 January 2021. The AMO included information from this press release in its [Competition Newsletter \(Súťažný spravodajca\) issue No. 1/2021](#).

In April 2021, the AMO, as one of the authorities concerned, issued an [opinion to Commission's Notice No. 2021/C 91/01 on tools to fight collusion in public procurement and on guidance on how to apply the related exclusion ground](#). For the best possible use of available public funds, the AMO thus brought to the public attention – in particular for entities involved in the public procurement process – several recommendations regarding the public procurement process and the experience of various EU Member States in addressing application problems related to public procurement.

At the same time, in June 2021, the AMO [informed, by a press release, about the updated wording of its prioritisation policy](#), which was revised by the AMO in particular due to the new wording of the [Act on the protection of competition \(Act No. 187/2021 Coll.\)](#) which became effective on 1 June 2021, in conjunction with Directive (EU) 2019/1 of the European Parliament and of the Council of 11 December 2018 to empower the competition authorities of the Member States to be more effective enforcers and

to ensure the proper functioning of the internal market. In the context of public finances, the AMO's document on prioritisation policy still contains, as one of the priorities in terms of practices, the so-called bid rigging as a technique that is especially harmful for public procurement due to its undoubtedly negative impact on public spending effectiveness. In its prioritisation policy, the AMO also took account of the constructive suggestions and comments received from the public as part of expert discussion between May and June 2021.

The issue of public finances protection was also covered by several press releases in which the AMO brought updated information about the coordination of aid which may also be financed from the EU funds, either in part or in full. The AMO informed about several measures or aid schemes to support enterprises in various areas of the industry or companies affected by the COVID-19 crisis and about the provision of aid in line with the [measures based on the Communication from the Commission: Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak](#) and its amendments, as well as the extension of its validity, and also about Slovakia's State aid schemes approved by the EC. With its press releases, the AMO also informed about the [Commission's guiding templates](#) for State aid based on Slovakia's Recovery and Resilience Plan; the [2022-2027 regional aid map](#) for Slovakia approved by the Commission in accordance with the Just Transition Fund Regulation; [Commission's amendment to the State aid scheme](#) on ESIF liquidity support for innovative enterprises with limited access to credit facilities in connection with the COVID-19 outbreak – Slovak Investment Holding (SIH); methodological guideline for aid grantors and entities providing resources from public funds – [State aid test template](#).

On its website, the **Financial Directorate of the Slovak Republic** regularly informs the public about issues related to taxes and customs duties. In 2021, the Financial Directorate published a total of **222 press releases** on its website. The specific cases described in the press releases are presented in Part 7 of this report.

Cooperation with Europol and OLAF in an operation focusing on falsified medicinal products

Under Europol's Operation **SHIELD II**, the European Anti-Fraud Office (OLAF) led an enforcement action targeting counterfeit and substandard hormonal substances, food supplements and medicines for erectile dysfunction. European consumers were protected from hundreds of thousands of dodgy tablets and vials. OLAF investigators facilitated the cooperation and activities of customs and police authorities of 17 EU Member States that took part in the targeted action. Together, OLAF and national authorities found various irregularities and intercepted 254,731 tablets and 131,027 vials of various medicines and 278 kg of food supplements. The participating countries were: Austria, Belgium, Bulgaria, Croatia, Czech Republic, France, Greece, Hungary, Ireland, Italy, Lithuania, Netherlands, Poland, Portugal, Romania, **Slovakia** and Spain. In the course of six months – April to October 2021 – Europol, OLAF and the countries that participated in SHIELD II looked to bust misused or counterfeit medicines, doping substances, illegal food or sport supplements and counterfeit COVID vaccines, sanitary products and medical devices.

More information can be found in [Europol's press release](#) and [OLAF's press release](#), as well as on OLAF's Twitter account: <https://twitter.com/EUAntiFraud/status/1470776999576756224>.

In 2021, the **SAO SR** issued 56 media outputs - 53 press releases and 3 joint statements with the Public Procurement Office. EU funds were covered, for instance, in the following press releases.

In the press release dated 22 October 2021, the SAO SR provided information about the results of its inspection to verify the functioning of internal control systems in the central government institutions. The inspection at the Ministry of Labour, Social Affairs and Family of the Slovak Republic (the “Labour Ministry”) has revealed non-functional internal control and a lack of inspectors in the sector. Internal control mechanisms are **ineffective and inefficient**. Employees have little experience in how the internal control system is set up, while the insufficient number of inspectors poses a risk as well. However, national inspectors have identified similar deficiencies also within the Education Ministry. **It was also for this reason that, in its strategic orientation plan for inspections for the upcoming years, the SAO SR included audits thematically focusing on the comprehensive evaluation of the functioning and effectiveness of internal control systems within central government institutions.** The national authority for external control deems it important that top representatives of state and public organisations arrange training for their employees with a focus on financial management and ongoing control in all areas falling within the remit of a ministry, state corporation or municipal authority.

Last year, national inspectors verified the effectiveness of the internal control system within the Education Ministry and, based on the identified deficiencies, they noted that the system was not set up in a correct manner and that the risk management processes were missing. This is related to the targeted control of core activities of an institution based on the Competence Act. Within the Ministry of Labour, Social Affairs and Family, similar risks have been confirmed by the national authority for external control.

In this connection, the SAO SR Vice-President Ľubomír Andrassy said that the risk management policy must be reflected in the internal control system. It is the key element of the management system and offers the manager an objective test of validity. Therefore, the SAO SR calls upon the ministers, directors-general of state institutions, as well as representatives of local and regional governments to actively use internal control instruments and reinforce the personnel capacities of units performing unbiased control within the institutions they manage. More information can be found in Part 7 of the Annual Report and in the published [SAO SR’s press release](#).

According to the press release of 8 October 2021, Slovakia is losing millions of euros due to **irregularities in the construction of highways**. Between 2019 and 2020, the public procurement process in the National Motorway Company (NDS) was not set up in a transparent manner and did not prevent potential fraud or corruption. After verifying the public procurement system, the SAO SR noted that internal control in NDS was not functioning. Inspectors have found deficiencies both in its preparation and the documentation of processes. In many cases, the company did not keep documents in archives; some were even redacted and could not be verified in more detail. This automatically raises suspicions that funds have not been used economically. On these grounds, the SAO SR referred its findings to the police, the Public Procurement Office and the Finance Ministry’s audit and control section. If set incorrectly, the processes and procedures can lead to errors and deadlines can be missed. Therefore, the national inspectors advised the parliamentary committee members to ask the Transport Ministry management team to set up the NDS’ procurement process in a way that will make it functional, so that the deadlines for the construction of highways are not extended and the cuts in funding allocated by the EU for Slovakia be prevented.

More details concerning this inspection carried out by the SAO SR can be found in Part 7 of this Annual Report.

In a press release of 6 August 2021, the SAO SR informed the public about an **inspection focused on a major cyber security project**, which was aimed at creating networks of units equipped with expert and technical capacities for handling security incidents. The overall value of cybernetic IT projects was nearly EUR 53 million. During the inspection, the SAO identified several deficiencies – ranging from the course of the public procurement, transparency in the selection of the contractor, through to the financial management of the project by the former Office of the Deputy Prime Minister for Investments and Informatisation. **The SAO SR referred its findings to law enforcement authorities on grounds of suspected machinations in public procurement and a breach of fiduciary duties.** In IT projects financed from the European and national funds, making the entire procurement and management process secret has become a “rule”. It was also for this reason that the SAO SR chairman Karol Mitrík decided, following a trilateral discussion with the Minister of Investments, Regional Development and Informatisation of the Slovak Republic (MIRDI SR) Veronika Remišová and the Director of the National Security Bureau Roman Konečný, to carry out an extraordinary inspection. The plan of control activities for 2020 included an inspection by which the SAO SR examined the rationale behind the procurement of the National project for cyber security in the public administration, as well as economic and efficient use of funding or the procurement process alone.

