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COMMISSION STAFF WORKING DOCUMENT

**Follow-up on recommendations to the Commission report on the protection of the EU's
financial interests – fight against fraud, 2016**

Accompanying the document

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

**29th Annual Report on the Protection of the European Union's financial interests - Fight
against Fraud - 2017**

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EXECUTIVE SUMMARY

In the 2016 Article 325 TFEU Report on the protection of the European Union's financial interests, the Commission made a number of recommendations to the Member States, one recommendation for the revenue side of the budget and three recommendations for the expenditure side as follows:

A. REVENUE

Recommendation 1:

Member States were invited to review their management and control strategy with regard to customs valuation. With a view to protecting the EU's financial interests, they are requested to review their national procedures and control systems, in particular by:

- **including in their risk management system EU-wide risk profiles based on 'clean average prices' and systematically challenging potentially undervalued goods detected by means of risk profiles;**
- **not releasing the goods unless the declarants of potentially undervalued goods remove the authorities' reasonable doubts about the accuracy of the declared value or provide a guarantee fully covering the customs debt which may be incurred;**
- **applying the customs valuation methodology provided by customs law.**

B. EXPENDITURE

Recommendation 2:

The Commission called on the Member States to:

- **fully transpose Directives 2014/23/EU, 2014/24/EU and 2014/25/EU and put their implementation high on the political agenda;**
- **enforce the new Directives with a focus on transparency and integrity in public procurement, prevention and detection of fraud and corruption and better monitoring of public procurement systems;**
- **make use of the possibilities offered by simpler rules and fully realise the potential of e-procurement, which will become mandatory by October 2018.**

Recommendation 3:

- **When reporting irregularities (fraudulent and non-fraudulent), all competent authorities are asked to provide information about the location and, for cohesion and fisheries policies, the priority area of the measures/projects affected.**
- **When updating irregularities previously reported Member States are also asked to provide this information if they have not done so already.**

Recommendation 4:

- **All Member States are invited to take into account the findings of this report in their fraud risk assessments for the programming period 2014-2020 and to pay particular attention to the priorities highlighted and to interventions which are similar in scope and nature.**
- **In view of the low detection results for ETC programmes and considering the increasing threat of transnational fraud, Member States are asked to increase their attention and cooperation.**
- **All Member States are asked to review their fraud risk assessments in relation to market support measures taking into account the information highlighted in this report.**

As stated in the previous PIF Report 2016, there is increasing awareness of the threats posed by fraudsters and the difficulties for single national authorities to cope with the cross-border dimension of the various schemes put in place. This translated into a growing willingness to share information and best practices and, within adequate legal frameworks, relevant data. It was stated in the 2016 PIF Report that the EU and its Member States are now better equipped than a few years ago and there is an increasing commitment to do even more.

The follow-up to the 2016 PIF Report recommendations, through the analysis of the Member States' replies and the illustration of the measures taken at national level to combat fraud as regards the four recommendations, aims to serve as a reference document to show the efforts made by the EU Member States in 2017.

As a general remark, it can be seen that the efforts made by most Member States in 2017 were evident through their detailed follow-up to the recommendations. The detailed replies provided by the majority of the EU Member States confirmed the growing willingness to share information and best practices. The replies also illustrated the increasing commitment by Member States to enhance their role in the fight against fraud and the protection of the European Union's financial interests. Measures provided by the Member States, as well as successful examples shared, are listed further in this document.

As regards the first recommendation on customs undervaluation, the Commission has stated in the 2016 PIF Report that the Traditional Own Recourses inspections carried out in 2016 on control strategy in customs valuation showed that flaws in the management and control of undervalued imports of textiles and footwear may have significant negative consequences for the EU budget. Appropriate risk profiles need to be in place, undervalued imports need to be systematically challenged and customs values corrected in line with EU regulations.

Therefore, with the first recommendation, EU Member States were invited to review their management and control strategy with regard to customs valuation. The replies received by

Member States showed that the majority of the Member States¹ have either fully or partly reviewed their national procedures and control systems with regard to customs valuation. Most Member States reported that they also include EU wide risk profiles based on 'clean average prices'² and all Member States³ reported that they systematically challenge potentially undervalued goods detected by means of risk profiles. Nevertheless, only 11 Member States⁴ reported that they implement new rules regarding the non-release of goods in relation to potentially undervalued goods in addition to providing a guarantee fully covering the customs debt which may be incurred when there are reasonable doubts about the accuracy of the declared value. Lastly, as concerns the application of the customs valuation methodology provided by customs law, most Member States⁵ reported that in case reasonable doubts are not dispelled, and the transaction value method is not applicable, they make use of this methodology, also known as the *sequential approach*.

