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Commission Anti-Fraud Strategy (CAFS) Action Plan - State of Play June 2021

Accompanying the document

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

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

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A. PREVENTION AND DETECTION

A.1 Data collection and analysis

No	Action	Lead service	Action taken (state of play)	Status	Due date
1	Provide strategic analyses that can feed into fraud risk assessments and fraud prevention activities of the Commission services and the Member States. Data sources for these analyses would include: o closed OLAF investigations; o cases reported by the Member States through the Irregularities Management System (IMS).	OLAF Support: JRC	In June 2020, OLAF shared an internal analysis on fisheries funds with relevant Commission services. An OLAF internal paper on COVID-19 related risks (based on OLAF's investigations) was circulated to Commission services in October 2020, and an analysis on irregularities and fraud in EU funding of health infrastructure was finalised in June 2021. Other analyses are ongoing.	Done, and continuous	2020, and then continuous
2	Promote the analytical use of IMS data (also by the Member States) to improve methods and deployment of resources in the field of fraud prevention, detection, investigation and correction. This action should be supported by a built-in analytical tool to be developed by OLAF.	OLAF Support: REGIO, AGRI, EMPL, MARE, HOME, JRC	OLAF regularly promotes the analytical use of IMS data with users in the Commission services and Member States. An IMS built-in analytical tool has been developed and was put into production in February 2021. It is now available to IMS users and offers a number of tailored analyses, which can be further developed on OLAF's own initiative or on request. OLAF intends to deliver training on the built-in analytical tool in the second half of 2021.	Done, and continuous	2020, and then continuous 2021
3	Closely monitor Member States' reporting of irregularities by carrying out respective checks and/or external evaluation, with a view to improving and harmonising the quality and completeness of the data reported in the IMS.	OLAF (coordination), REGIO, EMPL, MARE, AGRI, HOME	OLAF monitors all relevant information from audits by Member States and Directorates-General (DGs) to make sure that irregularities are reported in the IMS. The relevant Commission services conduct system audits, to check if monitoring and reporting of irregularities is general practice. This reporting is done in the context of regular correspondence with Member States (on, for example, implementation of the operational programmes and audit reports).	Done, and continuous	2021, and then continuous

No	Action	Lead service	Action taken (state of play)	Status	Due date
			OLAF is planning a study on IMS in the second half of 2021 to assess the use of IMS and users' needs, with a view to improving the quality and completeness of data reporting in the IMS.		
4	Exploring possibilities to strengthen IT-based fraud prevention and detection (as regards risk scoring and controls for double-funding, (self-) plagiarism, etc.) by: o establishing and disseminating a Commission-wide inventory of existing IT tools;	Coor-dination: OLAF/ JRC Support: BUDG, DIGIT, SJ, spending services[1]	The EC Data Inventory has been established and disseminated across the Commission.	Partially done	2020, and then continuous
	o examining ways to enhance the interoperability of these tools, where possible across management modes, share them among interested services and/or enrich them with data coming from several sources;		The Commission is striving to enhance the interoperability of its IT tools, also to prevent and detect fraud. To maximise use of the Commission's IT resources, OLAF is in contact with data owners to obtain the most efficient type and level of access.		
	o analysing needs and potential for new developments, working towards the most cost-effective balance between corporate and local tools.		The Commission is extending existing tools to provide a robust, scalable and adaptable analysis of big data.		
	Review and improve the ARACHNE risk scoring tool. Continue to promote its use among Member State authorities, supported by an external legal opinion as necessary.	EMPL Support: REGIO, AGRI,	The Commission constantly assesses Member States' suggestions for improvement and considers them whenever the need for updates to ARACHNE arises. ARACHNE is promoted by the Commission in the context of setting up national control systems to		

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[1] Each service that is business owner of an IT tool has the lead responsibility for the analysis and adaptation of that tool in line with the action point.

No	Action	Lead service	Action taken (state of play)	Status	Due date
		OLAF, JRC, SJ	implement the Recovery and Resilience Facility (RRF) and also for the shared management funds.		
	Explore possibilities for an extended use of ARACHNE and other risk scoring tools in all management modes.	<u>Coor-dination</u>: OLAF/ EMPL <u>Support</u>: JRC; RTD, DIGIT, BUDG, SJ, spending services	In the interinstitutional agreement between the European Parliament, the Council and the Commission on budgetary discipline, cooperation in budgetary matters and sound financial management, as well as new own resources, including a roadmap for introducing new own resources, the Commission is required to make available an integrated and interoperable information and monitoring system, including a single data-mining and risk scoring tool. The final RRF Regulation stipulates that the Commission will make ARACHNE available for Member States, although not compulsory. In the absence of a legal obligation for Member States to use ARACHNE, the Commission will continue to encourage Member States to use this data-mining tool and will reflect further on what else can be done to enhance the quality and interoperability of the data on beneficiaries and final recipients of EU funding.		
5	Examine possible scope, tools and working methods for the exchange of audit results among services and for exploiting audit results for analysis and early detection of risks.	OLAF Support: RTD, DIGIT, BUDG, spending services	Shared management Commission services share audit reports with OLAF, with the aim of automatically extracting significant information for anti-fraud purposes.	Partially done	2020-2021