The findings of the national authority for external control were also used to establish a model of good practices in connection with the publication of framework contracts for classified projects. These should contain information about financial performance, obligations and the rights of the parties, or a timeframe for performing the contract. More detailed information is provided in Part 7 of this Annual Report.

The **Managing Authority for the INTERACT III cooperation programme** has been regularly publishing press releases on the protection of the EU’s financial interests on its website: <https://bratislavskykraj.sk/urad-bsk/eurofondy-a-regionalny-rozvoj/program-spoluprace-interact/>.

The MA for the INTERACT III cooperation programme is regularly publishing press releases on the PFI EU on its website: <https://bratislavskykraj.sk/urad-bsk/eurofondy-a-regionalny-rozvoj/program-spoluprace-interact/>. It publishes [OLAF’s press releases and information related to the protection of financial interests, issued by OLAF in Brussels, as well as](#) press releases and information related to the PFI EU published by the NO OLAF.

On its website, the **MIRDI SR** regularly publishes the most recent press releases and links to annual reports on the protection of financial interests. In 2021, it published the Commission’s Annual Report on the Protection of the EU’s financial interests – Fight against fraud – 2020, a press release regarding the publication of the OLAF’s Annual Report for 2020, the Annual Report on Activities of Network Partners in the Protection of the EU’s Financial Interests in the Slovak Republic. Information and the link to the OLAF’s press release of 21 January 2021 about three completed OLAF’s investigations in 2020 into the possible misuse of EU funds for agriculture in Slovakia; as well as a press release concerning the 30th meeting of the OLAF Anti-Fraud Communicators’ Network (OAFCN) which was organised online, were published as well.

The **Operational Programme Quality of the Environment (OP QE)** has a separate tab on its website www.op-kzp.sk on the **Protection of financial interests** (<https://www.op-kzp.sk/ochrana-financnych-zaujmov/>) where it regularly publishes annual reports and updated information about the PFI EU, including useful links. For 2021, all the three annual reports are published on the OP QE’s website (i.e.,

the Commission's Annual Report on the Protection of the EU's financial interests – Fight against fraud – 2020, the OLAF's Annual Report for 2020 and the Annual Report on Activities of Network Partners in the Protection of the EU's Financial Interests in the Slovak Republic).

The same website also contains the email address: nezrovnalosti@vlada.gov.sk, including other options for reporting suspicions of criminal offences (such as suspected fraud pursuant to the Convention on the Protection of the European Communities' Financial Interests drawn up on the basis of Article K.3 of the Treaty on the European Union on the protection of the European Communities' financial interests, including its protocols) or other illegal activities having an impact on the financial resources of the EU and the state budget of the Slovak Republic.

As regards **social networks**, the Operational Programme Quality of the Environment has its own Facebook profile, even though **no questions regarding the PFI EU** have been posted in 2021.

For 2021, a total of **three posts concerning the PFI EU** were published on the Facebook profile:

- 4 February 2021 (shared video + basic information about OLAF);
- 18 February 2021 (AFCOS network)
- 14 June 2021 (OLAF Annual Report for 2020)

Other network partners did not publish their own press releases. On their websites, they published information regarding the PFI EU on the basis of the NO OLAF's request and also in connection with the tasks arising from the WGC's activities within the Steering Committee.

7. Examples of good practices of network partners

7.1 Cases handled by NAKA

Within this period, in connection with activities detrimental to the EU's financial interests, NAKA dealt with several cases affecting, in particular, the EU's financial resources within the European Regional Development Fund ("ERDF"), the European Social Fund ("ESF"), the Operational Programme Employment and Social Inclusion ("OP E&SI"), for instance:

1. In the "KRUPINA" case handled in April 2021, charges were brought against three natural persons for the crime of damage to the EU's financial interests under §261 of the Criminal Code, committed in conjunction with the crime of subsidy fraud under §225 of the Criminal Code, because a statutory representative of the urban forests agency signed, in 2016, a contract with the Agricultural Paying Agency on the provision of NFC in connection with the intended construction of a building with a deliberately increased value. During the construction, applicable legislation was not complied with and, therefore, the structure cannot serve its intended purpose following its completion, materials were not supplied or used in line with the bill of quantities, the site supervision repeatedly confirmed – as opposed to the true and existing state of affairs – the performance of works and supply of materials, while such conduct of the accused persons led to unduly obtained financial contribution, thus causing damage to its grantor, i.e. the Agricultural Paying Agency, in an amount of EUR 530,023, of which EU funding represented EUR 397,517.25 and funding from Slovakia's state budget EUR 132,505.75.
2. For an offence committed between 2009 and 2011, two natural persons were charged with a crime of damage to the financial interests of the European Communities pursuant to §261(1) and (3) of the

Criminal Code effective before 30 June 2016, committed in notional concurrence with a criminal offence of subsidy fraud under §225(1), (2) and (4)(a) of the Criminal Code in complicity pursuant to §20 of the Criminal Code, as it has been demonstrated that a person acting on behalf of the company requesting the provision of the NFC (the “applicant”) from the Ministry of Economy of the Slovak Republic, represented by the National Agency for the Development of Small and Medium Enterprises, Bratislava (the “representing agency”), entered into a contract on the provision of the NFC with the representing agency in 2009 concerning the implementation of a project titled **“Purchase of wood production equipment to increase employment in a region suffering from high unemployment”**, with the specified ratio of 85% : 15% between funding from the European Regional Development Fund and from Slovakia’s state budget, accounting for 50% of the total eligible expenditure, while own funding represented 50% of the total eligible expenditure. Subsequently, the accused natural person, who acted on behalf of the applicant, requested the payment of declared expenditure amounting to EUR 40,050 of the total declared expenditure amounting to EUR 80,100, which the grantor of the non-repayable financial contribution provided to the applicant in 2011 by a wire transfer to the applicant’s bank account, in which case three invoices issued by the applicant’s suppliers had been submitted, along with the application, for the following equipment to be purchased – Walter WD 250-350 multi-saw worth EUR 39,800, Störi Mantel KP 500 ECO cross-cut saw with conveyors including installation amounting to EUR 25,400, and a lifting platform worth EUR 14,900, i.e., in a total amount of EUR 80,100, while the procurement of such machinery was in conflict with the signed contract for the provision of a non-repayable financial contribution, as well as in conflict with §19(1) and (3) and §31(1)(a) and (n) of Act No. 523/2004 Coll. on the budgetary rules in public administration and on amendments to certain other acts, as amended, while this person, in complicity with the other accused person who represented the supplier of machinery, manipulated the public tender for the purchase of wood production machinery by declaring, to the grantor of the non-repayable financial contribution, higher acquisition prices of the above machinery in comparison with the actual value, thus causing, by acting in conjunction, damage worth EUR 40,050 to the Ministry of Economy of the Slovak Republic, of which the contribution from the European Regional Development Fund represented EUR 34,042.50 and the contribution from the state budget of the Slovak Republic accounted for EUR 6,007.50. Pre-trial investigation has been completed in 2021 and a prosecutor of the Special Prosecutor's Office falling under the General Prosecutor’s Office of the Slovak Republic signed a plea bargain with the accused, which was approved by a judge of the Specialised Criminal Court.

Charges brought against 21 natural persons for the continuing crime of damage to the financial interests of the European Communities pursuant to §261 (1) and (4)(a) of the Criminal Code effective at the time of the commission of the criminal offence, in notional concurrence with a continuing crime of subsidy fraud under §225(1) and (5) of the Criminal Code, by acting as accomplices pursuant to §20 of the Criminal Code or as aiders pursuant to §21 (1)(d) of the Criminal Code, partly completed and partly attempted pursuant to §14(1) of the Criminal Code, because the accused persons, in their capacity as managing directors of a company applying for non-refundable financial contribution, signed a contract for the provision of NFC with the Labour Ministry represented by the Implementation Agency in 2010, which was linked to the **project titled “Increasing company performance by training employees”** under the OP E&SI, while in the period between 2010 and 2013 they submitted a total of 13 requests for payment with which they submitted falsified documents and documents containing untrue information, thus pretending and declaring the participation of the accused lecturers as well as employees of the company in the performance of various activities which were not actually carried out, and on the

pretext of meeting the specified contractually agreed conditions, they obtained NFC in an amount of EUR 745,444.13 which they used for other than the intended purpose, thus causing damage to the grantor of the contribution in the funding from the state budget in the amount of EUR 111,816.64 and in the funding from the budget of the European Communities (EU) in the amount of EUR 633,627.49.