The second recommendation on public procurement was inserted in the 2016 PIF Report as a follow-up to the fact that OLAF's investigations have shown that this area remains an attractive marketplace for fraudsters, with many procurement fraud cases being transnational, as the new fraud scenarios often involve a contracting authority from one Member State and bidders from several other Member States who subcontract their works to companies in different countries.⁶ Quantitatively, over the last five years, 20% of all reported irregularities have been related to breaches of public procurement rules, accounting for 30% of all reported irregular financial amounts. The public procurement directives should have been transposed by 18 April 2016, to introduce a modernised and streamlined legal framework.

The Member States' replies to the second recommendation showed that 24 Member States reported having fully transposed the public procurement directives, introducing at the same time the appropriate legal framework to facilitate the transposition of the directives into domestic law.⁷ Three Member States reported that the directives are currently under the last parliamentary procedures before their entry into force in the near future, most likely within 2018.⁸ Moreover, a very positive outcome through the follow-up to this recommendation was

¹ Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Spain, Greece, France, Croatia, Italy, Luxembourg, Lithuania, Latvia, Malta, Hungary, the Netherlands, Austria, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

² Czech Republic, Germany, Estonia, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, the Netherlands, Austria, Portugal, Romania, Slovenia, Slovakia, Sweden and the United Kingdom.

³ Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

⁴ Denmark, Ireland, Greece, Spain, Croatia, Lithuania, Malta, Austria, Romania, Slovenia and the United Kingdom.

⁵ Belgium, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, the Netherlands, Austria, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

⁶ See 2016 PIF Report, page 32.

⁷ Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Finland, Sweden and the United Kingdom.

⁸ Spain, Luxembourg, Slovenia.

that most Member States enforced the directives with an increased emphasis on transparency and integrity, prevention and detection of fraud and corruption⁹ and better monitoring of public procurement systems¹⁰, reporting on measures taken at national level to establish a legal as well as administrative framework towards this end. Lastly, an additional constructive and encouraging follow-up was that the majority of the Member States reported making use of the possibilities offered by simpler rules and made steps to fully realise the potential of e-procurement, which will become mandatory by October 2018.¹¹

The third recommendation concerned data quality. The analysis illustrated in the previous, 2016 PIF Report had been further deepened and refined to enable better targeting of specific areas at risk. This was possible because of the quality of the reported data, which is progressively improving. Therefore, Member States were invited to provide information concerning about, on the one hand, the location and, for cohesion and fisheries policies, the priority area of the measures/projects affected, and on the other hand, whether they update irregularities previously reported. The follow-up to this recommendation revealed that most Member States took measures to include information about the location and priority area of the projects affected in the respective cohesion and fisheries sectors.¹² This illustrates the increasing attention given by Member States in providing data quality, which will expectantly lead to achieving an even better quality of analysis in the future.

Nonetheless, less than half of the Member States reported that they update the irregularities previously reported¹³ and some Member States are doing this exercise in part.¹⁴ This means that there is still room left for improvement in this respect. The efforts made by Member States to enhance data quality are well received by the Commission, with a remaining room for enhancement in this area. The endorsement by several Member States of training and seminars dedicated to the efficient use of IT systems and tools such as IMS, used by competent authorities for reporting of irregularities and fraud, was a very positive remark.

Finally, with the fourth recommendation the Commission invited Member States to provide information on whether the findings of the 2016 PIF Report were taken into account in their fraud risk assessments for the programming period 2014-2020. It was positively reported that a significant amount of Member States took into account the findings of the 2016 PIF

⁹ Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

¹⁰ Belgium, Bulgaria, Czech Republic, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

¹¹ Belgium, Bulgaria, Czech Republic, Germany, Estonia, Ireland, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland and Sweden.

¹² Belgium, Bulgaria, Denmark, Germany, Estonia, Ireland, Spain, France, Croatia, Italy, Latvia, Lithuania, Hungary, Malta, the Netherlands, Portugal, Slovenia, Finland, Sweden and the United Kingdom.

¹³ Bulgaria, Germany, Greece, France (Agricultural Funds), Italy, Cyprus, Latvia (Ministry of Agriculture), Malta, the Netherlands, Portugal, Slovakia, Finland and Sweden.

¹⁴ Denmark, Ireland, France (ESI Funds), Latvia (Ministry of Finance), Lithuania, Hungary and Slovenia.