No	Action	Lead service	Action taken (state of play)	Status	Due date
	Explore an extended use of specific applications of audit tools (MAPAR) on audit procedures and developing analysis of findings.	REGIO Support: RTD, DIGIT, OLAF, BUDG, spending services	MAPAR records the findings of the audits performed by DG REGIO and DG EMPL. The existing Launchpad reports capturing the information available in MAPAR were further developed during 2020. These reports can capture the audit findings, their acceptance, frequency and financial impact, the applied assessment criteria and the Key Requirements assessments.		
6	Encourage cooperation with academia and practitioners by organising/contracting/co-financing conferences and studies on selected topics.	OLAF	In the context of the Hercule funding programme, OLAF has encouraged cooperation with academia and practitioners. In 2020, the Hercule programme provided grants to 12 projects involving academia and practitioners, contributing to data collection and analysis and the development of anti-fraud studies.	Done, and continuous	2020, and then continuous
7	Map and review channels for exchanging fraud-related information between services, other EU bodies, Member States (including exchanges with Eurofisc), non-EU countries and international organisations.	OLAF Support: BUDG, SJ, JRC, spending services	The inventory is being established.	Ongoing	2020, and then continuous
8	Develop country profiles to better analyse and assess Member States' anti-fraud action.	OLAF	The methodology for a country profile pilot has been developed and OLAF is consolidating different country-specific information for an OLAF internal depository. The launch of the pilot with the Member States is pending due to resource constraints.	Ongoing	2020, and then continuous

	A.2 Priority measures: coordination and cooperation among Commission services and executive agencies				

No	Action	Lead service	Action taken (state of play)	Status	Due date
9	Have the Corporate Management Board strategically monitor and review the Commission's anti-fraud policies at least once a year. This monitoring exercise will include: o the follow-up to OLAF's recommendations on services' anti-fraud strategies; o the overall progress in the 2019 CAFS Action Plan; and o the systemic follow-up to OLAF's investigation-based recommendations. Preparatory work undertaken mainly by OLAF, the FPDNet and by the central services at working level, in line with the Administrative Arrangements between the Commission and OLAF. See also Action 10.	SG Support: OLAF, BUDG, HR, SJ	The Commission Secretariat-General has, since 2019, organised regular monitoring meetings with OLAF and horizontal services on the follow-up of OLAF recommendations. In 2020, OLAF provided anti-fraud advice and recommendations on 13 services' anti-fraud strategies. Progress in implementing the Commission anti-fraud strategy (CAFS) was discussed by the Commission Corporate Management Board (CMB) on 3 July 2020, and a similar discussion is foreseen in the second half of 2021. In 2020-2021, OLAF has been conducting a stocktaking exercise of the follow-up to financial recommendations issued between 2012 and mid-2019. OLAF presented the preliminary results to the CMB on 3 July 2020, 27 January 2021 and 29 June 2021.	Done, and continuous	2019, and then continuous
10	Intensify the work of the Commission Fraud Prevention and Detection Network by: o organising an annual Directors' level meeting to review Commission anti-fraud policies;	OLAF Support: BUDG	The organisation of the annual Directors' level meeting is pending due to the forthcoming recruitment of OLAF Director C.	Partially done	2019, and then continuous
	o setting up sub-groups of services with similar profiles, based on needs to be analysed and including existing anti-fraud networks composed of 'families' of services. OLAF and BUDG should participate in all sub-groups and the External Aid subgroup should be open to the EEAS;		Three Fraud Prevention and Detection Network (FPDNet) sub-groups (shared management, direct management, and external aid) were set up in 2019, and two in the first half of 2021 (internal cases and fraud risk management). The sub-groups meet regularly.		
	o choosing agenda items that relate to colleagues' daily work experiences for 'hands-on' collaboration, including a peer review of fraud risks, red		Main topics for FPDNet agendas are identified based on feedback from services.		

No	Action	Lead service	Action taken (state of play)	Status	Due date
	flags and control systems, where appropriate; and				
	o collaborating more effectively with the Commission's Network of Internal Control Coordinators.		OLAF has ensured effective communication channels with the Internal Control Coordinators Network and participates in the meetings of the Network.		
11	Further improve service-level anti-fraud strategies and their implementation in the following ways: o Continue to update anti-fraud strategies, taking into account the 2019 CAFS and following a peer review in the relevant FPDNet subgroup at least every three years;	All services Coor-dination: OLAF Support: SG, BUDG	Since the entry into force of the 2019 Commission anti-fraud strategy, more than 20 Commission services have updated or revised their services' anti-fraud strategies.	Done, and continuous	2019, and then continuous
	o OLAF should update its methodological guidance for anti-fraud strategies when necessary;		The revised anti-fraud strategy methodology was finalised and circulated in the FPDNet in June 2021.		
	o Draft anti-fraud strategies and updates should be subject to mandatory review by OLAF;		In 2020, OLAF provided anti-fraud advice and recommendations on 13 services' anti-fraud strategies.		
	o Without prejudice to AODs' responsibilities, the implementation of services' anti-fraud strategies should be closely monitored by OLAF, from the planning to the reporting stage;		OLAF closely monitors the implementation of services' anti-fraud strategies.		
	o Based on drafts and concepts developed by the services concerned, OLAF should issue recommendations on the design and implementation of anti-fraud strategies as appropriate. AODs who decide not to follow a recommendation must justify their position to OLAF in writing. Any issues that cannot be resolved bilaterally between OLAF and the service concerned may be discussed, without prejudice to the AODs' ultimate responsibility, in the relevant subgroup of the FPDNet and/or in other		When revising the services' anti-fraud strategies, OLAF issues recommendations and advice to the services concerned.		

No	Action	Lead service	Action taken (state of play)	Status	Due date
	suitable contexts, such as peer review meetings on critical risks or annual activity reports. They may also be brought to the attention of the CMB.				