7.2 Cases handled by the Financial Directorate of the Slovak Republic

Uncovering the biggest illegal cigarette plant in history

According to a press release of 16 February 2021, the Financial Administration of the Slovak Republic uncovered, during an operation codenamed “Black Panther” in Lučenec, the biggest illegal cigarette plant to date. The Financial Administration’s Crime Office (FACO) seized 24.6 millions of cigarettes, more than 44 tonnes of tobacco, including cigarette manufacturing machines. This prevented potential tax evasion on VAT and excise duty (ED) of nearly EUR 6 million. Motor vehicles, documents and computers were seized during the operation as well. The criminal activity involved at least 18 persons, of whom 16 were Ukrainian nationals and two were Slovaks; all of them were detained during the operation.



Operation “Chinese Dragon”

According to a press release of 17 March 2021, four members of an organised group, including a financial administration officer, were detained in the Prešov region as part of the [operation “Chinese Dragon”](#). They are involved in fraud concerning Chinese textiles/clothing. During the period between 2013 and 2014, the offenders declared imports of textile goods and footwear with subsequent release for free circulation including exemption from value added tax. Allegedly, the VAT was to be paid in another Member State. However, this was not the case in any of the 924 imports. In addition, during imports, the offenders were systematically reducing the customs value of the goods by submitting significantly undervalued invoices for the goods. The detained members of the group have thus committed a serious crime and damaged the interests of both the European Union and the Slovak Republic. The tax evasion in customs duty and VAT caused a **damage of nearly EUR 51 million**.

Seizure of illegal tobacco worth EUR 1.08 million

In a press release dated 23 April 2021, the FA SR informed that FACO’s armed officers liquidated an illegal cigarette plant in the municipality of Veľké Bedzany in the Nitra region. During the operation, they confiscated more than 12 tonnes of tobacco, as well as tobacco drying and cutting equipment and detained two persons of Ukrainian nationality. The assumed tax evasion in excise duty on tobacco was preliminarily quantified at EUR 1.08 million.

The tobacco raw material was brought to Slovakia by an unknown person from Greece through Italy. Subsequently, it was processed in Slovakia in order to be distributed to domestic and foreign customers.



Illegal tobacco worth EUR 1 million intercepted

Five Polish nationals and one Slovak were caught while committing a crime of illegal tobacco processing in the compound of a former mill in the municipality of Udavské. Armed FACO's officers found them during the "Sušina (Dry Extract)" operation based on international cooperation with Latvian customs officers. In total, some 100 armed officers of the Financial Administration and the police participated in the operation which was performed at night. During the action, several searches of warehouses and a family house in Udavské were carried out. Armed FACO officers seized a total 10.14 tonnes of raw material used in the production of cigarettes, as well as motor vehicles. With this successful operation, they prevented a potential evasion of excise duty amounting to nearly EUR one million. The "Sušina" operation is not an isolated successful case of intercepting cigarettes without valid tax stamps that prevented the evasion of excise duties. Over the past months, the FACO officers managed to intercept, on multiple occasions, more tobacco and illegal cigarettes than for the entire previous year. In the case of tobacco, the Financial Administration managed to seize 2.5 times more tobacco than in the previous year. For instance, several tens of illegal cigarettes were also seized in the eastern Slovakia at the end of April 2021. Source: FA SR's press release of 6 May 2021.



Transport of counterfeited products of well-known brands

On 8 May 2021 during the night, armed offices of the FA Customs Office in Nitra were performing roadside checks around the Želiezovce cadastral area. During a roadside check, the officers stopped a vehicle on a way from Poland to Hungary in which the Hungarian driver was transporting 4,297 counterfeited textile products of famous brands which were seized on grounds of suspected violation of intellectual property rights to the following trademarks: "CALVIN KLEIN", "HUGO BOSS", "RALPH LAUREN", "ARMANI", "TOMMY HILFINGER" and many others. In some cases, the intercepted counterfeit products manifested high quality of falsification and even contained QR codes which, after being scanned, connected to the original web page of the product. The price of original products on the domestic market would be some EUR 348,400.



Nearly 4.5 million of smuggled cigarettes intercepted

On 1 June 2021 in the morning during an inspection, consumer packages of almost 4.5 million cigarettes labelled as “Marlboro GOLD” without a tax stamp were found in the loading area of a truck. This prevented a potential evasion of excise duty on tobacco products of some EUR 540,000.



Customs police find a truck with tonnes of dried tobacco leaves transported as soup spices

According to a press release published by the FA SR on 5 February 2021, when inspecting a truck at the border crossing Trstená – Chyžné, the FA SR officers found 99 carton packages filled with dried tobacco leaves with a total weight of 13,860 kg. The driver said he was transporting soup spices, as also confirmed by the documents for the transported goods. The driver of the Polish truck was only planning to transit the territory of the Slovak Republic. The goods intended for transportation were loaded on his truck in Romania and he was supposed to take it to the Netherlands. The evasion of excise duty was quantified by the customs officers at more than EUR 1 million.



Illegal tobacco worth EUR 1.1 million discovered during operation codenamed “Courier”

In September 2021, as part of the **operation codenamed “Courier”**, officers of the FA SR inspected warehouse premises in the Komárno district and found cartons containing tobacco raw material, as well as drying and processing technology. In total, 12.3 tonnes of tobacco raw material were found in the building, causing an excise duty loss of EUR 1.1 million. During the action, three persons of Moldovan, Romanian and Ukrainian nationality were detained in a local forest.



Seizure of 27 tonnes of illegal tobacco

During the Kopanice operation, armed officers of the Financial Administration of the Slovak Republic made two searches in non-residential premises in Svätoplukovo and Trnava. With this operation, they managed to secure the **second biggest volume of tobacco raw material in Slovakia’s history**, as much as 27.7 tonnes stored in 231 carton boxes, thus preventing an excise duty loss of EUR 2.5 million. In addition to tobacco, five persons were detained, including tobacco drying technology, the FA SR informed in its press release of 15 October 2021.



FACO’s operation successful in Partizánske and Vrábľe

Following a **two-month investigative effort**, FACO’s officers searched two industrial compounds in Partizánske and Vrábľe at the end of November 2021, **discovering an illegal cigarette production plant and a warehouse with remarkable content**. In total, they managed to seize 29 million cigarettes not labelled with a valid tax stamp, 13.2 tonnes of tobacco raw material, packaging equipment, cutting and drying machinery, as well as components for cigarette production. **Evasion on excise duty on tobacco products** was preliminarily quantified at **EUR 4.6 million**. Three Polish nationals were also detained during the transportation of illegal goods.



Interception of goods violating intellectual property rights

In 2021, the Customs Office (CO) Bratislava (customs office station- 34, postal branch - 32 and M.R. Štefánik international airport branch - 29) recorded approximately a hundred interceptions of goods that infringed on intellectual property rights, while the damage was more than EUR 300,000. The repeated checks resulted in the seizure of hundreds of counterfeited products, such as T-shirts of brands Moschino, Gucci, Off White and Pikachu, jumpers Coca-Cola, Chanel or Louis Vuitton, as well as perfumes of famous brands. In these cases, the damage amounted to some EUR 100,000. At the airport, products in consignments from Hong-Kong, China, Malaysia or Singapore were seized. They contained, for instance, fake wrist-watches Cartier, Emporio Armani, silicone bracelets for Apple watches, Apple key fobs, Marvel carnival masks and costumes, handbag, sandals of Yves Saint Laurent brand or Hermes slippers. Fake products have not reached the hands of their customers. Toys are the type of goods that is frequently ordered by Slovaks from Chinese e-commerce sites, in particular for Christmas presents. Popular LEGO kits can also be found among frequently counterfeited products on the market.