Report¹⁵ and in particular that Member States, through their follow-up showed that instruments and tools offered by OLAF and the Commission are taken into account in the risk management of some Member States. In addition, as concerns the request for Member States to increase their attention and cooperation as regards European Territorial Cooperation Programmes, the fact that more than half of the Member States reported that they took measures¹⁶ to tackle the low detection of results for ETC programmes and enhancing the cooperation¹⁷ with other Member States in this respect is a positive outcome.

Conclusively, the follow-up on the 2016 PIF Report recommendations overall illustrated that important and constructive efforts have been made or are ongoing by most Member States as concerns the areas of customs undervaluation, public procurement, data quality and use of risk analysis findings. All recommendations were adequately addressed by most Member States and were given appropriate attention by the majority of the Member States as it can be seen through their replies. Nevertheless, there are still opportunities for further enhancements such as implementing new rules as regards customs undervaluation and the non-release of goods in case of doubts and a more wide use of the EU-wide risk profiles based on 'clean average prices' could be envisaged. In the field of e-procurement, even more could be done so as to achieve fully digital public procurement procedures across all Member States. Also, although training and seminars on using IT systems for reporting is performed and initiated by some of the Member States to enhance data quality and update of irregularities already reported, further efforts could also be followed by other Member States. Lastly, cooperation among Member States as concerns the increased threat of transnational fraud and ETC Programmes can be further enhanced.

¹⁵ Belgium, Bulgaria, Denmark, Germany, Ireland, Croatia, Italy, Cyprus, Latvia (Ministry of Agriculture), Lithuania, Hungary, Malta, the Netherlands, Poland, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom..

¹⁶ Bulgaria, Denmark, Germany, Estonia, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Poland, Portugal, Slovakia and Sweden.

¹⁷ Bulgaria, Denmark, Germany, Estonia, Spain, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Portugal, Slovenia, Slovakia and Sweden.

1. FOLLOW UP BY RECOMMENDATION

This section looks at how and at what extent Member States have implemented each of the recommendations. It aims to give both a holistic view on the degree each recommendation was addressed by Member States and to highlight the best practices.

This section is divided into two sub-sections separating the recommendations related to the revenue and expenditure sides of the budget. Each recommendation is analysed firstly by providing accumulative results illustrating the number of Member States having addressed each of the recommendation questions, secondly by depicting some examples reported by Member States that were to be highlighted and thirdly, by listing the best practices. Each paragraph following the recommendations consists of titles which aimed to cover all aspects of the information the Commission envisaged to receive vis-à-vis the recommendations. These titles were used as guiding questions for Member States to assist them to provide their replies to the follow-up of the 2016 PIF Report recommendations.¹⁸

For the reader's specific reference, the Member States' detailed and unprocessed replies as well as the guiding questions provided by the Commission are listed further in this document, under Section 2: "*Replies of Member States*".

1.1. REVENUE

1.1.1. MANAGEMENT AND CONTROL STRATEGY WITH REGARD TO CUSTOMS VALUATION

With the first recommendation, the Commission invited Member States to review their management and control strategy as regards customs valuation. With a view to protecting the EU's financial interests, they were requested to review their national procedures and control systems. The Commission invited Member States to review them in particular by:

- (a) including in their risk management system EU-wide risk profiles bases on 'clean average prices' and systematically challenging potentially undervalued goods detected by means of risk profiles;
- (b) not releasing the goods unless the declarants of potentially undervalued goods remove the authorities' reasonable doubts about the accuracy of the declared value or provide a guarantee fully covering the customs debt which may be incurred and;
- (c) by applying the customs valuation methodology provided by customs law.

¹⁸ Member States were given the choice either to make use of the guiding questions, or to present their reply to the various questions in the form of a single text.

Review of national procedures and control systems

Overall, 10 Member States¹⁹ reported that they have fully and 17 Member states²⁰ have partly reviewed their national procedures and control systems. One Member State reported that no new actions were taken regarding national procedures and control systems.²¹ 18 Member States provided explanations or details for their respective actions about reviewing their national procedures and control systems with regard to customs valuation.²²

France reported that the inspections policy for combating valuation fraud is still evolving, putting more emphasis on the importance of *ex-ante* checks, especially after its participation to operation SNAKE.

In addition, with a view to addressing understatement of the customs value of goods imported into EU customs territory (mainly textiles and footwear), Poland reported having adopted national Guidelines consisting in a set of recommendations for measures to be taken at individual stages of the customs procedure, starting with the customs declaration.

Romania reported that it has initiated a procedure in 2017 for the re-evaluation of the guidelines issued by the General Customs Directorate with regard to the application of the procedure for delaying the determination of the customs value.

