



Brussels, 23.9.2022  
SWD(2022) 306 final

**COMMISSION STAFF WORKING DOCUMENT**

**CAFS Action Plan - State of Play June 2022**

*Accompanying the document*

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

**33rd Annual Report on the protection of the European Union's financial interests and  
the fight against fraud - 2021**

{COM(2022) 482 final} - {SWD(2022) 302 final} - {SWD(2022) 303 final} -  
{SWD(2022) 304 final} - {SWD(2022) 305 final} - {SWD(2022) 307 final}

## Contents

A. Prevention and Detection	3
A.1 Data collection and analysis	3
A.2 Priority measures: coordination and cooperation among Commission services and executive agencies	8
A.3 Professional ethics	10
A.4 Training, awareness-raising and technical assistance	13
A.5 Transparency	17
A.6 Fraud-proofing of the legal framework for the implementation of the budget	18
A.7 Miscellaneous	20
A.8 Expenditure	21
A.9 Revenue-traditional own resources (TOR)	28
A.10 Revenue – Value added tax (VAT)	31
B. Investigation	33
B.1 European Public Prosecutor’s Office (EPPO) and PIF Directive	33
B.2 European Anti-Fraud Office (OLAF)	35
C. Corrective Measures and Sanctions; Follow-up of OLAF Recommendations	36
D. Reporting on the Implementation of the CAFS	38

## A. Prevention and Detection

### A.1 Data collection and analysis

Nr	Action	Lead service	Action taken (State-of-play)	Status	Due date
1	<p>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:</p> <ul style="list-style-type: none"> <li>closed OLAF investigations;</li> <li>cases reported by the Member States through the Irregularities Management System (IMS).</li> </ul>	<p>OLAF</p> <p><u>Support:</u> JRC</p>	<p>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. In May 2022, OLAF finalised two additional reports: (i) analysis of the decline in the detection and reporting of non-fraudulent irregularities in the cohesion area, to find potential explanations and formulate general recommendations to the Member States; (ii) the general risk framework related to the Recovery and Resilience Facility, as a building block for a common vision and approach in protecting this new Fund. Other analyses are ongoing.</p>	Done and continuous	2020 and then continuous
2	<p>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.</p> <p>This action should be supported by a built-in analytical tool to be developed by OLAF.</p>	<p>OLAF</p> <p><u>Support:</u> REGIO, AGRI, EMPL, MARE, HOME, JRC</p>	<p>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.</p>	Done and continuous	2020 and then continuous 2021
3	<p>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.</p>	<p>OLAF (coordination), REGIO, EMPL, MARE, AGRI, HOME</p>	<p>OLAF monitors all relevant information from audits by Member States and Directorates-General (DGs) to make sure that irregularities are reported in the IMS.</p> <p>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).</p> <p>OLAF launched a study on the future development of IMS in the second half of 2021 to assess the use of IMS and users'</p>	Done and continuous	2021 and then continuous

			needs, with a view to improving the quality and completeness of data reporting in the IMS. The study was finalised in May 2022.		
4a)	<p>Exploring possibilities to strengthen IT-based fraud prevention and detection (as regards risk scoring and controls for double-funding, (self-) plagiarism, etc.) by:</p> <ul style="list-style-type: none"> <li>○ establishing and disseminating a Commission-wide inventory of existing IT tools;</li> </ul>	<p><u>Coordination:</u> OLAF / JRC</p> <p><u>Support:</u> BUDG, DIGIT, SJ, Spending Services<sup>1</sup></p>	<p>The EC Data Inventory was established and disseminated across the Commission.</p>	Done	2020 and then continuous
b)	<ul style="list-style-type: none"> <li>○ 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;</li> </ul>		<p>The Commission is striving to enhance the interoperability of its IT tools, also to prevent and detect fraud. This reflection is ongoing for example in the development of ARACHNE and EDES, notably in the context of the revision of the Financial Regulation.</p> <p>In May 2022, a study on the future development of IMS was finalised. It examines ways to enhance the interoperability of IT based anti-fraud tools and proposes short and long terms options.</p> <p>To maximise the usage of the Commission IT resources, OLAF is in contact with data owners to obtain the most efficient type and level of access.</p>	Done	
c)	<ul style="list-style-type: none"> <li>○ analysing needs and potential for new developments, working towards the most cost-effective balance between corporate and local tools.</li> </ul>		<p>The Commission is continuously analysing its IT needs and the potential for new developments.</p>	Done and continuous	
d)	<p>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.</p>	<p>EMPL</p> <p>Support: REGIO, AGRI, OLAF, JRC, SJ</p>	<p>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 implement the Recovery and Resilience Facility (RRF) and also for the shared management</p>	Done and continuous	

<sup>1</sup> 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.

			<p>funds.</p> <p>ARACHNE was promoted, notably, at the annual bilateral coordination meetings with the national audit authorities.</p> <p>The Commission also continues to promote ARACHNE during the Technical Meetings and the trainings to the Member States. In 2022 and up to 31 May 2022, the ARACHNE Team organised one training, six presentations and three Financial Management and Audit seminars.</p> <p>ARACHNE improvements in 2022: A new major release improving the reporting and introducing a new ex-ante calculation module will be available to the Member States as of mid-June 2022. The following further improvements will be released during the second half of 2022:</p> <ul style="list-style-type: none"> <li>• Incorporation of beneficial owners data in data feeding and risk indicators;</li> <li>• Availability of a web service to the Member States allowing to make automated upload of data files</li> </ul>		
e)	Explore possibilities for an extended use of ARACHNE and other risk scoring tools in all management modes.	<p><u>Coor-</u> <u>dination:</u> OLAF/ EMPL</p> <p><u>Support:</u> <u>JRC;</u> <u>RTD,</u> <u>DIGIT,</u> <u>BUDG,</u> <u>SJ,</u> <u>Spending</u> <u>Services</u></p>	<p>In line with the invitation addressed to the Commission by the European Council in July 2020, further measures to protect the EU-funds against fraud and irregularities were launched to increase the use of IT tools for purposes of achieving a more transparent and interoperable access to data including data about recipients, financial recipients and beneficial owners, contractors and subcontractors. This is intended to be achieved through an increased use of specific data mining and risk scoring tools, in particular the use of ARACHNE by the Member States authorities at all stages from project selection, the launch of tender procedures, the selection of beneficiaries and payment.</p> <p>According to the inter-institutional agreement between the European Parliament, the Council and the Commission of December 2020 on budgetary discipline, cooperation in budgetary matters and sound financial management, as well as 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</p>	Done	