7.3 Case handled by the Antimonopoly Office of the Slovak Republic

AMO imposed sanctions to businesses for concluding a cartel agreement within public procurement for the reconstruction works at the primary school with kindergarten in the Čavoj municipality

On 22 December 2021, the **AMO** Cartel Department issued a decision **imposing fines totalling EUR 32,956 to two entrepreneurs for entering into a cartel agreement**, which constitutes a breach of §4(1) in conjunction with the provision of §4(4)(a), (c) and (f) of the Competition Protection Act (Act No. 187/2021 Coll.).

The cartel agreement took place in connection with the public procurement procedure published by the Čavoj municipality in 2018. **The public procurement procedure was financed from the EU funds** and the subject-matter of the contract covered the “Reconstruction of a biomass boiler room in a primary school with kindergarten in the municipality of Čavoj”.

In the present case, the AMO received, in 2020, a submission from the Government Audit Office on grounds of suspected infringement of the Competition Protection Act during the public procurement procedure published by the municipality of Čavoj. Based on this submission, the AMO commenced **investigation into anti-competitive practices of the companies BECO, spol. s r. o., WR system, s. r. o. and STAVOR, spol. s r. o. which coordinated their actions when submitting bids within the public procurement** for construction works in the energy sector, while the value of the winning bidder's bid exceeded EUR 132,000 (excl. VAT).

After having analysed the facts presented in the submission and in the tender dossier, the AMO commenced on 24 February 2021, on its own initiative, **administrative procedure** against the above bidders in the public procurement **as regards the possible existence of an agreement restricting competition**. The commencement of administrative procedure in the present case was communicated by the AMO through its press release available at: [AMO commences administrative proceedings concerning a possible cartel agreement in PP for the provision of construction works in the energy sector](#).

Because the parties to the proceedings committed an illegal activity by participating and submitting their bids in the public procurement financed from EU funds, **ineffective use of such funds due to the cartel agreement can be assumed**. In this case, the contract was awarded to a **pre-agreed bidder**, which led to a situation when the purpose of public procurement was frustrated, the prices for procured goods were not generated in a functioning competitive environment and, ultimately, the price was or could have been increased, thus subsequently resulting in an uneconomical use of public funds.

The AMO imposed fines of EUR 13,121 and EUR 19,835 to the companies BECO, spol. s r. o., and WR system, s. r. o., respectively. As regards STAVOR, spol. s r. o., the AMO discontinued the proceedings pursuant to §25(2)(c) of the Act on the protection of competition (Act No. 187/2021 Coll.) because the grounds for proceedings have not been established in this case. Because one of the **parties to the proceedings, i.e., BECO, spol. s r. o., requested the application of leniency programme and, at the same time, made the necessary settlement**, the AMO did not impose a ban on its participation in public procurement procedures pursuant to the relevant provisions of the Act on the protection of competition (Act No. 136/2001 Coll.) and the fine, which would otherwise be imposed by the AMO for the established violation of the act, has been reduced appropriately. **The AMO banned the WR system, s. r. o. company from participating in public procurement procedures for a period of three years.**

The AMO's decision became final on 15 January 2022. It is publicly available at [AMO's website](#).

The AMO informs all injured parties about the possibility of bringing an action for damages for infringements of competition law.

With reference to the above decision, in its press release titled "[AMO warns injured parties about the possibility of bringing an action for damages for infringements of competition law](#)", the AMO brings to the attention of **entities clearly injured by the infringers of the competition law** – either by violating the ban to conclude agreements restricting competition or by abusing a dominant position – the existence of **Act No. 350/2016 Coll.** on certain rules concerning claims for damages incurred as a result of infringement of the competition law (the "Competition Infringement Damages Act") and the **possibility of bringing an action for damages** for infringements of competition law under this legislation.

The AMO is convinced that contracting authorities should also consider taking action in accordance with the Damages Act in cases where a decision on the existence of a cartel agreement within a public procurement procedure has become final (in this regard, the CCA Methodological Guideline No. 35 has been updated in 2020). For cartel agreements, loss may be calculated as the difference between the winning cartel price and the price which would be generated through fair competition, while it is for the contracting authorities/entities or the injured parties to identify the loss they incurred in a causal link with the unlawful conduct. **For projects financed from the EU funds it is also advisable to consider the possibility of claiming damages** incurred as a result of a correction being applied by the EU.

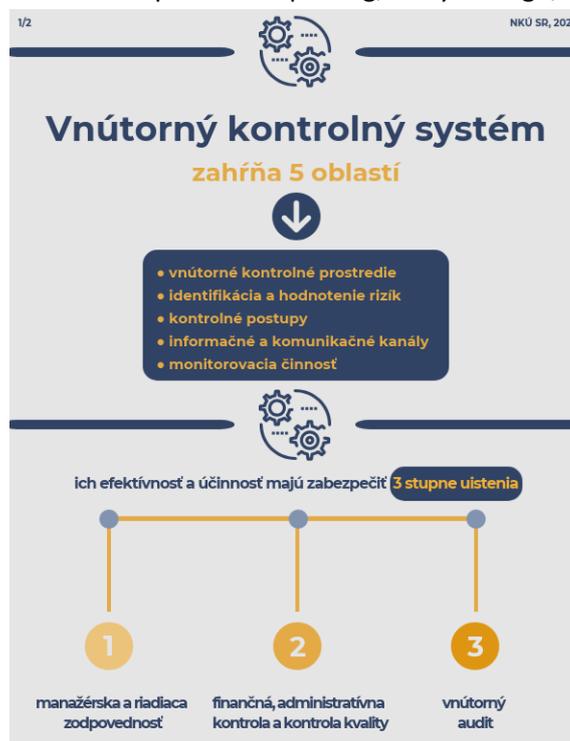
In this connection, the AMO expressed its belief that **consistent application of all legal options** under public and private law may ultimately **contribute to increasing the deterrence effect or may act preventively vis-à-vis** those entrepreneurs who engage in or intend to engage in anticompetitive behaviour. In addition, the application of the Damages Act should represent an important step to be made in particular by contracting authorities with a view to ensuring **consistent protection and economic management of public funds and resources entrusted to them.**

7.4 Cases handled by the Supreme Audit Office of the Slovak Republic

1. Internal control system for selected expenditure of the ESI Funds at the Ministry of Labour, Social Affairs and Family of the Slovak Republic

The inspection has revealed non-functional internal control and a lack of inspectors in the sector. Internal control mechanisms are ineffective and inefficient. Employees have little experience in how the internal control system is set up, while the insufficient number of inspectors poses a risk as well. These were the conclusions from the inspection completed by the SAO SR at the Ministry of Labour, Social Affairs and Family of the Slovak Republic (the “Labour Ministry”). **The national authority for external control deems it important that top representatives of state and public organisations arrange training for their employees with a focus on financial management and control in all areas falling within the remit of a ministry, state corporation or municipal authority.**

The SAO SR warns that the Labour Ministry was lacking an explicit definition of the three levels of control assurance and targeted risk management. This involves, in particular, managerial responsibility, basic financial control and an independent internal audit. The internal audit activities at the ministry were assessed as insufficient. Internal audit was not even carrying out its basic statutory task, i.e. systematically assessing and improving the risk management within the ministry. On the contrary, it primarily focused on verifying compliance with procedures during the financial control. From the perspective of the minister as the statutory representative of the organisation, this constitutes a decisive instrument to gain assurance that the institution is meeting its strategic objectives, fulfils programme activities and that the internal control instruments are capable of capturing, early enough, the risks which may lead to an infringement of budgetary rules, a failure to comply with statutory obligations or to criminal liability. An internal control system that has been set up effectively will reveal problems in real time and can identify persons responsible for handling them, and is also helpful in adopting efficient corrective actions.