The countries reported having fully reviewed their national procedures and control systems provided information about the measures taken to do so in a very constructive manner. More specifically, Lithuania reported that customs control measures and procedures applied by the Lithuanian Customs are in line with the 2016 Commission's recommendations and Guidelines for preventing and detecting irregularities (under-invoicing) in imports of textiles and footwear. Austria reported that customs data review on valuation of high risk goods from high risk countries is one of the national customs priorities and done on a periodical basis for the early detection and prevention of fraud. Slovenia reported that a guidance was issued on the verification of the declared customs value of goods, in addition, created a working group and organised seminars and workshops for officials dealing with undervaluation cases.

Italy reported that it has re-examined the methodology used for combating under-invoicing, known as 'credibility' and provided information on the use of the so-called Theseus data mining tool to identify under-invoiced goods.

¹⁹ Czech Republic, Croatia, Lithuania, Spain, Hungary, the Netherlands, Austria, Portugal, Romania and Slovenia.

²⁰ Belgium, Bulgaria, Denmark, Germany, Estonia, Ireland, Greece, France, Italy, Luxembourg, Latvia, Malta, Poland, Slovakia, Finland, Sweden and the United Kingdom.

²¹ Cyprus.

²² Belgium, Denmark, Ireland, Greece, France, Spain, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Austria, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

Inclusion of EU wide or national risk profiles based on 'clean average prices' (the lowest acceptable value) in the risk management system

18 Member States²³ reported that they have included EU wide or national risk profiles based on 'clean average prices' in their risk management systems, whereas eight Member States²⁴ reported not including them, using other methods to calculate baseline prices. Overall, 22 Member States²⁵ provided details justifying their reply.

Poland reported that risk profiles based on "clean average prices" should be identified with their "fair prices" available on the AFIS portal as part of the Automated Monitoring Tool.

Czech Republic reported that the more strengthen one (CAP vs. national database) is used. Estonia reported using the EU calculated 'clean average price' on a case-by-case basis.

Hungary reported that the Hungarian risk management system contains risk profiles based on 'clean average prices'. The basis of the minimum acceptable value, that is, the threshold price is the fair market price constructed based on fused data on the import turnover of the EU28 as indicated in the AREP Automated Monitoring Tool module operated by OLAF and the Joint Research Centre. Slovenia reported that the lowest acceptable value is calculated based on OLAF lowest acceptable value, (different for tariff codes and origin of goods). In the case, that the declared value of goods is lower than the lowest acceptable value, the custom officer should make the complete control. Slovakia reported that the threshold value used in Visegrad 4 countries is from the AREP AMT tool of AFIS system.

Member States which do not include risk profiles based on 'clean average prices' in their management systems explained that these either could not be activated in their territory, or they have limited information on these values and thus use the national values, or there is no such profile in their established electronic systems.

Implementation of risk profiles based on other values and how these values are calculated and updated

15 Member States²⁶ reported that they implement risk profiles based on other values and some of these Member States²⁷ also explained how these profiles are calculated and updated. Ten

²³ Czech Republic, Germany, Estonia, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, the Netherlands, Austria, Portugal, Romania, Slovenia, Slovakia, Sweden and the United Kingdom.

²⁴ Belgium, Bulgaria, Denmark, Ireland, Greece, France, Luxembourg, Malta and Finland.

²⁵ Belgium, Bulgaria, Czech Republic, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Latvia, Lithuania, Luxembourg, Hungary, Malta, Austria, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

²⁶ Belgium, Czech Republic, Denmark, Estonia, Ireland, Spain, Italy, Latvia, Lithuania, Hungary, Portugal, Slovenia, Finland, Sweden and the United Kingdom.

²⁷ Belgium, Czech Republic, Denmark, Estonia, Ireland, Spain, Italy, Latvia, Lithuania, Hungary, Slovenia, Finland, Sweden and the United Kingdom.

Member States²⁸ reported that they do not implement risk profiles based on other values and six of them²⁹ provided an explanation for their reply.

Bulgaria reported that the customs value of imported goods is determined in line with EU legislation.

France similarly reported that the legal basis for valuation is set out in the UCC and Implementing Regulation (EU) 2015/2447.

Poland reported that guidelines in place contain a comprehensive package of information on the interpretation of existing customs legislation on customs value.

Systematic control of potentially undervalued goods detected by means of risk profiles

All Member States³⁰ reported that they systematically control potentially undervalued goods detected by means of risk profiles and 20 Member States³¹ provided details to explain the actions undertaken including the type of check done. This illustrates that there is a comprehensive and well integrated systematic control of potentially undervalued goods detected by means of risk profiles as this was reported by the big majority of the Member States.