			<p>scoring tool.</p> <p>Importantly, the Commission adopted a proposal for a targeted amendment of the Financial Regulation on 16 May 2022. In this context, the Commission proposed the mandatory use of a single integrated IT system for data-mining and risk-scoring in all management modes of the EU budget. The new provisions will apply to programmes adopted under and financed as from the post-2027 MFF.</p> <p>In the absence of a legal obligation, voluntary application is possible and the Commission continues to encourage the Member States to use ARACHNE during the transitional period. The number of connections as well as the number of active users are hence increasing. During the first quarter of 2022, there have been 1836 active users. As of 31 May 2022, the percentage of all programmes using ARACHNE was 56%.</p>		
5a)	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.	<p>OLAF</p> <p><u>Support:</u> RTD, DIGIT, BUDG, Spending services</p>	<p>OLAF evaluated the extent to which (including tools and methods) OLAF can exploit the information available in audit reports in correlation with all the internal data sources on shared management. OLAF systematically ingests audit reports received in GETI for cross-checking.</p> <p>EISMEA Final Audit Reports are available to services using and having access to AUDEX IT tool.</p>	Done	2020-2021
b)	Explore an extended use of specific applications of audit tools (MAPAR) on audit procedures and developing analysis of findings.	<p>REGIO</p> <p><u>Support:</u> RTD, DIGIT, OLAF, BUDG, Spending Services</p>	<p>MAPAR records the findings of the audits performed by DG REGIO and 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.</p> <p>The MAPAR audit tool provides a possibility to extract the EC findings (EMPL and REGIO) according to the agreed joint typology of irregularities. REGIO uses them to analyse patterns of the most recurrent types of irregularities. Such an analysis of the audit findings is done and reported in the REGIO AAR each year. It is also communicated to the AAs in the regular technical meetings. On the basis of these findings, in November 2020 the three ESIF DGs organised a workshop with AAs to discuss some select types of recurrent</p>	Done	

			REGIO/EMPL error/irregularities findings.		
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 2021, the programme provided grants to six 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 <u>Support:</u> BUDG, SJ, JRC, Spending services	The mapping of channels was finalised and circulated in the FPDNet in March 2022.	Done	2020 and then continuous
8	Develop country profiles to better analyse and assess Member States' anti-fraud action.	OLAF	OLAF has developed country profiles with a comparison between the error rates and the detection rates. The profiles are under discussion with the relevant Commission services. The launch of a pilot with a wider collection of country specific information is pending due to resource constraints.	Done and continuous	2020 and then continuous

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

Nr	Action	Lead service	Action taken (State-of-play)	Status	Due date
9	<p>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:</p> <ul style="list-style-type: none"> <li>○ the follow-up to OLAF's recommendations on services' anti-fraud strategies;</li> <li>○ the overall progress in the 2019 CAFS Action Plan; and</li> <li>○ the systemic follow-up to OLAF's investigation-based recommendations.</li> </ul> <p>Preparatory work undertaken mainly by OLAF, the FPDNet and by the central services at working level, in line with the Administrative Arrangements</p>	SG <u>Support:</u> OLAF, BUDG, HR, SJ	<p>The Commission Secretariat-General has, since 2019, organised regular monitoring meetings with OLAF and horizontal services on the follow-up of OLAF recommendations.</p> <p>In 2021, OLAF provided anti-fraud advice and recommendations on 13 services' anti-fraud strategies.</p> <p>Progress in implementing the Commission anti-fraud strategy (CAFS) was last discussed by the Commission Corporate Management Board (CMB) on 30 March 2022.</p> <p>OLAF presents its monitoring activities (e.g. guidelines and best practice as well as overviews of information collected concerning the follow-up given by the recipient bodies and services to recommendations issued by OLAF) to the FPDNet</p>	Done and continuous	2019 and then continuous

	between the Commission and OLAF. See also Action 10.		plenary as appropriate. OLAF's Director-General regularly presents the state of play to the Corporate Management Board.		
10 a)	Intensify the work of the Commission Fraud Prevention and Detection Network by: <ul style="list-style-type: none"> <li>organising an annual Directors' level meeting to review Commission anti-fraud policies;</li> </ul>	OLAF <u>Support:</u> BUDG	To ensure reporting on Commission anti-fraud policies at Directors' level, OLAF presented the state of play of the implementation of the CAFS to the Group of Resource Directors on 18 January 2022.	Done and continuous	2019 and then continuous
b)	<ul style="list-style-type: none"> <li>setting up subgroups 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;</li> </ul>		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). Furthermore, a subgroup has been created to coordinate the Commission's relations with the EPPO. The sub-groups meet regularly.	Done and continuous	
c)	<ul style="list-style-type: none"> <li>choosing agenda items that relate to colleagues' daily work experiences for 'hands-on' collaboration, including a peer review of fraud risks, red flags and control systems where appropriate; and</li> </ul>		Main topics for FPDNet agendas are identified based on feedback from services.	Done and continuous	
d)	<ul style="list-style-type: none"> <li>collaborating more effectively with the Commission's Network of Internal Control Coordinators.</li> </ul>		OLAF has ensured effective communication channels with the Internal Control Coordinators Network and participates in the meetings of the Network.	Done and continuous	
11 a)	Further improve service-level anti-fraud strategies and their implementation in the following ways: <ul style="list-style-type: none"> <li>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;</li> </ul>	All services <u>Coor-dination:</u> OLAF <u>Support:</u> SG, BUDG	Since the entry into force of the 2019 Commission anti-fraud strategy, more than 46 Commission services have updated or revised their services' anti-fraud strategies.	Done and continuous	2019 and then continuous
b)	<ul style="list-style-type: none"> <li>OLAF should update its methodological guidance for anti-fraud strategies when necessary;</li> </ul>		The revised anti-fraud strategy methodology was finalised and circulated in the FPDNet in June 2021.	Done	

c)	○ Draft anti-fraud strategies and updates should be subject to mandatory review by OLAF;		In 2020 and 2021, OLAF provided anti-fraud advice and recommendations on respectively 13 and 16 services' anti-fraud strategies.	Done and continuous	
d)	○ 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.	Done and continuous	
e)	○ 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 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.		When revising the services' anti-fraud strategies, OLAF issues recommendations and advice to the services concerned.	Done and continuous	