A.3 Professional ethics		

No	Action	Lead service	Action taken (state of play)	Status	Due date
12	Continue, and reinforce where appropriate, internal communication and training on questions of professional ethics with special emphasis on conflict of interest, relations with lobbyists, duty of discretion and whistleblowing. The aim is to create a common understanding of the relevant concepts and to encourage ethical practices in the workplace, taking into account that fraud prevention and detection is only one aspect of ethics and integrity.	HR Support: SG, OLAF	The Commission has put in place a very comprehensive training policy on ethics and disciplinary matters for staff at different stages of their career. In 2019, specific ethics training was put in place for the new Commission. The Commission also issued two guides on ethics in 2019, an extensive one containing all the rules and the legal texts for both Members and Commission staff, and a shorter version for Commission staff ('Practical guide on ethics'). On 12 June 2019, the Commission adopted the new Decision laying down general implementing provisions on the conduct of administrative inquiries and disciplinary proceedings (C(2019) 4231), which repealed Commission Decision C(2004) 1588. IDOC revised its practical guide and made it publicly available for staff on the Commission Intracomm site.	Done, and continuous	Continuous
13	Evaluate the use of declarations of interest / absence of conflict of interest in the Commission and in executive agencies.	HR	In December 2020 and January 2021, the Commission published additional guidance for Commission staff. This includes the revised guidance on MyIntracomm on conflicts of interest regarding gainful employment of the spouse, on ad hoc conflicts of interest (including on financial matters) and revised FAQs on post-service activities.	Done	2020

No	Action	Lead service	Action taken (state of play)	Status	Due date
14	Evaluate the Commission's policy on whistleblowing in the context of the report required by Article 113 of the Staff Regulations.	HR.IDOC	The Commission issued a review of the guidelines on whistleblowing (Communication from Vice-President Šefčovič to the Commission on Guidelines on Whistleblowing of 6 December 2012, SEC(2012) 679 final). The report of 4 September 2019 on the 2019 review of the guidelines concluded that it is not necessary to amend them at this stage.	Done	2020
15	Promote the highest ethical standards among other EU bodies through: o membership in management boards; o presentation of the Commission's best practices in inter-agency networks; o support for ethics training; o advocating inter-agency task forces on particular issues as necessary.	Partner DGs of other EU bodies <u>Support</u>: SG, HR, OLAF	On 20 April 2020, the Commission issued guidelines[2] to implement the new Framework Financial Regulation (FFR)[3]. The basic acts setting up decentralised agencies in combination with Article 70 of the Financial Regulation oblige the decentralised agencies receiving support from the Union budget to align their financial rules with the FFR and, on this basis, to adopt rules on preventing and managing conflicts of interest and to publish annually on their website the declaration of interests of the management board members. The rules of each decentralised agency shall thus be aligned with Article 42 of the FFR. According to the FFR, the agencies shall also inform the Commission without delay about cases of presumed fraud and other financial irregularities, and of any completed or ongoing investigations by the EPPO or OLAF, and of any audits or controls by the European Court of Auditors (ECA) or the Internal Audit Service (IAS).	Done, and continuous	Continuous

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[2] Communication from the Commission on the strengthening of the governance of Union Bodies under Article 70 of the Financial Regulation 2018/1046 and on the guidelines for the Single Programming Document and the Consolidated Annual Activity Report C(2020)2297.

[3] Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council OJ L 122, 10.5.2019, p. 1-38.

	A.4 Training, awareness-raising and technical assistance

No	Action	Lead service	Action taken (state of play)	Status	Due date
16	Maintain and refine a corporate anti-fraud training cycle, including regular refresher courses and e-learning modules, which should be mandatory for relevant groups of staff such as financial officers.	OLAF Support: BUDG, HR	The 'Fraud stay vigilant' training is carried out by an external contractor under a framework contract managed by DG HR. OLAF provides planning, validation of contents (including some mock sessions with the external trainers) and the agenda. OLAF is also involved in managing the training, with a new contractor.	Done, and continuous	2020, and then continuous

17	Ensure specialised anti-fraud training, according to needs identified, for target groups such as:
	
	  o project managers;
	  o auditors;
	  o Heads of, and administrative staff in, Representations and Delegations; and
	  o Heads of Civilian CFSP Missions and EU Special Representatives and the staff of their offices.
		OLAF	In 2019, OLAF delivered about 45 days of training to EU institutions and Member State authorities, and 25 days in 2020.
			
			Based on demand, OLAF continues to deliver training online.
				Done, and continuous	2020, and then continuous

18	Support other Commission services and executive agencies, decentralised agencies, other EU institutions and bodies and Member States in their anti-fraud training activities.	OLAF	Advice provided on anti-fraud strategies (including training aspects) and other fraud prevention aspects, notably to the BEREC Office, the Innovative Medicines Initiative-IMI2 Joint Undertaking, the European Institute for Innovation & Technology (EIT), the Knowledge and Innovation Communities (KICs), the European Union Agency for Cybersecurity (ENISA), CINEA, Frontex, and the Fuel Cells and Hydrogen Joint Undertaking. Based on individual requests, a dedicated OLAF trainer continues to deliver training online.	Done, and continuous	Continuous

No	Action	Lead service	Action taken (state of play)	Status	Due date
19	Provide technical assistance to Member States through various spending programmes (including the EU Anti-Fraud Programme).	OLAF, TAXUD, REFORM, REGIO	In 2020, the Commission continued, through various spending programmes, to provide technical assistance and support to Member States. The new Fiscalis[4] and Customs[5] (2021-2027) programmes have been adopted and are operational, thus ensuring continuity of support. The new Customs Control Equipment Instrument[6] (2021-2027), will provide financial support to the Member States to purchase customs control equipment and contribute to an adequate and equivalent level of customs controls across the EU.	Done, and continuous	Continuous
20	Analyse fraud patterns and fraud risks using case compendiums of OLAF investigations according to needs identified.	OLAF	OLAF is continuously analysing fraud patterns and fraud risks, and is currently compiling a casebook on agricultural fraud.	Ongoing	2021, and then continuous

	A.5 Transparency				

No	Action	Lead service	Action taken (state of play)	Status	Due date
21	Refine the TED database to improve data quality. Closely monitor Member States' input to the TED database. Consider the possibility of audits or external evaluation.	OP Support: GROW	Since 1 September 2020, all procurement data received for publication follows a structured, standard format. Work on the normalisation of official names of European institutions is ongoing.	Done	2020, and then continuous
22	Explore the possibility of using existing IT tools (Financial Transparency System, Single Electronic Data Interchange Area, etc.) to improve information on procurement contracts and grant agreements concluded by the services, having due regard to the requirements mentioned in Article 38(2)	BUDG, JRC, RTD Support: GROW,	eGrants is the corporate IT system for managing the Commission's direct grants. The target coverage of eGrants is 95% of all directly managed programmes, and it is planned to be rolled out within the first 2 years of the new Multiannual Financial Framework.	Ongoing	2020-2021

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[4] Regulation (EU) 2021/847, OJ L 188, 28.5.2021.