Implementing new rules regarding the non-release of goods in relation to potentially undervalued goods in addition to providing a guarantee fully covering the customs debt which may be incurred, when there are reasonable doubts about the accuracy of the declared value

12 Member States³² reported that they implement new rules regarding the non-release of goods in relation to potentially undervalued goods in addition to providing a guarantee fully covering the customs debt which may be incurred when there are reasonable doubts about the accuracy of the declared value. Out of these Member States, eight provided explanation about the actions taken in these regard.³³ Twelve Member States replied that they have not implemented new rules pursuant to this matter.³⁴ Four of these Member States provided

²⁸ Germany, Croatia, Greece, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Romania and Slovakia.

²⁹ Greece, Luxembourg, Malta, Austria, Romania and Slovakia.

³⁰ Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

³¹ Belgium, Czech Republic, Germany, Estonia, Ireland, Greece, Spain, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Austria, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

³² Denmark, Ireland, Greece, Spain, Croatia, Poland, Lithuania, Malta, Austria, Romania, Slovenia and the United Kingdom.

³³ Ireland, Spain, Lithuania, Malta, Austria, Romania, Slovenia and the United Kingdom.

³⁴ Belgium, Czech Republic, Germany, Estonia, Cyprus, Latvia, Luxembourg, Hungary, the Netherlands, Slovakia, Finland, Sweden.

explanation and details for not doing so.³⁵ Two Member States have not provided a reply to address the requested information.³⁶

Two Member States reported new rules (Guidelines) related to this matter, which can serve as best practice. Poland reported that the established guidelines designed to address understatement of the customs value of goods imported into EU territory state that in situations where the declared customs value is less than the reference price, the goods may be released only in justified and fully documented cases. Austria reported that it has adopted a special guideline with rules to support the customs officers at the moment of clearance in view to implementing this concept, which covers the processes of requesting additional documents, collection of guarantee (customs duties and VAT) and procedure for establishing the customs value based on secondary methods.

Some Member States did not apply new rules in relation to this matter mainly because Member States, as they reported, already have rules in place to cover this.³⁷

Systematically asking for additional information in case reasonable doubts arise providing the operator with the opportunity to respond

25 Member States³⁸ reported that they are systematically asking for additional information in case reasonable doubts arise providing the operator with the opportunity to respond. 19 of these Member States³⁹ also provided details to explain the actions undertaken. Two Member States⁴⁰ have not provided information related to this matter.

It can be seen that the concept of systematically asking for additional information in case of doubts is well implemented by the Member States.

Systematically asking for a guarantee in case reasonable doubts are not dispelled and the operator wants the release of the goods

23 Member States⁴¹ replied that they systematically ask for a guarantee in case reasonable doubts are not dispelled and the operator wants the release of the goods. Of these Member States, 18 Member States⁴² provided details to explain the actions undertaken. One Member

³⁵ Cyprus, Latvia, Luxembourg and Hungary.

³⁶ Italy and Portugal.

³⁷ Czech Republic, Estonia Latvia, Lithuania, Luxembourg, Hungary.

³⁸ Bulgaria, Belgium, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

³⁹ Belgium, Czech Republic, Denmark, Germany, Estonia, Ireland, Spain, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Austria, Romania, Slovenia, Finland and the United Kingdom.

⁴⁰ Portugal and Luxembourg.

⁴¹ Belgium, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Romania, Slovenia, Slovakia and Finland.

⁴² Belgium, Czech Republic, Denmark, Ireland, Greece, Spain, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Austria, Poland, Romania, Slovenia, Slovakia and Finland.

State⁴³ replied that they do not systematically ask for a guarantee. Two Member States⁴⁴ have not provided information related to this matter.

In case reasonable doubts are not dispelled and thus the transaction value method is not applicable, did Member States apply an alternative value following the customs valuation methodology provided by customs law (sequential approach)?

23 Member States⁴⁵ reported that in case reasonable doubts are not dispelled, and the transaction value method is not applicable, they make use of the sequential approach and 13 Member States⁴⁶ also provided details to justify their reply. Two Member States⁴⁷ do not apply the sequential approach.

Successful practices ready to be shared with other Member States

Member States were asked to provide any successful practice they would like to share with other Member States. In this regard, Seven Member States⁴⁸ provided examples of successful practices.