### A.3 Professional ethics

Nr	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  <u>Support:</u> SG, OLAF	The Commission has put in place a very comprehensive training policy on ethics and disciplinary matters to reach staff at different moments of their career. Up until 2022, a significant number of staff members attended the outreach sessions of DG HR on these matters.  In 2019, specific efforts on ethics trainings were 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	Done and continuous	Continuous

			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.		
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 has published additional guidance for Commission staff. This includes the revised guidance on MyIntracomm on conflicts of interest at gainful employment of the spouse, on ad hoc conflict of interest (including on financial matters) and revised FAQs on post-service activities.	Done	2020
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: <ul style="list-style-type: none"> <li>o membership in management boards;</li> <li>o presentation of the Commission's best practices in inter-agency networks;</li> <li>o support for ethics training;</li> <li>o advocating inter-agency task forces on particular issues as necessary.</li> </ul>	Partner DGs of other EU bodies  <u>Support:</u> SG, HR, OLAF	On 20 April 2020, the Commission issued guidelines <sup>2</sup> to implement the new Framework Financial Regulation (FFR) <sup>3</sup> . The basic acts setting up decentralised agencies in combination with Art. 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 Art. 42 of the FFR. According to the FFR, the agencies	Done and continuous	Continuous

<sup>2</sup> 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

<sup>3</sup> 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

			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 ECA or IAS.		
--	--	--	---	--	--

A.4 Training, awareness-raising and technical assistance					
Nr	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 <u>Support:</u> 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: <ul style="list-style-type: none"> <li>○ project managers;</li> <li>○ auditors;</li> <li>○ Heads of, and administrative staff in, Representations and Delegations; and</li> <li>○ Heads of Civilian CFSP Missions and EU Special Representatives and the staff of their offices.</li> </ul>	OLAF	OLAF delivered 27 days of training to EU institutions and Member States authorities in 2021, 25 days in 2020 and 45 days in 2019.	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	OLAF has provided advice 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, the Fuel Cells and Hydrogen Joint Undertaking, the Central Finance Unit of the European Parliament, the members of the allowance team of the European Economic and Social Committee, the Central Financial and Contracting Agency of Croatia and the member state agencies (AFD - Agence Française de Développement and Camões Portuguese development agency), European Research Council Executive Agency (ERCEA) and European Health and Digital Executive Agency (HaDEA).	Done and continuous	Continuous

19	Provide technical assistance to Member States through various spending programmes (including the EU Anti-Fraud Programme).	OLAF TAXUD REFORM REGIO	<p>The Commission provides technical assistance/support to Member States, through various spending programmes, including the EU Anti-Fraud Programme.</p> <p>REFORM: In 2020 technical support was provided through the Structural Reform Support Programme (SRSP 2017-2020) for a number of actions in the area of the fight against corruption and fraud. Projects have been started with authorities from a number of Member States for raising awareness and standards of fighting bribery in international business transactions, development of risk assessment and behavioral insights framework for better management of corruption risks, enhancing fraud risks detection related to grants, increasing the effectiveness of implementation and monitoring of anti-corruption actions”.</p> <p>In 2021 DG REFORM continued to provide technical support to Member States in the area of anti-corruption and integrity through its programmes, namely the Structural Reform Support Programme and the newly established Technical Support Instrument. The technical support has facilitated the review of procedures for the selection and appraisal of judges and prosecutors and the enforcement of anti-corruption measures in education, environment and sports. Some national authorities received support to establish monitoring mechanisms for their anti-corruption national plan; to revise their rules to manage conflicts of interest; to ensure supervision of public expenditure or to demonstrate preparedness to access the OECD Anti-Bribery convention.</p> <p>TAXUD: The new Fiscalis<sup>4</sup> and Customs<sup>5</sup> (2021-2027) programmes have been adopted and are operational, thus ensuring continuity in the support.</p> <p>The new Customs Control Equipment Instrument<sup>6</sup> (2021-2027), will provide financial support to the Member States to</p>	Done and continuous	Continuous

<sup>4</sup> Regulation (EU) 2021/847, OJ L 188, 28.5.2021

<sup>5</sup> Regulation (EU) 2021/444, OJ L 87, 15.3.2021

<sup>6</sup> Regulation (EU) 2021/1077, OJ L 234, 2.7.2021

			<p>purchase customs control equipment and contribute to an adequate and equivalent level of customs controls across the EU.</p> <p>OLAF: In 2020 technical support was provided under the Hercule III programme to Member States' national and regional authorities, through grants and procurement activities. Various projects contributing to the fight against fraud were funded, such as the purchase of investigation tools and methods, the acquisition of detection devices or of specialised systems for the recognition of vehicle number plates as well as container codes, for purposes related to the protection of EU financial interests.</p> <p>The Programme also provided funds for the procurement of subscriptions, on behalf of law enforcement authorities in Member States, to commercial databases to support national operations and investigations. Specific IT tools for data analysis were developed with funding from the programme, in association with the Joint Research Centre (JRC), and provided to the Members States' Customs Authorities, facilitating their effective and efficient use of analytical data.</p> <p>The new Union Anti-Fraud programme (2021-2027) continues this support in the technical assistance component, with an increased focus on the expenditure side of Union's budget and on data analytics. The first Calls for Proposals for 2021 has been finalised and the first generation of grants for Technical Assistance were awarded in March 2022.</p> <p>REGIO: The final report on a Compendium of Good (fraud prevention) practices was adopted in 2020 as part of the technical assistance to Member States for Administrative Capacity Building.</p> <p>In 2021 new measures were offered to Member States authorities comprise and e-learning module covering basic knowledge needed for staff training, and guidance together with an online toolbox with practical case examples and case studies, which provide information on good practices.</p> <p>Technical assistance is given further emphasis in DG REGIO's next 2021 – 2027 legal basis (Articles 29 and 30).</p>		
--	--	--	---	--	--