[5] Regulation (EU) 2021/444, OJ L 87, 15.3.2021.

[6] Regulation (EU) 2021/1077, OJ L 234, 2.7.2021.

		DIGIT, OP, SJ	The relevant information is automatically transmitted to the Financial Transparency System (FTS).		
	FR.				

	A.6 Fraud-proofing of the legal framework for the implementation of the budget

No	Action	Lead service	Action taken (state of play)	Status	Due date
23	When drafting legal instruments for the MFF after 2020, involve OLAF at the early stages to ensure adequate provisions on preventing, detecting and prosecuting fraud. This includes legislative proposals, delegated and implementing regulations. It also includes the following types of documents, if such documents are of systemic importance for a policy area: implementing decisions, model contracts and agreements, delegation agreements, guarantee agreements, calls for tenders/proposals/expressions of interest, and policy guidelines. Permanent guidance of that type, e.g. INTPA's Practical Guide, should be regularly reviewed as necessary, involving OLAF. Specify appropriate record-keeping requirements in the context of financing not linked to costs and simplified cost options, with a view to attaining the intended simplification effect while minimising any negative impact simplification measures may have on the possibility to detect and deal with fraud and other irregularities.	Spending services[7] Support: OLAF/ BUDG	All Commission proposals for the post-2020 spending programmes include standard provisions on protecting the EU's financial interests. Commission spending services are fully aware of the need to ensure continued consultation of OLAF.	Done, and continuous	Continuous
24	Where relevant, include fraud risks in impact assessments and evaluations of legal acts and Commission policies required under the Commission's Better Regulation framework.	All services Coor-dination: SG Support:	In April 2021, the Commission adopted a new Communication on Better Regulation. The new Better Regulation Toolbox is being finalised. OLAF has been involved to enhance the anti-fraud aspects.	Done	Continuous

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[7]   And other services launching instruments with a potential impact on the protection of the EU's financial interests.

No	Action	Lead service	Action taken (state of play)	Status	Due date
		OLAF			
25	Funding instruments must give the EPPO and OLAF – within the limits of their respective competences and in line with the law applicable to these bodies – authority to investigate suspected fraud in any EU-financed programmes/projects, obliging persons or entities receiving Union funds to provide access to their premises and staff and all relevant documents, information, etc., on request. Recipients must be bound to oblige, in any contracts they conclude with third parties for the implementation of the project or funding scheme, those third parties to provide for such access rights, permitting the EPPO and OLAF also to check on all subcontractors, subsidiary companies and implementation partners under any management mode. The same principles apply, *mutatis mutandis*, to transactions supported by budgetary guarantees.	Spending services Coor-dination: BUDG Support: OLAF, SJ	All Commission proposals for the post-2020 spending programmes include standard provisions on protecting the EU's financial interests. Agreements (guarantees, contributions, partnerships) with implementing partners adopted in the framework of external aid actions will have OLAF-relevant clauses inserted in the texts.	Done, and continuous	Continuous
26	Examine in how far certification against ISO standards, most notably ISO 37001 on anti-bribery management systems, could be required from entities applying for EU funds or involved in their implementation under direct, indirect or shared management with a view to reducing fraud risks.	OLAF Support: GROW, HOME, BUDG, SJ, spending services	The Commission is examining how far there is a legal basis to require certification against ISO standards, most notably ISO 37001 on anti-bribery management systems, from entities applying for EU funds or involved in their implementation under direct, indirect or shared management.	Ongoing	2021

A.7 Miscellaneous					

No	Action	Lead service	Action taken (state of play)	Status	Due date
27	For lump sums and financing not linked to costs, develop – across the different management modes – control strategies for deliverables and for the analysis of non-/under delivery, in particular to detect fraud.	Spending services Support: OLAF,	A training session on Simplified Cost Options (SCOs) was given in OLAF on 28 January 2020, in coordination with the DG EMPL. Coordination with the work of the RUF (Réseau des Unités	Ongoing	2020, and then continuous

No	Action	Lead service	Action taken (state of play)	Status	Due date
		BUDG	Financières/Finance Units' Network) on direct expenditure has been launched. OLAF and DG BUDG will coordinate further actions with the spending services using SCOs. Two interactive presentations on lump sums and financing not linked to costs took place in the RUF's monthly meetings of February and March 2020, during which many DGs shared their experience. Since December 2020, DG BUDG has given four information sessions on the use of simplified forms of grants, open to colleagues in all services and agencies. Two more are planned in the 2nd half of 2021. These information sessions give an overview of the rules for using simplified forms of grants, including how they can be authorised and acceptable methodologies that can be used to set amounts.		
28	Ensure appropriate coverage of fraud-related aspects in the Commission guidelines on Article 61 FR.	BUDG Support: OLAF, HR, SJ, SG	The Commission published the 'Guidance on the avoidance and management of conflicts of interest under the Financial Regulation' on 9 April 2021.	Done	2020
29	Evaluate fraud risks and vulnerabilities with regard to spending in emergency situations.	Spending services, in particular ECHO, HOME, FPI Coor-dination: OLAF Support:	In cooperation with the lead Commission services for this action, OLAF has developed the work plan which is now being implemented. Work is ongoing according to the agreed schedule, and the services have provided descriptions of funds and risks. OLAF and the services involved will evaluate the risks for likelihood, impact and mitigating measures in a common framework.	Partially done	2021