- Belgium reported FPS Finances as best practice to be shared and given the example of RIFs exchanged via CRMS.
- Czech Republic reported about the undervaluation working group within the Visegrad 4 group.
- Germany gave the example of PCA “Discount” (application of German Guidelines), JCO “Snake”, their active participation in Customs 2020 – Project Group on Financial Risk Management / Financial Risk Criteria, and sharing of their national average prices with the Netherlands and Poland.
- Ireland reported the following as best practices:
 - Profiles put in place following post clearance checks or an audit of a trader targeting specific importers in relation to undervaluation of goods.
 - RIFs are evaluated and transposed into risk profiles where it is considered a risk is likely to occur.
 - Feedback is required following clearance of the goods as to the effectiveness of the profile.

⁴³ Sweden.

⁴⁴ Portugal and the United Kingdom.

⁴⁵ Belgium, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, the Netherlands, Austria, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

⁴⁶ Belgium, Czech Republic, Ireland, Greece, Spain, Cyprus, Latvia, Lithuania, Hungary, Austria, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

⁴⁷ Malta and Romania.

⁴⁸ Belgium, Czech Republic, Germany, Ireland, Italy, Latvia and Portugal.

- The Irish National risk analysis tool – Customs Risk Intervention Selection Programme (CRISP). This system provides the Regional case workers with Reports identifying the riskiest Imports and SAD's based on a number of Rule categories including valuation. Reports are analysed to facilitate case selection for Audit and post clearance interventions.
- Italy shared their credibility system as a best practice. The Risk Analysis office of the Central Anti-Fraud and Audit Directorate has set a threshold value in the computerised selection system (CCC) to check shipments whose declared value is below the suspect threshold value, when they are presented both at customs and at locations for which the trader has authorisation. This system is effective and leads to fewer but more selective checks. Also, Italy reported as best practice to tackle under-invoicing consists in linking analyses that relate to imports and intra-EU purchases, and identifying high-risk economic operators in other EU countries so that they can be reported to the customs and tax authorities there. This also makes it possible to improve cooperation and exchanges of information between Member States implicated in the same fraudulent schemes. The strengthening of cooperation between national Financial Intelligence Units (FIUs) is another key activity, since FIUs are able to analyse the impact of under-invoicing on banking and money transfer systems.
- Latvia shared the practice in the SRS National Customs Board: after control measures have been applied and security has been collected, the customs value is determined during post-clearance in accordance with the provisions of Article 74 of the Code.
- Portugal shared the practice that in cases of high risk, especially related to customs procedure 42, Portuguese Customs participates, together with Portuguese Tax on EUROFISC project. This allows them to better monitor the customs operations on both sides of the customs procedures, i.e. where Portugal is the country of customs clearance or is the country of final destination. That permits early identification of any suspicious cases and implementation, in those cases, of closer monitoring of all operations.
- The United Kingdom has introduced tailored education for traders and agents on combating the suspected undervaluation fraud and associated criminal finance risks, both on a one-to-one and campaign basis. Trader education has proved very successful as part of the end to end approach HMRC⁴⁹ has adopted to tackling MTIC⁵⁰ and alcohol fraud – creating a hostile environment for fraudsters and helping genuine businesses to secure their supply chains from infiltration. For genuine businesses, the objective is to raise awareness of risks and how their business can avoid being caught up in illicit supply chains so that they can take appropriate steps to avoid such risks.

⁴⁹ HM Revenue and Customs

⁵⁰ MISSING TRADER INTRA COMMUNITY

For the non-compliant businesses and those presenting a high risk to tax and duty, the objective is to:

- change the perception of the risk/reward balance for involvement in import fraud by raising awareness of HMRC activity to counter import fraud and the sanctions for those who are caught;
- encourage those who are non-compliant to change their behaviour and put their tax affairs in order;
- make it more difficult for organised crime groups to operate by ensuring that genuine businesses will not deal with them and that potential risk takers see the risks involved as too great; and,
- make it easier to challenge future non-compliance in tribunals and courts by giving formal knowledge of risks and issues to non-compliant businesses and individuals.

1.2. EXPENDITURE

1.2.1. PUBLIC PROCUREMENT

With the second recommendation, the Commission called on the Member States to:

- (a) fully transpose Directives 2014/23/EU, 2014/24/EU and 2014/25/EU and put their implementation high on the political agenda;
- (b) enforce the new Directives with a focus on transparency and integrity in public procurement, prevention and detection of fraud and corruption and better monitoring of public procurement systems;
- (c) make use of the possibilities offered by simpler rules and fully realise the potential of e-procurement, which will become mandatory by October 2018.