Adequate staff is an important requirement for the efficient functioning of internal control. In the SAO SR's opinion, the number of inspectors at the Labour Ministry is insufficient, not only in terms of the volume of funds entrusted to the ministry, but also in terms of its competencies and responsibilities. The expenditure part of the ministry's budget has been the highest among all central government authorities over the past two years and, for this year alone, its expenditure is budgeted at EUR 3.28 billion. National inspectors have described the internal control system as insufficient also due to the fact that only two qualified employees are available for handling all internal audit tasks. During the control, problems have also been identified with regard to defining and managing the risks by responsible employees. For this reason, the SAO SR recommends that the ministry's management team prepare a risk management policy for the ministry while also reinforcing the personnel capacities of those units which are part of the internal control and audit system.

It seems that internal control systems constitute the Achilles' heel of state and public organisations. Control is in fact the key instrument to ensure sound financial management of an institution and ongoing evaluation of compliance with public policy objectives, while it can also provide assurance to

employees as to whether the principles of economic and efficient use of national or EU funding are respected. Last year, national inspectors verified the effectiveness of the internal control system within the Education Ministry and, based on the identified deficiencies, they noted that the system was not set up in a correct manner and that the risk management processes were missing. This is related to the targeted control of core activities of an institution based on the Competence Act.

2/2 NKÚ SR, 2021

Odhalí vaša kontrola chyby?

10 úvodných otázok, ktoré vám pomôžu zistiť, či je váš vnútorný kontrolný systém nastavený **dobre**

- Kontrolujete jasne právomoci a zodpovednosti?
- Sú ľudské zdroje stabilné a disponujú adekvátnymi znalosťami a praxou?
- Sú vnútorné predpisy dostatočne dodržiavané a aktualizované?
- Zodpovedá manažment za systém vnútornej kontroly, opatrenia pri rizikách?
- Je práca zamestnanca preverovaná iným zamestnancom?
- Došlo monitoringom rizík k predchádzaniu, resp. zmierneniu ich dopadov?
- Sú plány vnútorného auditu vypracované na základe zhodnotenia rizík?
- Sú splnené opatrenia z interných aj externých auditov a kontrol?
- Sú nedostatky komunikované vo vnútri organizácie?
- Vyvodzuje sa zodpovednosť voči príslušným zamestnancom?

SAO SR, 2021

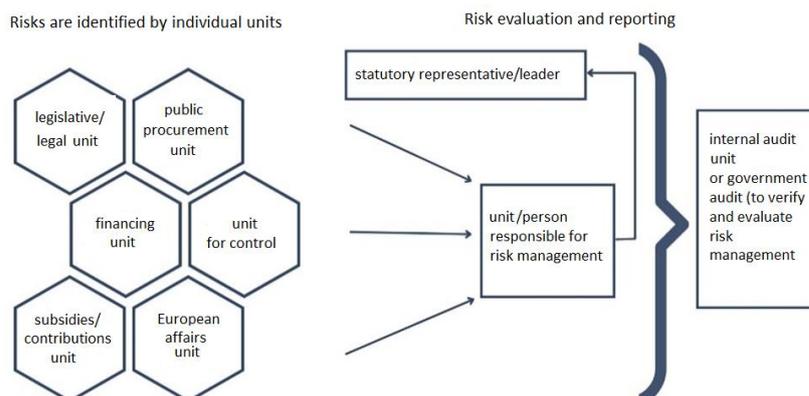
LEGEND:

Will errors be found during your controls?

10 introductory questions to help you find out whether your internal control system has been set up **correctly**

- Are competences and responsibilities subject to a clear control?
- Are human resources stable, possessing adequate knowledge and experience?
- Are internal regulations sufficiently observed and updated?
- Is management responsible for internal control system, measures in the presence of risks?
- Are employees' outputs verified by other employees?
- Has the monitoring of risks resulted in the prevention or alleviation of their impacts?
- Have the internal audit plans been prepared on the basis of risk assessment?
- Have the measures from internal and external audits and controls been completed? Are the deficiencies communicated within the organisation?
- Are the relevant employees held accountable?

An example of an internal control system setup in the context of risk management in the state or public administration:



More information can be found at [SAO SR's press release](#).

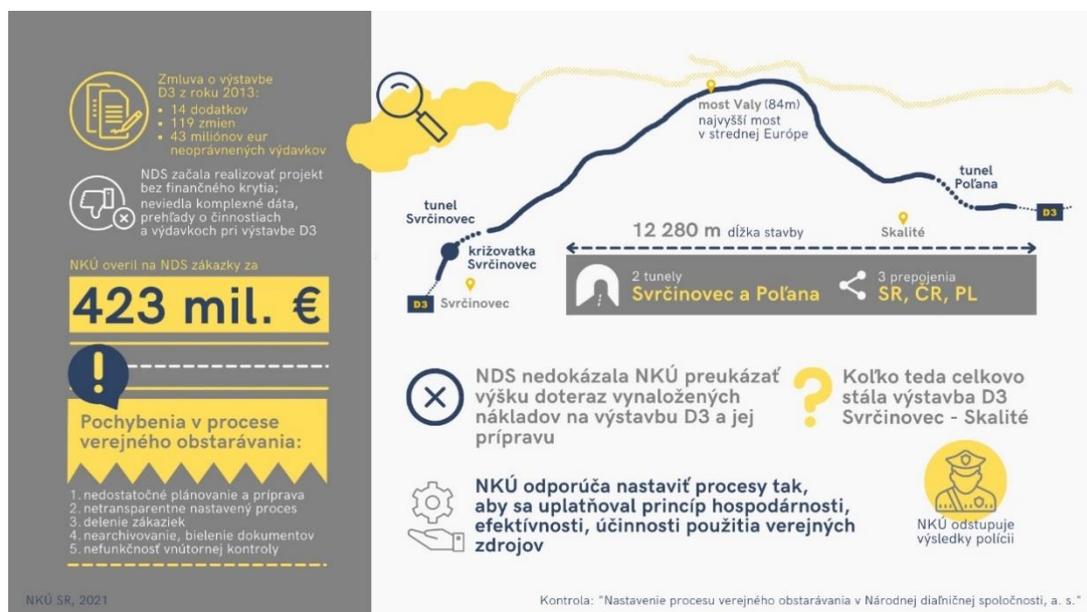
2. Irregularities in highway construction

In 2021, the SAO SR carried out an inspection of the public procurement (“PP”) system in the National Motorway Company (“NDS”). The SAO SR noted that between 2019 and 2020, the PP process in NDS was not set up in a transparent manner and did not prevent potential fraud or corruption. Internal control in NDS was not functioning.

Inspectors have found deficiencies both in its preparation and the documentation of processes. In many cases, the company did not keep documents in archives; some were even redacted and could not be verified in more detail. This automatically raises suspicions that funds have not been used economically. On these grounds, the SAO SR referred its findings to the police, the Public Procurement Office and the Finance Ministry’s audit and control section.

If set incorrectly, the processes and procedures can lead to errors and deadlines can be missed. Therefore, the national inspectors advised the parliamentary committee members to ask the Transport Ministry management team to set up the NDS’ procurement process in a way that will make it functional, so that the deadlines for the construction of highways are not extended and the cuts in funding allocated by the EU for Slovakia be prevented.