No	Action	Lead service	Action taken (state of play)	Status	Due date
		BUDG			
30	Regularly revise and update the corporate IT security strategy and monitor its implementation. Optimise the systems of the Commission and the executive agencies for secure operation of e-procurement, e-grants and other channels of e-governance.	DIGIT	The IT security strategy was adopted by the IT and Cybersecurity Board (ITCB) in February 2019, with an associated action plan. The implementation of the strategy is closely monitored and reported on to the ITCB on a quarterly basis. The IT strategy undergoes a regular revision process on a bi-annual basis. The revision process of the strategy was launched in Q3/Q4 2020, and the resulting updated version for 2021-2022 was presented to the ITCB for adoption in January 2021.	Done, and continuous	Continuous

A.8 Expenditure

a) *Direct management*

No	Action	Lead service	Action taken (state of play)	Status	Due date
31	If not yet done, set-up advisory peer groups for clusters of services to review riskier (e.g. larger, complex) projects, in the frame of internal control.	All services Coor-dination: BUDG Support: OLAF, GROW	The RRF and e-Procurement can be considered 'complex' projects for which clusters of services are involved. A wide group of Commission services is in charge of assessing Member States' RRF plans. E-procurement is part of the Commission's actions to put in place a single data interchange area for submitting, storing and processing data in grant and procurement procedures. This is a Commission-wide initiative involving many DGs developing four business processes: preparation (JRC), submission and evaluation (GROW), contract management (INTPA) and inventory and logistics management (OIB). The objectives of the contract management	Done, and continuous	2020

No	Action	Lead service	Action taken (state of play)	Status	Due date
			process are to: be fully integrated with the financial, budgetary and accounting processes (ABAC, later SUMMA); re-use the solid architecture of eGrants (SEDIA solutions, SYGMA). The GPSB (Grants Procurement Steering Board)-SUMMA common working group was set up to design/optimise the SYGMA-SUMMA solution. The e-Procurement project is scheduled to be 90% completed in 2024.		
32	Maintain and reinforce the corporate procurement-related training cycle, a procurement community of practice, and continuous support (e.g. templates, helpdesk), including training and support for staff who are exceptionally involved in a procurement process (e.g. policy officers).	HR/BUDG Support: GROW, OLAF	The corporate procurement-related training cycle is in place and contains fraud prevention elements. The training available also include targeted ad hoc sessions.	Done, and continuous	2019, and then continuous
33	Where appropriate, include specific anti-fraud measures among the 'conditionalities' for budget support. For budget support and macro-financial assistance, where appropriate, improve control strategies and strengthen verification mechanisms.	INTPA, NEAR, ECFIN Support: OLAF, BUDG	The recommendations of the ECA's special report 25/2019 are being implemented, with additional safeguards where appropriate. The report's recommendations are reflected in the template for action documents, and their implementation, along with the OPSYS module, should be finalised this year.	Ongoing	2020, and then continuous

34	Having due regard to data protection legislation,
	
	  o examine the possibility of setting up a database of experts involved in EU-funded projects to prevent or detect double claims; and
	
	  o explore the possibility of making such a database or certain elements thereof public, building on the Financial Transparency System and the Register of Commission Expert Groups.
		OLAF
		
		Support:
		
		Spending services, DIGIT, BUDG, SJ, SG
			A database of experts exists; there are calls for expressions of interest, where the contractual conditions, including data protection issues, are made available to the experts. Most of the experts are managed by the eExpert IT tool linked to SYGMA and eGrants under the management of DG RTD/ REA.	Partially done, and continuous	2021

No	Action	Lead service	Action taken (state of play)	Status	Due date
35	Optimise internal workflows regarding budgetary guarantees.	BUDG Support: ECFIN, OLAF, INTPA, NEAR	A Steering Committee on Contingent Liabilities arising from Budgetary Guarantees was established through the Commission Decision of 24 July 2020 (C(2020) 5154 final). The Committee is composed of representatives of the DGs ECFIN, INTPA, NEAR and SG. The Steering Committee focuses on cross-cutting issues covering budgetary guarantees and financial assistance.	Done	2020

	b) *Indirect management*				

No	Action	Lead service	Action taken (state of play)	Status	Due date
36	Obtain assurance about internal control of entrusted entities, financial (sub-) intermediaries, fund managers, etc., e.g., through: o Positive assessment of the equivalence of the entities' systems, rules and procedures with those of the Commission regarding the pillar on internal control as provided for in Article 154(3) and (4)(a) FR, including controls concerning risks of error, irregularities and fraud, which must allow to properly and timely prevent, detect and correct fraud and other irregularities; o Encouraging the exchange of best practice regarding anti-fraud policies, including in the domain of financial instruments and budgetary guarantees.	Spending services Support: BUDG, ECFIN, INTPA, OLAF	Work is ongoing in the framework of the InvestEU Working Group and InvestEU investment guidelines.	Partially done	Continous

*c) **Shared management***

No	Action	Lead service	Action taken (state of play)	Status	Due Date
37	Encourage Member States to put in place national anti-fraud strategies, and provide advice and support in this respect.	REGIO, AGRI, EMPL, MARE, HOME Coor-dination and support: OLAF	In recent years, the Commission has encouraged Member States to adopt national anti-fraud strategies. By the end of 2020, 14 Member States[8] had reported adopting their strategies.	Done, and continuous	Continuous
38	Where appropriate and possible, reinforce Member States' obligations for the post-2020 MFF throughout the anti-fraud cycle.	1) REGIO, EMPL, MARE, HOME Coor-dination: REGIO 2) AGRI Support (1 and 2): BUDG, GROW, OLAF, SJ	The Commission has proposed, for example, to make the use of risk scoring tools by Member States mandatory. Whenever possible, OLAF has included standard provisions in the partnership agreements and operational programmes with Member States on, *inter alia*, strengthening capacity to detect, report and follow-up on irregularities and on fully exploiting the available data-mining tools, such as ARACHNE.	Done, and continuous	2019-2020
39	Explore the possibility of applying the underlying rationale of Action Point 36 to financial instruments under shared management.	REGIO, EMPL, MARE,	The possibility has been explored. Following discussion with DG BUDG and shared management DGs, the pillar assessment is not considered to be	Done, and continuous	2021

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8   Austria, Bulgaria, Croatia, Czechia, France, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Portugal, Slovakia and Sweden. Out of these, Czechia informed the Commission of having updated its strategy, but has not yet transmitted the new document; Portugal has indicated having adopted a strategy, but has not formally transmitted it to the Commission.