			<p>To enhance the knowledge and increase cooperation on fraud prevention and prevention of conflicts of interests and other irregularities, REGIO also organized two EGESIF meetings and participated in several anti-fraud network meetings with OLAF.</p> <p>In 2021 and in 2022 the ARACHNE Team organised continuous technical support and training actions in relation to the tool. As of mid-June 2022, such activity included: 1 workshop, 20 presentations, 6 financial management and audit seminars and 5 training sessions for Member States.</p>		
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. In June 2021, for example, a report on the potential risks in the funding of health infrastructure was finalised, with cases from IMS as well as OLAF investigations. In 2022, OLAF finalised a casebook of agricultural cases with DG AGRI.	Done and continuous	2021 and then continuous

#### A.5 Transparency

Nr	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 <u>Support:</u> GROW	Since 1 September 2020, all procurement data received for publication follows a structured, standard format. Normalisation of official names of European institutions in procurement notices is implemented since 01/08/2021.	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) FR.	BUDG, JRC, RTD <u>Support:</u> GROW, DIGIT, OP, SJ	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 completed within the first 3 years of the 2021-2027 Multiannual Financial Framework. This will comprise 62 programmes covered by eGrants.  The relevant information is automatically transmitted to the Financial Transparency System (FTS).  The Commission adopted a proposal for a targeted amendment of the Financial Regulation on 16 May 2022. In this context,	Done	2020-2021

			the Commission proposed to enhance the existing Financial Transparency System (currently in use for direct management) by expanding the information there published to recipients of EU funding in all management modes of the EU budget, including budget implementation by other Union institutions and bodies. The new provisions will apply to programmes adopted under and financed as from the post-2027 MFF.		
--	--	--	---	--	--

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

Nr	Action	Lead service	Action taken (State-of-play)	Status	Due date
23	<p>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.</p> <p>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.</p> <p>Permanent guidance of that type, e.g. INTPA's Practical Guide, should be regularly reviewed as necessary, involving OLAF.</p> <p>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</p>	<p>Spending services<sup>7</sup></p> <p><u>Support:</u> OLAF/BUDG</p>	<p>All Commission proposals for the post-2020 spending programmes include standard provisions on protecting the EU's financial interests.</p> <p>Commission spending services are fully aware of the need to ensure continued consultation of OLAF.</p>	Done and continuous	Continuous

<sup>7</sup> And other services launching instruments with a potential impact on the protection of the EU's financial interests.

	other irregularities.				
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 <u>Coordination:</u> SG <u>Support:</u> OLAF	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
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, <i>mutatis mutandis</i> , to transactions supported by budgetary guarantees.	Spending services <u>Coordination:</u> BUDG <u>Support:</u> OLAF, SJ	All Commission proposals for the post-2020 spending programmes include standard provisions on the protection of 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 <u>Support:</u> GROW, HOME, BUDG, SJ, Spending services	The ISO certification has been carefully assessed in the context of the revision of the Financial Regulation, but considered to go against simplification measures proposed as one of the main focus areas of this revision.	Done	2021

#### A.7 Miscellaneous

Nr	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 <u>Support:</u> OLAF, BUDG	<p>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 Financières/Finance Units' Network) on direct expenditure has been launched.</p> <p>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.</p> <p>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. 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. As from 2022, the SCOs topic will be integrated in one of DG BUDG workshop on Grants together with a specific exercise on it.</p> <p>The DGs must also explain in their annual activity report their control strategies for the use of SCO, if applicable.</p>	Done and continuous	2020 and then continuous
28	Ensure appropriate coverage of fraud-related aspects in the Commission guidelines on Article 61 FR.	BUDG <u>Support:</u> 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 <u>Coordination:</u> OLAF <u>Support:</u> BUDG	OLAF, in collaboration with relevant Commission's services, has developed an evaluation of fraud risk and vulnerabilities with regards to spending in emergency situations. The evaluation was finalised in May 2022 and disseminated to relevant services.	Done	2021
30	Regularly revise and update the corporate IT security strategy and monitor its implementation.	DIGIT	The IT security strategy was adopted by the IT and Cybersecurity Board (ITCB) in February 2019, with an	Done and	Continuous

	Optimise the systems of the Commission and the executive agencies for secure operation of e-procurement, e-grants and other channels of e-governance.		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.	continuous	
--	---	--	---	------------	--

## A.8 Expenditure

### a) Direct management

Nr	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  <u>Coordination:</u> BUDG  <u>Support:</u> 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 and the achievement of milestones and targets.  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 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/optimize the SYGMA-SUMMA solution.  The e-Procurement project is scheduled to be 90% completed in 2024.	Done and continuous	2020
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	HR / BUDG  <u>Support:</u>	The corporate procurement-related training cycle is in place and contains fraud prevention elements.  Since October 2021, an eLearning on Procurement basics is	Done and continuous	2019 and then continuous