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LEGEND:	
Zmluva o výstavbe D3 z roku 2013:	2013 Contract for the D3 construction:
• 14 dodatkov	• 14 amendments
• 119 zmien	• 119 changes
• 43 miliónov eur neoprávnených výdavkov	• EUR 43 million in ineligible expenditure
NDS začala realizovať projekt bez finančného krytia; nevedela komplexné dáta, prehľady o činnostiach a výdavkoch pri výstavbe D3	The NDS started implementing the project without financial coverage; it failed to keep records of comprehensive data,

	overviews of activities and expenditure during the D3 construction
NKÚ overil na NDS zákazky za 423 mil. eur	In NDS, the SAO verified contracts worth €423m
Pochybenia v procese verejného obstarávania:	Misconduct in public procurement process:
1. nedostatočné plánovanie a príprava	1. insufficient planning and preparation
2. netransparentne nastavený proces	2. non-transparent setup of the process
3. delenie zákaziek	3. splitting of contracts
4. nearchivovanie, bielenie dokumentov	4. documents not archived, redacted documents
5. nefunkčnosť vnútornej kontroly	5. non-functioning internal control
most Valy (84m)	Valy Bridge (84m)
najvyšší most v strednej Európe	the tallest bridge in Central Europe
dĺžka stavby	length of the structure
tunel Poľana	Poľana tunnel
2 tunely Svrčinovec a Poľana	2 tunnels Svrčinovec and Poľana
3 prepojenia SR, ČR, PL	3 connections SK, CZ, PL
tunel Svrčinovec	Svrčinovec tunnel
križovatka Svrčinovec	Svrčinovec interchange
NDS nedokázala NKÚ preukázať výšku doteraz vynaložených nákladov na výstavbu D3 a jej prípravu	NDS failed to demonstrate to the SAO the costs incurred so far during the construction and preparation of D3 highway
NKÚ odporúča nastaviť procesy tak, aby sa uplatňoval princíp hospodárnosti, efektívnosti, účinnosti použitia verejných zdrojov	SAO recommends setting up the processes in a way that the principle of economy, effectiveness and efficiency of public spending can be applied
Koľko teda celkovo stála výstavba D3 Svrčinovec - Skalité	What was the total cost of D3 Svrčinovec – Skalité construction in the end?
NKÚ odstupuje výsledky polícii	SAO referred the results to the police
NKÚ SR,2021	SAO SR, 2021
Kontrola: „Nastavenie procesu verejného obstarávania v Národnej diaľničnej spoločnosti, a. s.“	Control: “Setup of the public procurement process in the National Motorway Company”

The completion of road infrastructure is of key importance for the future economic development of Slovakia and its regions. The National Motorway Company, which is fully owned by the state, is responsible for the reconstruction, construction and maintenance or toll charges in Slovakia. Every year, the company is spending hundreds of millions of euros for its operation from the state budget, own resources and EU funds. Inspectors of the SAO SR focused on the systemic setup of the PP process as one of the key instruments for ensuring economy and effectiveness in the spending of NDS' financial resources. They examined contracts worth more than EUR 420 million from 2019 until January 2021.

Inspectors verified regular activities of the company, such as consultancy, security and cleaning services, public procurement implementation by external companies or the rental, installation and dismantling of snow fences. The risks associated with incorrectly set up PP processes have been confirmed. For instance, the motorway company did not proceed in line with legislative rules and the PP process was not set up in a transparent manner to effectively prevent fraud and corruption. The inspectors concluded that the NDS' internal control system was not functioning. The company also did not comply with the Act on financial control, the responsible employees were not carrying out basic financial control or some of the public funds were provided beyond the scope of authorisation (the Valaliky wetland project, R2 Košice Šaca – Košické Olšany). The company did not even comply with its own procurement directives and was not comparing the results of its public procurement procedures with other entities (e.g. in foreign countries).

In selected areas, the NDS did not apply the “value for money” principle. It implemented low-value contracts and, by dividing the contracts, it avoided a more stringent public procurement procedure. For some contracts, the company set unreasonably short deadlines for the submission of price quotations, and the bidders were given only a few hours to prepare their bids. The principle of transparency was not even respected by the NDS when documenting the public procurement process, as they failed to archive all of the required documents, and some of them were even redacted. According to inspectors,

individual actions were unpredictable and could not be examined during a control. This also raises suspicions that public funds were not necessarily used economically and that a breach of fiduciary duties and machinations in public procurement might have occurred. Therefore, the SAO SR referred the identified misconduct to the police.

Between 2019 and 2020, the NDS ordered public procurement services worth several tens of thousands of euros from external companies, albeit it runs its own department with 16 employees for this purpose. Inspectors warned that the NDS management did not even have the consent of the Board of Directors to use the services of external companies in this area and, therefore, they were not able to explain it to the inspectors. During the PP process, the NDS was not examining a potential conflict of interests and failed to put in place such mechanisms that would make it possible to identify and demonstrate suspicions of a cartel agreement or restricted competition.

Tens of millions of euros must be returned

The inspection also pointed to many deficiencies in the PP process during the construction of the D3 highway section Svrčinovec - Skalité. The NDS started implementing the project without financial coverage. The construction deadline was delayed many times. As regards the Contract for Works of 2013, the company signed 14 amendments, thus making as many as 119 changes in the initial document. **The government audit identified an infringement of the rules in the spending of European funds and, subsequently, ineligible expenditure has been quantified at more than EUR 43 million.** Irregularities appear to be a significant risk countered by Slovakia in the long term, having a negative impact on the state budget. In the case of four highway sections, they are expected to reach EUR 160 million for the first half-year year, while the highest amount comes from the D1 section near Žilina (Hričovské Podhradie – Lietavská Lúčka) which remains a problem. For this section alone, irregularities are expected to reach EUR 80 million. It was opened with a 36-month delay. Even though, in terms of construction, the highway was completed several months before being opened, the problem was caused by a forgotten feeder road, with the highway section ending in the field for a long time.

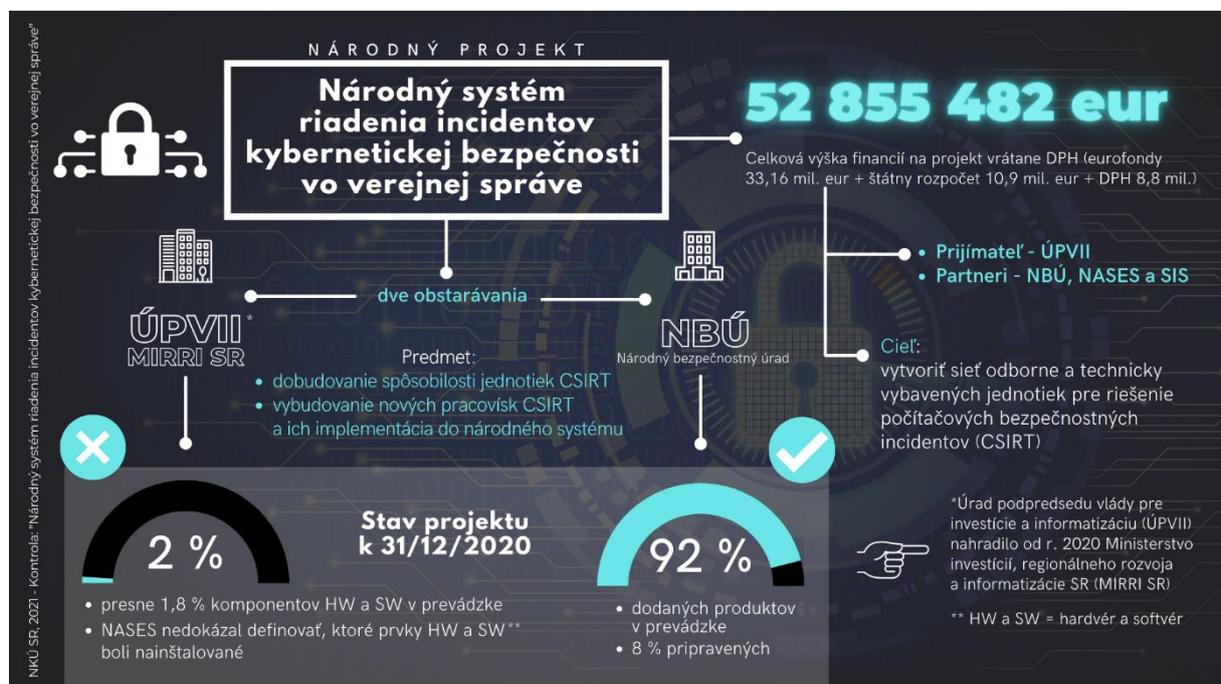
In this context, the SAO SR President said the amount of EU funding lost due to irregularities will be paid from the state budget. The errors made by the NDS due to bad management and incorrectly set-up internal control must be handled by the government also by transferring the missing funds from some of its other priorities. The Transport Ministry and the incumbent NDS management team should therefore identify those who are responsible for this situation and should also draw consequences in the form of criminal liability.