		AGRI, HOME <u>Coordination</u>: REGIO <u>Support</u>: OLAF, JRC, BUDG, SJ	appropriate for shared management DGs. The requirements to collect and make available in the management systems, for control purposes, dedicated information on beneficial owners, final beneficiaries, recipients, contractors and sub-contractors have been further sharpened following the negotiations on the 2021-2027 common provisions regulation in the field of cohesion (see Annex to Article 63 new CPR).		
40	European Semester: Analyse/monitor Member States' general anti-corruption policies through the country reports. Explore the possibility and merits of extending the country reports to cover Member States' policies for protecting the EU's financial interests from fraud.	HOME, SG <u>Support</u>: OLAF	DG HOME conducts a yearly analysis of Member States' general anti-corruption policies. In addition, the Commission's annual rule of law report monitors the anti-corruption frameworks of all 27 Member States. The annual sustainable growth strategy COM(2020)575 of 17 September 2020 includes anti-fraud frameworks, as needed to boost absorption capacities of EU funds. OLAF, as lead service on matters related to the protection of the Union's financial interests, participates in the RRF country teams.	Done	Continuous 2021
41	Promote integrity pacts for safeguarding EU funds against fraud and corruption	REGIO <u>Support</u>: GROW	The Commission promotes integrity pacts, especially for large-scale investments in the domains considered most prone to fraud.	Done, and continuous	Continuous
42	Promote the voluntary ex-ante assessment mechanism for the compliance of large-scale infrastructure projects with EU procurement rules. Measures would include a helpdesk function and an information exchange mechanism.	GROW <u>Support</u>: REGIO	The Commission has put in place the helpdesk function and the information exchange mechanism. A short animation video (available in all EU languages) provides information on how national authorities and contractual authorities/entities can	Done, and continuous	Continuous

			use the mechanism. The ex-ante mechanism was also promoted via an infrastructure forum organised by the Commission.		

A.9 Revenue - traditional own resources (TOR)

No	Action	Lead service	Action taken (state of play)	Status	Due date
43	Review Council Regulation (EC) No 515/97[9] with a view to increasing mutual assistance among and cooperation with national customs authorities.	OLAF	The evaluation of Regulation 515/97 is ongoing. A report on the evaluation is due by Q3 2021.	Ongoing	2020
44	Continue to ensure effective and efficient fraud prevention and detection in the area of TOR at Commission level through a strategic steering function, meeting regularly at Director and at technical level, composed of TAXUD, BUDG and OLAF as permanent members and other interested services (in particular TRADE, AGRI, MARE) on an ad-hoc basis.	Coordination: rotates among TAXUD, BUDG and OLAF. Support: All TOR DGs	There are regular strategic steering function meetings at Director level.	Done, and continuous	Continuous
45	Strengthen the Commission's and the Member States' analytical capacities in the anti-fraud customs area by sharing approaches and good practices and by increasing awareness and making best use of data sources. Improve the exchange of risk information and risk analysis through the common Customs Risk Management System ('Reshape of CRMS2').	OLAF, JRC, TAXUD Support: BUDG	The customs action plan was adopted on 23 September 2020. OLAF, supported by the JRC, continues to work with Member State customs data analysts to share analytical experiences and improve learning. The release of CRMS 2 is planned for the end of 2021.	Done, and continuous	Continuous
46	Strengthen international cooperation on customs matters, with Belarus, China, Georgia, Moldova, Russia, Ukraine and the United Arab Emirates	TAXUD, OLAF	In December 2019, the Council adopted negotiating directives for a customs cooperation and mutual administrative assistance (CCMAA) agreement with	Partially done, and	Continuous

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[9] Council Regulation (EC) No 515/97 of 13 March 1997 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters, OJ L 82, 22.3.1997, p. 1, as amended.

No	Action	Lead service	Action taken (state of play)	Status	Due date
	among others.		Belarus and negotiating texts were exchanged in 2020. The scheduled negotiations have been put on hold for political reasons. An evaluation study on implementing the customs cooperation and mutual administrative assistance agreement with China has been finalised. The final report of the evaluation study was published in October 2020. The Western Balkans and Turkey are party to Customs 2020. The mutual recognition of AEOs between the EU and Moldova started in March 2020. Ukraine is developing a national Authorized Economic Operators (AEO) programme before the start of the Mutual Recognition Arrangement (MRA) with the EU. There is work in progress towards the accession to the Common Transit Convention of Ukraine, Moldova, Georgia, Montenegro and Bosnia-Herzegovina, with all five countries working on the deployment of New Computerized Transit System (NCTS). Preparations are ongoing to enable these and other non-EU countries to participate in the new EU Customs and Fiscalis programmes.	continuous	
47	Develop anti-fraud measures in preferential tariff arrangements.	OLAF	Negotiations are ongoing in particular with Australia, Indonesia and Tunisia. Agreement has been reached on an anti-fraud clause with Chile and New Zealand.	Done, and continuous	2020, and then continuous