	who are exceptionally involved in a procurement process (e.g. policy officers).	GROW, OLAF	<p>available for staff members in charge of public procurement in the European institutions, bodies and Agencies, including those who work on operational and financial aspects. This eLearning is designed to provide participants with fundamental skills of Procurement.</p> <p>In May 2022 a revised version of the manual “Procurement basics” has been made available on BUDGpedia, the knowledge management platform for all financial and budgetary matters.</p> <p>The training available also include targeted ad hoc sessions.</p>		
33	<p>Where appropriate, include specific anti-fraud measures among the ‘conditionalities’ for budget support.</p> <p>For budget support and macro-financial assistance, where appropriate, improve control strategies and strengthen verification mechanisms.</p>	<p>INTPA, NEAR, ECFIN</p> <p><u>Support:</u> OLAF, BUDG</p>	<p>All ECFIN MoUs and LFAs have general articles dealing with this subject. ECFIN also included, where useful, specific conditions on that area in the MoU that partner countries need to comply with in order to get the instalment disbursed.</p> <p>The recommendations of the ECA’s special report 25/2019 are being implemented, with additional safeguards where appropriate. The report’s recommendations have been reflected in the template in use for action documents, financing agreements and disbursement files for budget support.</p>	Done and continuous	2020 and then continuous
34	<p>Having due regard to data protection legislation,</p> <ul style="list-style-type: none"> <li>○ examine the possibility of setting-up a database of experts involved in EU-funded projects to prevent or detect double claims; and</li> <li>○ 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.</li> </ul>	<p>OLAF</p> <p><u>Support:</u> Spending services, DIGIT, BUDG, SJ, SG</p>	<p>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.</p> <p>The expert contracts with an amount &gt; 15 KEUR are indeed published under the FTS regulations (by DG BUDG based on data in ABAC). Annual lists of contracted experts are published in the Funding &amp; Tender Portal. As for the “Register of Commission Expert Groups and Other Similar Entities”, the names of the experts are also published (under Expert Groups – Details – Members).</p>	Done and continuous	2021
35	Optimise internal workflows regarding budgetary guarantees.	<p>BUDG</p> <p><u>Support:</u></p>	<p>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</p>	Done	2020

		ECFIN, OLAF, INTPA, NEAR	ECFIN, INTPA, NEAR and SG. The Steering Committee focuses on cross-cutting issues covering budgetary guarantees and financial assistance.		
--	--	--------------------------	---	--	--

## A.8 Expenditure

### b) Indirect management

Nr	Action	Lead service	Action taken (State-of-play)	Status	Due date
36	<p>Obtain assurance about internal control of entrusted entities, financial (sub-) intermediaries, fund managers, etc., e.g., through:</p> <ul style="list-style-type: none"> <li>○ 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;</li> <li>○ Encouraging the exchange of best practice regarding anti-fraud policies, including in the domain of financial instruments and budgetary guarantees.</li> </ul>	<p>Spending services</p> <p><u>Support:</u> BUDG, ECFIN, INTPA, OLAF</p>	<p>Several pillar assessments of entities eligible to implement Union funds under indirect management have been finalised by DG ECFIN, as lead DG, in 2021 for the primary purpose of the InvestEU Programme and others will be finalised before the relevant agreement is concluded with any of them.</p> <p>In general terms, to be entrusted with the management of EU funds any entity should have its rules, systems and procedures, among wick those related to internal control (pillar (1)) assessed positively: the current methodology for this pillar assessment is reflected in the Terms of Reference (C(2019)2882).</p> <p>If failed, relevant contractual measures are included in the agreement signed between the entity and the Commission, covering the weaknesses identified in the assessment.</p> <p>Regards exchange of best practice, work is ongoing in the framework of the InvestEU Working Group and InvestEU investment guidelines.</p>	Done and continuous	Continuous

A.8 Expenditure					
c) Shared management					
Nr	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  Coordination and support: OLAF	<p>In recent years, the Commission has encouraged Member States to adopt national anti-fraud strategies. By the end of 2021, 16 Member States<sup>8</sup> had reported adopting their strategies.</p> <p>The recommendation for Member States to develop or update their national anti-fraud strategies was repeated in the 2020 PIF Report of September 2021.</p> <p>REGIO encouraged the program authorities to make an update analysis of the specific fraud risks in each program, both in the context of the adoption of the 2014 – 2020 program amendments, to integrate CRII, CRII+ and REACT EU related objectives in the measures financed under the programs, and in the negotiations on new operational programs for the 2021 – 2027 period.</p> <p>In May 2021, REGIO asked the ESF/ESF programme authorities to update their fraud risk assessment and to adapt accordingly their anti-fraud measures. The above letter mentions as well the risks linked to the additional funding made available via the Recovery and Resilience Facility (RRF).</p> <p>Delegated Regulation 2022/127 now includes the need for the Member States' Paying Agencies implementing the Common Agriculture Policy (CAP) to have an antifraud strategy in place in the context of their accreditation criteria (so the criteria to be respected in order to be accredited as a Paying Agency implementing the CAP – there are in fact 76 Paying Agencies as some Member States have more than one – in that</p>	Done and continuous	Continuous

<sup>8</sup> Austria, Bulgaria, Croatia, Czechia, Denmark (sectoral; pending updates), Estonia, France, Germany (sectoral), Greece (sectoral), Hungary, Italy, Latvia, Lithuania, Malta, Portugal (sectoral; pending updates), Slovakia. Out of these, Portugal has indicated having adopted a sectoral strategy, but has not yet formally transmitted it to the Commission.