Transposition of Directive 2014/23/EU, Directive 2014/24/EU and Directive 2014/25/EU

24 Member States⁵¹ reported that they have fully transposed Directives 2014/23/EU, 2014/24/EU and 2014/25/EU, providing details concerning the respective enacted legislation fully transposing the Directives into national law.

Slovenia reported that Directive 2014/23/EU is under Parliamentary procedure, a final reading is expected in April 2018 and completion of the transposition of the Directive is planned in the first part of 2018.

Luxembourg reported that the three public procurement Directives have been transposed by law but have not yet entered into force. Entry into force is expected in April-May 2018.

⁵¹ Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Finland, Sweden and the United Kingdom.

Spain reported that Directive 2014/25/EU is currently passing through the Congress of Deputies and the deadline for tabling amendments has now expired.

One Member State⁵² has not provided information regarding this issue.

Measures taken in order to enhance transparency and integrity in public procurement

Almost all Member States (27) reported that they have enforced the new Directives with a focus on transparency and integrity in public procurement, and provided detailed measures which illustrated that enhancing transparency and integrity in this area has been put high on their political agenda.⁵³ Some of the most common measures reported by Member States to enhance transparency in public procurement included the use of e-procurement, the publication of documentation and notices related to public procurement procedures, the creation of publicly available databases and the use of electronic tools related to these procedures.

The notion of conflict of interests including its declaration and legislation adopted at national level to deal with conflict of interests situations was a very positive outcome stemming from the Member State's replies to this recommendation.

For example, Bulgaria reported that with the goal of cooperation in preventing and combating conflicts of interest in public procurement, an Agreement was concluded in 2017 between the Public Procurement Agency, the Commission for the Prevention and Ascertainment of Conflicts of Interest, the Court of Auditors, the Public Financial Inspection Agency, the Audit of EU Funds Executive Agency and the AFCOS Directorate.

Hungary reported that conflict of interest rules were extended: organisations owned by public law dignitaries, the heads of certain national bodies and their family members living with them in the same household may not participate in public procurement procedures as tenderers. This is exceeding the rigour of the relevant EU Directives.

Also, the fact that most Member States have established publicly available databases that are free and accessible by everyone and include relevant information regarding public procurement procedures significantly enhances transparency in the public procurement.

Czech Republic reported going even further than the provisions enshrined in the Directives, and established an obligatory evidence of ownership structure of suppliers.

Another striking example is the one by Germany, reporting that in July 2017 the law introducing a so-called competition register entered into force that will start operating at the latest in 2020. The aim of this register is to provide contracting authorities with the necessary information to decide whether a company which takes part in a procurement proceeding has to be excluded from the procedure because the management level of the company has been

⁵² Austria.

⁵³ Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

convicted for economic crimes. The law sets up a register that contains information on final criminal sentences and fines for crimes such as money laundering, fraud against the financial interests of the EU, corruption offences or tax evasion.

In addition, Spain reported that they established profiling of the contracting party as well as abolishment of the negotiation procedure based on volume. As a result, this procedure should be used less frequently, thereby improving transparency and competition.

Croatia reported that from 1. January 2018, the contracting authorities and entities have the obligation to publish procurement plans, contracts registers and public consultation on tender documents prior to the formal commencement of the public procurement procedure.

In conclusion, Member States implemented this recommendation in a very satisfactory manner and measures reported illustrate the efforts made by the Member States to establish a framework which maintains an adequate protection of transparency in the public procurement sector. This is a significant outcome due to the fact that as the 2016 PIF Report indicated, Public Procurement remains a popular area for fraudsters in the European Union.

Measures taken in order to enhance prevention and detection of fraud and corruption in public procurement

27 Member States⁵⁴ reported that they have enforced the new Directives with a focus on prevention and detection of fraud and corruption in public procurement and provided detailed measures taken to this end. One Member State⁵⁵ has not provided information regarding this issue.

Establishment of relevant Guidelines, National Action Plans and National Registers and Agencies to support public procurement procedures, training of staff focussed on compliance with public procurement rules and clarification of the definition of conflict of interests were some of the measures reported by Member States. Some of the measures reported in detail can be depicted as follows:

Italy, Cyprus, Luxembourg and Romania, reported that training was organised to enhance prevention and detection of fraud and corruption in Public procurement.

The Netherlands replied that they make use of COCOLAF's recent "comprehensive guidelines" followed by managing authorities to prevent fraud and corruption in public procurement and detect irregularities in a timely manner and also the deployment of the ARACHNE tool.

Hungary replied that with regard to public procurements funded by the EU, managing authorities apply the ARACHNE data mining tool for risk assessment operated by the European Commission when auditing the use of the European Structural and Investment

⁵⁴ Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

⁵⁵ Austria.