No	Action	Lead service	Action taken (state of play)	Status	Due date
48	Implement the 2nd Commission Action Plan to fight the illicit tobacco trade 2018-2022[10], with a view to: - deepening engagement with key source and transit countries; - addressing the issue of non-branded 'cheap whites' cigarettes in particular.	OLAF	Implementation is ongoing, with additional key initiatives completed or in progress. 20 actions, out of at least 25 for which OLAF is responsible, have been completed. No actions have been cancelled due to COVID-19, but some have been postponed or are ongoing on a virtual basis (such as the Meeting of the Parties).	Done, and continuous	Continuous

A.10 Revenue - value added tax (VAT)

No	Action	Lead service	Action taken (state of play)	Status	Due date
49	Support the adoption and phasing-in of a revamped VAT system[11], under which cross-border intra-EU transactions will be taxed in the customer's country, while reporting and payment of VAT is carried out in the Member State of the supplier.	TAXUD	The proposal for a Directive on the definitive VAT system is under discussion in Council. The latest discussions focused on the possibility of including measures, additional to and compatible with those featuring in the proposal, to strengthen the fraud-proof character of that definitive system. The 2020 Tax Action Plan on fair and simple taxation announced a legislative proposal in 2022 under the heading 'VAT in the Digital Age'.	Ongoing	Continuous
50	Support the implementation of the amendments to the Council Regulation on administrative cooperation and combating fraud in the field of VAT (2010/904/EU), in particular with regard to data exchanges and cooperation among tax authorities and Eurofisc and with OLAF, Europol and the EPPO.	TAXUD, OLAF	The Commission has produced a guide to the cooperation of the Eurofisc network with OLAF and Europol to fight VAT fraud based on the new legal base introduced in 2018. The guide has been endorsed by Eurofisc and is now being used by Member States.	Done, and continuous	Continuous

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[10] Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee of 7 December 2018, COM (2018) 846 final.

[11] Commission Proposal of 4 October 2017 for a Council Directive amending Directive 2006/112/EC as regards harmonising and simplifying certain rules in the value added tax system and introducing the definitive system for the taxation of trade between Member States, COM (2017) 569 final, and Commission Proposal of 25 May 2018 for a Council Directive amending directive 2006/112/EC as regards the introduction of the detailed technical measures for the operation of the definitive VAT system for the taxation of trade between Member States, COM(2018) 329 final.

	Reinforce Eurofisc's role in tackling cross-border VAT fraud, particularly by making better use of the information available within the network.		Exchanges of information with some Member States based on Regulation (EU) 904/2010 have already taken place as part of OLAF investigations, with encouraging results. The Commission is working on streamlining the cross-checking of customs and VAT data on VAT exempt imports (customs procedure 42) that would use Eurofisc and OLAF capabilities.		
51	Strengthen the international exchange of best practice. Based on Council mandates, strengthen administrative co-operation and mutual assistance in the recovery of VAT claims with non-EU countries.	TAXUD	The Commission has had exploratory talks with Canada, Japan and Australia. Following the Council's endorsement to conclude a non-binding agreement, TAXUD met the Chinese State Taxation Administration (STA) in May 2021. The parties agreed to start the procedure to conclude a Memorandum of Understanding (MoU) between the EU and China on VAT administrative cooperation. If negotiations proceed smoothly, the MoU could be concluded by Q4 2021.	Ongoing	Continuous

B. INVESTIGATION

B.1 European Public Prosecutor's Office (EPPO) and PIF Directive

No	Action	Lead service	Action taken (state of play)	Status	Due date
52	Support the setting-up of the EPPO and provide it with administrative assistance in the start-up phase.	JUST/ OLAF Support: HR, BUDG, OIL	OLAF and the Commission have been working on setting up the EPPO since the entry into force of the Regulation (November 2017). Since the formal constitution of the EPPO College on 28 September 2020, the Commission has almost entirely ceased to provide provisional administrative support to the EPPO, in accordance with Article 20(4) of the EPPO Regulation[12]. The EPPO adopted its own financial rules on 13 January 2021 as part of the process towards financial autonomy. It has reached administrative autonomy and, on 1 June 2021, started its operational activities.	Done	2019-2020
53	Cooperation with the EPPO: The Commission, like all EU institutions and bodies, and national competent authorities, must without undue delay report to the EPPO any criminal conduct in respect of which it could exercise its competence (Article 24 of Regulation 2017/1939[13]). To comply with this obligation by the time the EPPO becomes operational, services should have efficient procedures in place to carry out a preliminary evaluation of allegations reported to them. The EPPO Regulation provides that EU institutions and bodies may make	All services Support: OLAF	Shortly after the entry into operation of the EPPO in June 2021, the Commission and the EPPO concluded an agreement on their mutual cooperation (lead service in the Commission: the Secretariat-General). On 29 June 2021, the Corporate Management Board endorsed the internal workflows within the Commission to implement the agreement. These envisage that OLAF will transmit notified allegations of fraud and other breaches potentially falling within the EPPO's competence to the EPPO,	Ongoing	2020, and continuous

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

[13] Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO'), OJ L 283, 31.10.2017, p. 1.

No	Action	Lead service	Action taken (state of play)	Status	Due date
	use of OLAF for this preliminary evaluation (Recital 51). Commission services and executive agencies should systematically make use of OLAF's expertise as a final quality control for the preliminary evaluation of allegations and put in place the necessary procedures for that to happen.		following a preliminary evaluation. Additional work will be done to provide guidance and procedural rules for services on how to report fraud and how to work with OLAF and the EPPO.		
54	Support Member States' transposition and implementation of the PIF-Directive.	JUST/ OLAF	Progress on transposition was discussed in meetings of the EPPO Expert Group in 2020. According to the state of transposition in the 26 Member States bound by the Directive, infringement proceedings for non-communication of transposition measures were opened, brought forward, or closed in 2020.	Done, and continuous	2019, and then continuous

	B.2 European Anti-Fraud Office (OLAF)