Conclusion: In connection with the construction of highways and expressways, there is another risk that may have an impact on the state budget and could also translate into delayed deadlines for the completion of individual transport structures. In this case, a significant increase in the prices of construction materials due to their shortage on European and global markets comes into play. Therefore, based on its other findings, the national authority for external control advises the Transport Ministry to seek, in cooperation with the Ministry of Finance, such amendments to applicable legislation which would make it possible to apply the principles of efficient and economical use of public or European funds – not only when setting up transparent public procurement processes, but also during the implementation of strategic projects. However, any new amendment related to an increase in the tendered out prices would have to be justified by a thorough financial analysis, the conclusions of which would need to be confirmed not only by the responsible ministry, but also by an unbiased public or state administration entity.

3. How to implement public procurement in classified contracts

In the first half of this year, national inspectors focused on a major cyber security project, which was aimed at creating networks of units equipped with expert and technical capacities for handling security incidents. The overall value of cybernetic IT projects was nearly EUR 53 million. During the inspection, the SAO SR identified several deficiencies, ranging from the course of the public procurement, transparency in the selection of the contractor, through to the financial management of the project by the former Office of the Deputy Prime Minister for Investments and Informatisation. The SAO SR referred its findings to law enforcement authorities on grounds of suspected machinations in public procurement and a breach of fiduciary duties. **The findings of the national authority for external control were also used to establish a model of good practices in connection with the publication of framework contracts for classified projects.** These should contain information about financial performance, obligations and the rights of the parties, or a timeframe for performing the contract.

The national project for the management of cybersecurity incidents in public administration (2018-2020) was carried out with two approaches in mind – building the capabilities of computer security incident response teams (CSIRT) for smooth and effective provision of services, as well as the fulfilment of statutory tasks. It was implemented by the former Office of the Deputy Prime Minister for Investments and Informatisation (ODPMII) in cooperation with the National Agency for Network and Electronic Services (NASES). The second procurement which focused on building new workplaces for CSIRTs was implemented by the National Security Bureau (NSB) for its own needs, as well as for the needs of the Slovak Intelligence Service (SIS). For the implementation of the national project, an allocation of EUR 44 million (nearly EUR 53 million incl. VAT) was made, with funding from the state budget and from EU's financial resources amounting to EUR 11 million and, respectively, EUR 33 million. The details are available [here](#) and in the following figure:



LEGEND:	
NÁRODNÝ PROJEKT	NATIONAL PROJECT
Národný systém riadenia incidentov kybernetickej bezpečnosti vo verejnej správe	National system for the management of cybersecurity incidents in public administration

52 855 482 eur	EUR 52,855,482
dve obstarávania	two procurements
Predmet:	Subject-matter:
<ul style="list-style-type: none"> • dobudovanie spôsobilosti jednotiek CSIRT • vybudovanie nových pracovísk CSIRT a ich implementácia do národného systému 	<ul style="list-style-type: none"> • complete the building of CSIRT capabilities • create new CSIRT workplaces including their implementation into the national system
Celková výška financií na projekt vrátane DPH (eurofondy 33,16 mil. eur + štátny rozpočet 10,9 mil. eur + DPH 8,8 mil.)	Total amount of funds for the project incl. VAT (EU funds (EUR 33.16m) + state budget (EUR 10.9m) + VAT (EUR 8.8m))
• Prijímateľ – ÚPVII	• Beneficiary – ODPPII
• Partneri - NBÚ, NASES a SIS	• Partners – NSB, NASES and SIS
NSB	NSB
Národný bezpečnostný úrad	National Security Bureau
Cieľ	Target
vytvoriť sieť odborne a technicky vybavených jednotiek pre riešenie / počítačových bezpečnostných incidentov (CSIRT)	creating a network of units equipped with expert and technical capacities for handling computer security incidents (CSIRT)
*Úrad podpredsedu vlády pre investície a informatizáciu (ÚPVII) nahradilo od r. 2020 Ministerstvo, investícií, regionálneho rozvoja a informatizácie SR (MIRRI SR)	* Office of the Deputy Prime Minister for Investments and Informatisation (ODPMII) was replaced by the Ministry of Investments, Regional Development and Informatisation (MIRDI SR) as from 2020
** HW a SW = hardvér a softvér	** HW & SW = hardware and software
Stav projektu	Status of the project
k 31/12/2020	as at 31/12/2020
<ul style="list-style-type: none"> • presne 1,8 % komponentov HW a SW v prevádzke • NASES nedokázal definovať, ktoré prvky HW a SW** boli nainštalované 	<ul style="list-style-type: none"> • exactly 1.8% of HW & SW components in operation • NASES was not able to identify which HW and SW** components have been installed
92 %	92%
<ul style="list-style-type: none"> • dodaných produktov v prevádzke • 8 % pripravených 	<ul style="list-style-type: none"> • of supplied products in operation • 8% ready
NKÚ SR, 2021 Kontrola: „Národný systém riadenia incidentov kybernetickej bezpečnosti vo verejnej správe“	SAO SR, 2021 Control: “National system for the management of cybersecurity incidents in public administration”

Good practice = **CLASSIFY ONLY WHAT NEEDS TO BE CLASSIFIED**

National inspectors note positively that the National Security Bureau management declassified the basic requirements of the project in the framework contract which was published in the Central Register of Contracts. Important technical details of the project are provided in annexes to the contract which are subject to the rules of the Act on the protection of classified information. “Based on the results of inspections concerning the verification of projects falling under informatisation of society and in cooperation with the National Security Bureau, we have modelled the rules for ministries or other public institutions which they should follow in the interest of transparency and effectiveness,” the SAO SR vice-chair explained.

RECOMMENDED SEQUENCE OF BASIC STEPS
in the application of “defence-security exemptions”
(contracts containing classified information)

1. **Justification of the need**
2. **Analysis of the contract procurement regime** – an exemption can be **applied only if less disruptive measures do not exist**.
Using the exemption from the application of the public procurement rules and procedures must be based on the identification of Slovakia’s security interests and on the assessment of the need for specific measures entailing the use of the so-called direct award without application of the rules and procedures in public procurement. **It is prohibited** to use exemptions purposefully in order to avoid transparent and competitive procedures of contract award without objective reasons (see CJEU judgment, Case C-187/16).
3. **Justification, demonstrating the eligible use of the exemption** (demonstrate that the relevant adopted measure is inevitable and objectively corresponds to the protection of the identified fundamental security interests of the Slovak Republic) and its **substantiation by relevant documents**. The exemption in question must be interpreted **strictly - narrowly** (see the established case-law of the Court of Justice of the EU, e.g. judgments of the CJEU: C-57/94, C-385/02, C-20/01 and C-394/02).
4. **Setting the fit and proper requirements for contractors** (setting the suitable conditions for the contract award procedure, as well as contract terms and conditions) and determining the necessary (required) documents.
5. **Identifying – verifying market options** (the number of eligible economic operators). **Where there is only one contractor**, if the contracting authority/entity/person pursuant to §8 of the Public Procurement Act is not following the provisions of the Public Procurement Act due to the application of an exemption, this fact must be **justified in writing/supported by a relevant document**.
6. **Identifying the standard price on the market** — it is necessary to proceed, also when awarding contracts for the delivery of goods, construction works or services not falling under the Public Procurement Act, in line with the Treaty on the Functioning of the EU and, inter alia, to **comply with the principle of legality and sound financial management, or the principle of economy, efficiency and effectiveness**.
7. **Demonstrating a “value for money” purchase** — e. g. negotiating the terms and conditions of the contract, in particular technical, administrative and financial conditions. Submission of the necessary (required) documents. Preparation of the minutes from negotiations. Verifying the possible conflict of interest and demonstrating such verification.
8. **Verifying the record in the Register of Public Sector Partners** (if relevant within the meaning of the Act on the Register of Public Sector Partners).
9. **Entering into a contract or framework agreement** so that it contains **public and classified parts**.
10. **Sending the public part** of the mandatorily published contract / framework agreement for its **publication in the central register of contracts (or publication on the website of the liable person)** in accordance with the Freedom of Information Act.