			case also a Coordinating Body needs to be in place). This Regulation will apply from 1 January 2023 in connection with the new CAP and in particular the financial rules of Regulation 2021/2116		
38	Where appropriate and possible, reinforce Member States' obligations for the post-2020 MFF throughout the anti-fraud cycle.	<p>1) REGIO, EMPL, MARE, HOME</p> <p><u>Coordination:</u> REGIO</p> <p>2) AGRI <u>Support (ad 1 and 2):</u> BUDG, GROW, OLAF, SJ</p>	<p>The Commission has proposed, for example, to make the use of risk scoring tools by Member States mandatory. The new Financial Regulation (recast) will make the use of the single integrated IT system for data-mining and risk-scoring mandatory from the post-2027 multiannual financial framework.</p> <p>Whenever possible, OLAF has asked to have specific anti-fraud provisions included in the Member States' partnership agreements and operational programmes, for example with regard to the strengthening of administrative capacities to detect, report and follow-up on irregularities and on fully exploiting the available data-mining tools, such as ARACHNE.</p> <p>The Member States' activities referred to, are those relating to their obligation to have effective anti-fraud measures in place as laid down in article 125.4 c) of the CPR 2014-2020 and in article 74.1 c) of the CPR 2021-2027 respectively.</p> <p>Regulation 2021/2116 to the reference to the CPR as also for the CAP Member States have (and also had under the previous rules) to have antifraud measures in place.</p>	Done and continuous	2019-2020
39	Explore the possibility of applying the underlying rationale of Action Point 36 to financial instruments under shared management.	<p>REGIO, EMPL, MARE, AGRI, HOME</p> <p><u>Coor-</u> <u>dination:</u> REGIO</p> <p><u>Support:</u> OLAF, JRC, BUDG, SJ</p>	<p>The possibility has been explored. Following discussion with DG BUDG and shared management DGs, the pillar assessment is not considered to be 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).</p> <p>In the new CAP that will apply from 1 January 2023, there will be an obligation for the Member States to collect information necessary for the beneficiaries' identification, including, where applicable, the identification of the group in</p>	Done and continuous	2021

			which they participate, as defined in article 2 of Directive 2013/34/EU. This information will also be published by the Member States for transparency.		
40	<p>European Semester:</p> <p>Analyse/monitor Member States' general anti-corruption policies through the country reports.</p> <p>Explore the possibility and merits of extending the country reports to cover Member States' policies for protecting the EU's financial interests from fraud.</p>	<p>HOME</p> <p>SG</p> <p><u>Support:</u> OLAF</p>	<p>DG HOME conducts a yearly analysis of Member States' anti-corruption frameworks, legislation and policies. The Commission's annual rule of law report covers the monitoring and analysis of the anti-corruption frameworks of all 27 Member States.</p> <p>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.</p> <p>OLAF, as lead service on matters related to the protection of the Union's financial interests, follows the discussions in the European Semester country teams.</p>	Done	Continuou 2021
41	Promote integrity pacts for safeguarding EU funds against fraud and corruption	<p>REGIO</p> <p><u>Support:</u> GROW</p>	<p>The Commission promotes integrity pacts, especially for large-scale investments in the domains considered most prone to fraud.</p> <p>In September 2021, REGIO presented to the Board of Directors a "Note on mainstreaming Integrity Pacts" . and put forward the Proposals of unit E1 on how to set up and mainstream IPs in the 2021-2027 implementation period and how to support geographical units and national actors in this process.</p>	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.	<p>GROW</p> <p><u>Support:</u> REGIO</p>	The voluntary ex-ante assessment mechanism for the compliance of large-scale infrastructure projects with EU procurement rules is established and fully functioning under 2 pillars: a helpdesk and a notification mechanism.	Done and continuous	Continuous

## A.9 Revenue-traditional own resources (TOR)

Nr	Action	Lead service	Action taken (state-of-play)	Status	Due date
43	Review Council Regulation (EC) No 515/97 <sup>9</sup> with a view to increasing mutual assistance among and cooperation with national customs authorities.	OLAF	The evaluation of Regulation 515/97 has been completed. A report on the evaluation is to be published by Q3 2022	Done	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.	<u>Coordination:</u> rotates among TAXUD, BUDG and OLAF.  <u>Support:</u> 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  <u>Support:</u> BUDG	<p>The customs action plan was adopted on 23 September 2020.</p> <p>A Memorandum of Understanding (MoU) was signed between TAXUD, OLAF and BUDG, setting the framework for the cooperation of the three services under the Joint Analytics Capability (JAC). The JRC has joined the JAC in spring 2022 with an addendum to the existing MoU between TAXUD, OLAF and BUDG.</p> <p>The JRC is expected to boost advancements in the use of statistical data analysis and Artificial Intelligence for the detection of customs fraud, which will be shared and tested with OLAF and the Member State Customs. Methods and models will be also studied in relation to the estimation of the TOR losses due to undervaluation, in synergy with BUDG and TAXUD</p> <p>OLAF, supported by the JRC, continues to work with Member State customs data analysts to share analytical experiences and improve learning.</p> <p>CRMS 2 was released in December 2021 and is used by Member States since the 1 January 2022.</p>	Done and continuous	Continuous

<sup>9</sup> 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.

46	Strengthen international cooperation on customs matters, with Belarus, China, Georgia, Moldova, Russia, Ukraine and the United Arab Emirates among others.	TAXUD OLAF	<p><b>Belarus</b> - In December 2019, the Council adopted negotiating directives for a customs cooperation and mutual administrative assistance (CCMAA) agreement with Belarus and negotiating texts were exchanged in 2020. The scheduled negotiations have been put on hold for political reasons.</p> <p><b>China</b> - An evaluation study on implementing the customs cooperation and mutual administrative assistance agreement (CCMAA) with China has been finalised. The final report of the evaluation study was published in October 2020. The Commission's own evaluation of the CCMAA is currently ongoing, to be finalised in the third quarter of 2022.</p> <p>The <b>Western Balkans</b> and <b>Turkey</b> were party to Customs 2020 programme.</p> <p><b>Moldova</b> - The preparation for the mutual recognition of Authorized Economic Operators (AEO) between the EU and Moldova started in April 2020. Assessment of Moldova's AEO legislation was completed in May 2020, recommendations were sent and Moldova amended its legislation accordingly. The Parliament adopted the new customs code in line with the Union Customs Code in August 2021.</p> <p>IT system for exchange of AEO information was developed by Moldova in July 2021. Testing of the IT system was finalised in January 2022. The EU AEO expert team confirmed the compatibility of both EU and Moldova the AEO security programmes.</p> <p><b>Turkey</b> - First meeting with Turkey concerning a MRA Partnership on 11 March 2021. A follow-up IT happened on 26 April 2021 about the Interface Control Document and the way the MRA exchange of data should work. The testing process of the automated exchange of info could start at the end of Q2 – beginning of Q3 2022 provided that Turkey communicate timely the contacts of its dedicated team.</p> <p>Proposal for an agreement was prepared in February 2022. Adoption by the Council of the EU of the proposed agreement is foreseen in July, while the signature by both parties in Q3</p>	Partially done and continuous	Continuous
----	--	---------------	---	-------------------------------	------------