No	Action	Lead service	Action taken (state of play)	Status	Due date
55	Negotiate the Commission's proposal for the review of the OLAF Regulation[14] in order to: o adapt how OLAF operates following the establishment of the EPPO; o improve the effectiveness of OLAF's investigative role; and o clarify and simplify the OLAF Regulation.	OLAF	Regulation (EU, Euratom) 2020/2223 amending Regulation 883/2013 was published in the OJ on 28 December 2020 and entered into force on 17 January 2021.	Done	2019-2020
56	Optimise cooperation between services/other EU bodies and OLAF by, among other actions: o defining the role and responsibilities of OLAF contact points in the various services; o making the reporting of information of potential investigative	All services Coor-dination: OLAF Support: SG, BUDG,	The OLAF Correspondent guidelines were adopted on 14 January 2021. They define the role of the OLAF Correspondent in Commission DGs and executive agencies more clearly and in a uniform way.	Done, and continuous	2019, and then continuous

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[14] Commission Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No 883/2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) as regards cooperation with the European Public Prosecutor's Office and the effectiveness of OLAF investigations of 23 May 2018, COM (2018) 338.

No	Action	Lead service	Action taken (state of play)	Status	Due date
	interest more efficient through direct channels between the services and OLAF; o clarifying as necessary the respective responsibilities of OLAF and the services at an operational level;	partner DGs of other EU bodies	An OLAF proposal to create a link to a 'Fraud report' page on the website of all DGs and services has been discussed within the FPDNet sub-groups on external actions, shared management and direct management.		
	o improving OLAF's communication on its dismissal of cases reported by the services;		OLAF has improved the level of explanation given to EU institutions, bodies, offices and agencies for the dismissals of cases brought by them.		
	o reinforcing cooperation between the shared management DGs and OLAF to obtain information of potential investigative interest from Member State authorities; and		The OLAF Correspondents guidelines clarify the reporting, the cooperation and the exchange of information during the selection process.		
	o encouraging the EEAS and other EU bodies to join such initiatives for better cooperation.		EEAS is invited to the FPDNet meetings and is a member of the FPDNet sub-group on external actions. The EIB has been invited to FPDNet meetings on an ad hoc basis as observers.		
57	Following thorough legal analysis, develop criteria for the scope of possible investigations in cases of budget support.	OLAF/SJ Support: INTPA, NEAR, ECFIN	Some provisions exist in Article 236 of the Financial Regulation applicable to budget support, and in the financing agreements signed with non-EU countries.	Ongoing	2020

C. CORRECTIVE MEASURES AND SANCTIONS; FOLLOW-UP OF OLAF RECOMMENDATIONS

No	Action	Lead service	Action taken (state of play)	Status	Due Date
58	Evaluate and optimise the EDES, including cooperation between OLAF and other actors, in the light of the recent IAS audit. Integrate information about how to consult and operate the EDES into corporate anti-fraud training.	BUDG/ OLAF	Following an agreement between OLAF and DG BUDG on the use of OLAF reports within EDES procedures, the corporate guidelines and the training activities have been updated. Information on how to consult and operate the EDES is given in the dedicated training sessions.	Done	2019
59	Apply OLAF's "Instructions on drafting Financial Recommendations and related sections of the Final Report" and "Guidelines on Financial Monitoring" and provide training if needed.	OLAF Support: BUDG	Based on exchanges among the Commission services, revised corporate guidance is planned for 2021. There is continuous cooperation between OLAF and the Commission services to improve the follow-up to OLAF's financial recommendations.	Done, and continuous	Continuous
60	Closely monitor Member States' follow-up of OLAF's financial recommendations. Coordination for the purposes of systemic follow-up in the FPDNet and by the Corporate Management Board.	REGIO, EMPL, MARE, AGRI, HOME, OLAF	The Commission services monitor OLAF's recommendations and report on them in their annual activity reports. OLAF's Task Force Monitoring presents its activities to the FPDNet plenary regularly. OLAF's Director-General regularly presents the state of play to the Corporate Management Board.	Done, and continuous	Continuous

| 61 | Closely monitor services' follow-up of OLAF's administrative recommendations, to feed into the general monitoring under the Administrative Arrangements between the Commission and OLAF (see Action Point 9). | OLAF | OLAF's instructions and OLAF's guidelines for monitoring administrative recommendations were endorsed by OLAF senior management in April 2021. In 2021, OLAF will launch a stocktaking exercise on the follow-up to administrative recommendations issued in recent years. Going forward, OLAF will regularly monitor the follow-up to its administrative recommendations. | Partially done, and continuous | Continuous |

D. REPORTING ON THE IMPLEMENTATION OF THE CAFS

No	Action	Lead service	Action taken (state of play)	Status	Due Date
62	Refine: o reporting about service-level anti-fraud strategies through the annual activity reports;	SG/BUDG/ OLAF	Following OLAF's discussions with the Commission's central services, the templates for the new strategic and management plans now contain a separate section on 'fraud risk management' to allow for more specific reporting on anti-fraud measures.	Done	2019-2020
	o the contents of the Annual Management and Performance Report (AMPR) with regard to anti-fraud action;		OLAF contributed to the AMPR with a dedicated section on the fight against fraud and on anti-fraud strategies.		
	o the role of other reporting channels; while keeping in mind that documents intended for the institutions and the general public need to be of a reasonable length and easy to read.		The Commission reports in its Annual Report on the Protection of the Union's Financial Interests and the Fight against Fraud (PIF Report) on the progress of the CAFS implementation.		
63	In close cooperation with the Commission's internal control and ethics functions, develop or refine result and impact indicators for the CAFS objectives, including measuring anti-fraud awareness among staff. Provide advice on the indicators to be used for service-level anti-fraud strategies.	OLAF Support: SG/BUDG/ HR/JRC	An FPDNet sub-group on CAFS indicators was created in November 2019 and met in February 2020. Indicators for the CAFS objectives have been developed and shared with the FPDNet. OLAF provides advice to Commission services on anti-fraud indicators in the context of the SPP cycle.	Done	Preliminary result indicators for priority objectives by 2020