*For contracts financed from the ESI Funds, the rules and instructions of the Central Coordinating Authority, managing authorities must also be observed.

It is necessary to verify compliance of financial operations with the laws of the Slovak Republic and the EU. Verification must be carried out in accordance with Act No. 357/2015 Coll. on financial control and audit and on amendments to certain acts as amended (for entities required to comply with this act).

Conclusion

In 2021, as part of the prevention of frauds and irregularities, the NO OLAF continued, in cooperation with the network partners, its efforts towards raising public awareness of the need to protect the EU's financial interests in the Slovak Republic and promoted its activities and cooperation with other network partners with a view to protecting the EU's financial interests.

Informing the general public about the PFI EU is an important task. Identification of irregularities must be perceived not only as evidence of the misuse of EU's funds or of fraud, but also as proof of an effective control system. In this connection it is necessary to emphasise the important role played by the NO OLAF and other network partners in the protection of the taxpayers' money in the EU and Slovakia.

The Annual Report summarises the cooperation between the NO OLAF and other network partners with OLAF, as well as cooperation between network partners involved in the fight against fraud as regards the spending of EU funds in Slovakia. The Annual Report provides information to experts and the general public about activities undertaken by network partners in this area, how they raise awareness and inform about their actions in the fight against fraud related to the spending of EU funds or how they warn about possible risks and the occurrence of irregularities in this area. AFCOS network partners also inform about the implemented and completed training activities focusing on the protection of the EU's financial interests and about the publication of the related press releases. At the end of the report, specific cases and practical examples are provided.

List of abbreviations

AFCOS	-	Anti-Fraud Coordination Service
ESIF AC	-	ESI Funds Administrative Capacities
BSK	-	Bratislava self-governing region
CCA	-	Central Coordinating Authority
CO	-	Certifying Authority
COCOLAF	-	Advisory Committee for the Coordination of Fraud Prevention
CPV	-	Central Education Plan for ESIF AC for the 2014-2020 programming period
CRC	-	Central Register of Contracts
EFF	-	European Fisheries Fund
Commission	-	European Commission
ERDF	-	European Regional Development Fund
EAFRD	-	European Agricultural Fund for Rural Development
EPPO	-	European Public Prosecutor's Office
ESF	-	European Social Fund
ESIF	-	European Structural and Investment Funds
EU	-	European Union
FD SR	-	Financial Directorate of the Slovak Republic
FA SR	-	Financial Administration of the Slovak Republic
SDF	-	Social Development Fund
GAF	-	Working group for Anti- Fraud, Groupe de Lutte Anti-Fraude)
GP SR	-	General Prosecutor's Office of the Slovak Republic
IA MoLSAF SR	-	Implementation Agency of the Ministry of Labour, Social Affairs and Family of the Slovak Republic
IMS	-	Commission's information system for electronic reporting of irregularities
ICC	-	Information-consultancy centres
IROP	-	Integrated Regional Operational Programme
ITMS2014+	-	IT Monitoring System 2014+
FACO	-	Financial Administration's Crime Office
MoTC SR	-	Ministry of Transport and Construction of the Slovak Republic
MF SR	-	Ministry of Finance of the Slovak Republic
MF SR - CA	-	Ministry of Finance of the Slovak Republic - Certifying Authority
MF SR - AA	-	Ministry of Finance of the Slovak Republic – Audit Authority
MoE SR	-	Ministry of Economy of the Slovak Republic
MIRDI SR	-	Ministry of Investments, Regional Development and Information of the Slovak Republic
MoC SR	-	Ministry of Culture of the Slovak Republic
MARD SR	-	Ministry of Agriculture and Rural Development of the Slovak Republic

MoLSAF SR	-	Ministry of Labour, Social Affairs and Family of the Slovak Republic
MJ SR	-	Ministry of Justice of the Slovak Republic
MESRS SR	-	Ministry of Education, Science, Research and Sport of the Slovak Republic
MI SR	-	Ministry of the Interior of the Slovak Republic
MoH SR	-	Ministry of Health of the Slovak Republic
MoEnv SR	-	Ministry of the Environment of the Slovak Republic
NAKA	-	National Crime Agency of the Presidium of the Police Force of the Slovak Republic
NFC	-	non-repayable financial contribution (grant)
SAO SR	-	Supreme Audit Office of the Slovak Republic
OAFCN	-	OLAF Anti-Fraud Communicators' Network
PFI EU	-	protection of the EU's financial interests
IPD GO SR	-	Information and Publicity Department of the Government Office of the Slovak Republic
OLAF	-	European Anti-Fraud Office
NO OLAF	-	National Office for OLAF
OP	-	Operational Programme
OP BR	-	Operational Programme Bratislava Region
OP T	-	Operational Programme Transport
OP II	-	Operational Programme Integrated Infrastructure
OP INTERACT	-	Operational Programme Interact
OP QE	-	Operational Programme Quality of the Environment
OP HR	-	Operational Programme Human Resources
OPIS	-	Operational Programme Informatisation of Society
OP F	-	Operational Programme Fisheries
OP TA	-	Operational Programme Technical Assistance
OP E	-	Operational Programme Education
OP R&I	-	Operational Programme Research and Innovation
OP R&D	-	Operational Programme Research and Development
OP H	-	Operational Programme Health
OP E&SI	-	Operational Programme Employment and Social Inclusion
OP BI	-	Operational Programme Basic Infrastructure
OP ENV	-	Operational Programme Environment
AMO	-	Antimonopoly Office of the Slovak Republic
PP	-	programming period
APA	-	Agricultural Paying Agency
RDP	-	Rural Development Programme
WG	-	Working Group
CP INTERACT III	-	Cooperation programme INTERACT III
WGC	-	Working Group on Communication
Article 325 WG	-	Working group for Article 325 of the Treaty on the Functioning of the EU

WGI	-	Working Group on Irregularities
P PZ SR	-	Presidium of the Police Force of the Slovak Republic
MA	-	Managing Authority
MA INTERACT CO	-	Managing Authority for the INTERACT cooperation programme
ROP	-	Regional Operational Programme
ACS MF SR	-	Audit and Control Section of the Ministry of Finance of the Slovak Republic
SC	-	Steering Committee for the Protection of the EU's Financial Interests in the Slovak Republic
SAE	-	Slovak Environment Agency
SIEA	-	Slovak Innovation and Energy Agency
CS	-	Control Section
IB	-	Intermediary body under the Managing Authority
SOP HR	-	Sectoral Operational Programme Human Resources
SOP A&RD	-	Sectoral Operational Programme Agriculture and Rural Development
SOP I&S	-	Sectoral Operational Programme Industry and Services
SR	-	Slovak Republic
ED	-	Excise duty
SB	-	State budget
SF	-	EU Structural Funds
GO SR	-	Government Office of the Slovak Republic
PPO	-	Public Procurement Office
PP	-	Public procurement
NFCA	-	NFC application