			<p>2022.</p> <p><b>Ukraine</b> - Ukraine develops a national Authorized Economic Operators (AEO) programme. In March 2021, first national AEO authorisation was awarded. Prior to February 2022, Ukraine deployed great efforts to support companies in Ukraine to apply for the AEO status in Ukraine with the aim to increase the number of UA AEO status holders also within the perspective to prepare for the AEO mutual recognition with the EU.</p> <p><b>Common Transit Convention</b> - 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 Computerised Transit System (NCTS). Negotiations enabling these and other non-EU countries to participate in the new EU Customs and Fiscalis programmes were launched in October 2021 for 10 countries (AL, BA, XK, ME, MK, RS, TR, MD, GE and UA). By the end of June 2022, negotiations for both programmes have been finalised for AL, GE, XK, MK, ME and USA.</p>		
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
48	<p>Implement the 2<sup>nd</sup> Commission Action Plan to fight the illicit tobacco trade 2018-2022<sup>10</sup>, with a view to:</p> <ul style="list-style-type: none"> <li>- deepening engagement with key source and transit countries;</li> <li>- addressing the issue of non-branded ‘cheap whites’ cigarettes in particular.</li> </ul>	OLAF	Implementation is ongoing, with additional key initiatives completed or in progress. 43 actions out 49 were completed.	Partially done	Continuous

<sup>10</sup> 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.

## A.10 Revenue – Value added tax (VAT)

Nr	Action	Lead service	Action taken (state-of-play)	Status	Due date
49	Support the adoption and phasing-in of a revamped VAT system <sup>11</sup> , 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	<p>The last proposal for a Directive on the definitive VAT system has been discussed in Council but no progress has to date been made to move towards this system. 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.</p> <p>The proposal on a definitive VAT system remains on the table of the Council. In addition the Commission will present a proposal on “VAT in the Digital Age” in the second half of 2022. Discussions in Council will go on well beyond 2023.</p> <p>The 2020 Tax Action Plan on fair and simple taxation announced a legislative proposal in 2022 under the heading ‘VAT in the Digital Age’. This initiative intends to elevate the use of IT as a tool for easier compliance and a more efficient fight against fraud by modernising VAT reporting obligations and facilitating e-invoicing. It will also include an update of the VAT rules for the platform economy, an extension of the One Stop Shop (OSS) and improvements to the Import One Stop Shop (IOSS). This initiative is expected to have comparable results to the definitive VAT regime.</p>	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.  Reinforce Eurofisc’s role in tackling cross-border	TAXUD, OLAF	<p>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.</p> <p>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.</p>	Done and continuous	Continuous

<sup>11</sup> 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.

	VAT fraud, particularly by making better use of the information available within the network.		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	<p>The Commission will consider international cooperation for the fight against VAT fraud and for recovery assistance based on an assessment of the interests of the EU. 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 and exchanged a first draft in July 2021. The negotiations are currently on-hold due to the political context.</p> <p>The Commission is also working to improve VAT administrative cooperation and recovery of claims assistance with other third countries such as Canada, Japan and New Zealand through exploratory talks. The exploratory talks with Canada and New Zealand have not given any results until now. With Japan exploratory talks are ongoing at technical level.</p> <p>In view of also improving the VAT administrative cooperation the Commission has asked the Council for a mandate to revise the EU-Norway Agreement on administrative cooperation and recovery of claims in order to include the new tools for such cooperation introduced by amendments of Regulation 904/2010. On 17 June, the Council authorised the Commission to open negotiations on the agreement with Norway. The Commission is ready to start the written procedure concerning the Decision of the Joint Committee to open negotiations. The Commission is also working on the full implementation of the VAT Protocol of the Trade and Cooperation agreement with the UK.</p>	Ongoing	Continuous

## B. Investigation

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

Nr	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  <u>Support:</u> HR, BUDG, OIL	<p>OLAF and the Commission have been working on setting up the EPPO since the entry into force of the Regulation (November 2017).</p> <p>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<sup>12</sup>. 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.</p> <p>At the request of EPPO, OIL continues to support the EPPO by providing procurement and logistics services, based on a service-level agreement (SLA).</p> <p>Dedicated training on OWNRES and WOMIS databases (info available and use) to be organised by BUDG in April/May 2022.</p>	Done	2019-2020
53	<p>Cooperation with the EPPO:</p> <p>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 the EPPO could exercise its competence (Article 24 of Regulation 2017/1939<sup>13</sup>). 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</p>	All services  <u>Support:</u> OLAF	<p>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.</p> <p>These envisage that OLAF, as Commission service, will transmit notified allegations of fraud and other breaches potentially falling within the EPPO's competence to the EPPO, following a preliminary evaluation.</p>	Done and continuous	2020 and continuous

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

<sup>13</sup> 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.

	<p>them.</p> <p>The EPPO Regulation provides that EU institutions and bodies may make 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.</p>		<p>OLAF will provide guidance and procedural rules for services on how to report fraud and how to work with OLAF and the EPPO. In addition, the relevant horizontal services (SG, LS, DG BUDG, HR.IDOC and OLAF) are developing templates to ensure that instances of alleged fraud detected and/or notified by Commission services to the EPPO under the Commission-EPPO Agreement are clearly identified as such.</p> <p>The Corporate Management Board has to designate OLAF, acting as Commission service, as the Commission's contact point for most types of communication flows with the EPPO, whilst designating the SG, the Legal Service, DG BUDG and/or HR.IDOC as contact points or associated contact points for specific processes (ie the opening, results or dismissal of EPPO investigations concerning Commission staff or members; requests for the participation of the Commission as a civil party in court proceedings; requests for the appearance of Commission members or the Secretary-General as witnesses in EPPO proceedings; and requests for the waiver of immunity of Commission staff or members)</p> <p>In parallel, OLAF continues its investigative work in complementarity with/support to the EPPO.</p>		
54	Support Member States' transposition and implementation of the PIF-Directive.	JUST / OLAF	<p>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.</p> <p>In line with Art. 18(1) of the PIF Directive, the Commission submitted a first implementation report to the European Parliament and the Council two years after the transposition deadline in September 2021.</p> <p>Following the adoption of the first implementation report, Letters of Formal Notice have so far been sent to seventeen Member States; to eight Member States in December 2021, to a further five Member States in February 2022 and to another four Member States in May 2022.</p> <p>According to Article 18(4) of the PIF Directive, in September 2022 the Commission will be adopting a second</p>	Done and continuous	2019 and then continuous

			<p>implementation report, assessing, with regard to the general objective to strengthen the protection of the Union's financial interests, whether:</p> <p>(a) the VAT threshold indicated in Article 2(2) is appropriate;</p> <p>(b) the provisions relating to limitation periods as referred to in Article 12 are sufficiently effective;</p> <p>(c) the PIF Directive effectively addresses cases of procurement fraud.</p>		
--	--	--	---	--	--

## B.2 European Anti-Fraud Office (OLAF)

Nr	Action	Lead service	Action taken (state-of-play)	Status	Due date
55	<p>Negotiate the Commission's proposal for the review of the OLAF Regulation<sup>14</sup> in order to:</p> <ul style="list-style-type: none"> <li>○ adapt how OLAF operates following the establishment of the EPPO;</li> <li>○ improve the effectiveness of OLAF's investigative role; and</li> <li>○ clarify and simplify the OLAF-Regulation.</li> </ul>	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 a)	<p>Optimise cooperation between services/other EU bodies and OLAF by, among other actions:</p> <ul style="list-style-type: none"> <li>○ defining the role and responsibilities of OLAF contact points in the various services;</li> <li>○ making the reporting of information of potential investigative interest more efficient through direct channels between the services and OLAF;</li> <li>○ clarifying as necessary the respective responsibilities of OLAF and the services at an operational level;</li> </ul>	<p>All services</p> <p><u>Coordination:</u> OLAF</p> <p><u>Support:</u> SG, BUDG, partner DGs of other EU bodies</p>	<p>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.</p> <p>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.</p>	Done and continuous	2019 and then continuous

<sup>14</sup> 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.

b)	<ul style="list-style-type: none"> <li>○ improving OLAF's communication on its dismissal of cases reported by the services</li> </ul>		OLAF has improved the level of explanation given to EU institutions, bodies, offices and agencies for the dismissals of cases brought by them.	Done and continuous	
c)	<ul style="list-style-type: none"> <li>○ reinforcing cooperation between the shared management DGs and OLAF to obtain information of potential investigative interest from Member State authorities; and</li> </ul>		The OLAF Correspondents guidelines clarify the reporting, the cooperation and the exchange of information during the selection process.	Done and continuous	
d)	<ul style="list-style-type: none"> <li>○ encouraging the EEAS and other EU bodies to join such initiatives for better cooperation.</li> </ul>		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.	Done	
57	Following thorough legal analysis, develop criteria for the scope of possible investigations in cases of budget support.	OLAF / SJ <u>Support:</u> INTPA, NEAR, ECFIN	A legal analysis including criteria has been done by OLAF together with the Legal Service.	Done	2020

### C. Corrective Measures and Sanctions; Follow-up of OLAF Recommendations

Nr	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.  The Commission adopted a proposal for a targeted amendment of the Financial Regulation on 16 May 2022. In this context, the Commission proposed to enhance the protection of Union's financial interests by extending EDES to shared management and the RRF (proportionate and targeted extension under limited conditions).	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  <u>Support:</u> BUDG	Revised corporate guidance on recoveries related to suspected fraud and other irregularities was issued by DG BUDG, in close cooperation with OLAF, in February 2022. There is continuous cooperation between OLAF and the Commission	Done and continuous	Continuous

			services to improve the follow-up to OLAF's financial recommendations.		
60	<p>Closely monitor Member States' follow-up of OLAF's financial recommendations.</p> <p>Coordination for the purposes of systemic follow-up in the FPDNet and by the Corporate Management Board.</p>	<p>REGIO, EMPL, MARE, AGRI, HOME</p> <p>OLAF</p>	<p>The Commission services monitor OLAF's recommendations and report on them in their annual activity reports.</p> <p>In collaboration with the Commission services, OLAF has conducted a comprehensive stocktaking exercise on the follow-up to financial recommendations issued since 2012, which is complemented by regular annual monitoring exercises. Findings, including the follow-up to financial recommendations by Member States, have been discussed with the Commission departments concerned. Both OLAF and these Commission departments continuously strive to optimise their practices of issuing and implementing financial recommendations.</p> <p>In line with Action 9, OLAF's monitoring activities are discussed in the FPDNet as appropriate, and OLAF's Director-General regularly presents the state of play in the Corporate Management Board.</p>	Done and continuous	Continuous
61	<p>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).</p>	OLAF	<p>In July 2021, OLAF launched a stocktaking exercise on the follow-up of administrative recommendations issued between 2016 and 2020, including recommendations related to the Early Detection and Exclusion System and to financial penalties based on the Financial Regulation even when combined with a financial recommendation.</p> <p>Results are being finalised for presentation to the Corporate Management Board.</p> <p>In preparation for future periodic monitoring of administrative recommendations, Drafting Instructions and Monitoring Guidelines for administrative recommendations were adopted in January 2022.</p>	Done and continuous	Continuous

#### D. Reporting on the Implementation of the CAFS

Nr	Action	Lead Service	Action taken (state-of-play)	Status	Due Date
----	--------	--------------	------------------------------	--------	----------

62	Refine:	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
a)	o reporting about service-level anti-fraud strategies through the annual activity reports;				
b)	o the contents of the Annual Management and Performance Report with regard to anti-fraud action;		OLAF contributes to the AMPR with a dedicated section on the fight against fraud and on anti-fraud strategies.	Done	
c)	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.	Done	
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 <u>Support:</u> 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