Funds, which facilitates their work by analysing and signalling risks emerging during the carrying-out of operational programmes.

Poland reported strengthening public procurement supervision by the competent institutions in the system of implementation and control of EU funds. In the context of the fight against fraud, sector-specific rules have been introduced which constitute a real strengthening of public procurement monitoring with a view to eliminating fraud and corruption.

Romania reported, among others, using information systems such as ARACHNE and RECOM in order to increase prevention and detection of fraud and corruption in public procurement.

For the fight against corruption, Slovenia reported that following the national Integrity and Prevention of Corruption Act, persons responsible for public procurement have an obligation to declare their assets to the Commission for the Prevention of Corruption.

Slovakia reported that in 2017 the active involvement of the Public Procurement Office in the working group of Member States' experts, directed and coordinated by the Fraud Prevention, Reporting and Analysis Unit in the European Anti-Fraud Office (OLAF) which has created a Handbook "Fraud in Public Procurement, A collection of Red Flags and Best Practices."

Conclusively, the majority of Member States have taken adequate measures to enhance prevention and detection of fraud and corruption in public procurement, which shows their renewed commitment to play an important role in the fight against fraud and corruption in this sector.

Measures taken in order to ensure the better monitoring of the public procurement system

26 Member States⁵⁶ reported that they have enforced the new Directives with a focus on better monitoring of public procurement systems and provided information on measures taken to enhance monitoring of these systems. One Member State⁵⁷ has not provided information regarding this issue.

Some of the most striking measures reported by some of the Member States included: the creation of registration systems; sending a monitoring report to the European Commission pursuant to Article 83 of Directive 2014/24/EU; performance of random checks and audits on open/published public procurement procedures; the creation of special monitoring electronic tools and systems; training and development of checklists and portals as well as the establishment of public bureaus dedicated to monitoring the public procurement systems.

⁵⁶ Belgium, Bulgaria, Czech Republic, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

⁵⁷ Austria.

Steps taken in order to fully realise the potential of e-procurement

24 Member States⁵⁸ replied that they have taken steps to make use of the possibilities offered by simpler rules and to fully realise the potential of e-procurement, which will become mandatory by October 2018. Three Member States⁵⁹ reported that they have not taken such steps. One Member State⁶⁰ has not provided information regarding this question.

Most Member States provided detailed information on the steps taken to fully realise the potential of e-procurement, supporting that this will also contribute to enhancing transparency and fraud prevention. Some of the most significant steps taken by Member States and reported as a follow-up to this recommendation consisted of the use of e-tendering; making or working towards making the submission of tenders via electronic means obligatory; drafting of relevant legislation (e.g. for e-invoicing) and developing National Action Plans to establish e-procurement rules.

A striking best practice example is given by Estonia that reported a remarkable percentage of 96% revealing that all procurement in Estonia is already e-procurement.

Successful practices ready to be shared with other Member States

13 Member States⁶¹ reported successful practices that they would be ready to share with other Member States vis-à-vis this recommendation. Best practices examples included: national electronic tools to administer procurement procedures; national registers and electronic platforms; creation of checklists and online databases; national guidelines and strategies; Framework Agreements; development of national specialised units/agencies to monitor public procurement procedures.

More specifically:

- Czech Republic shared the Czech National Electronic Tool for administering procurement procedures.
- Germany introduced the establishment of a federal register for unreliable companies as a best practice to be shared. The register aims at providing contracting authorities with the necessary information to decide whether a company which takes part in procurement proceedings has to be excluded from the procedure because the management level of the company has been convicted for economic crimes.
- Estonia shared the creation of checklists to check public procurements co-financed from the structural funds.

⁵⁸ Belgium, Bulgaria, Czech Republic, Germany, Estonia, Ireland, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

⁵⁹ Denmark, Greece and France.

⁶⁰ Austria.

⁶¹ Czech Republic, Germany, Estonia, France, Croatia, Cyprus, Latvia, Lithuania, Malta, Romania, Slovenia, Slovakia, Sweden.

- France reported about the national ‘public procurement good practice guide’ that contains specific recommendations on the fight against corruption.
- Croatia shared the Electronic public procurement on a single platform as a best practice, which enables the production of an annual statistical report and the availability of data that are essential for monitoring the system and taking action to correct irregularities.
- Cyprus shared Framework Agreements of various commonly used items as a best practice.
- Latvia shared the use by contracting authorities of on-line databases where they can obtain electronic reference on conditions for exclusion of candidate or tenderer.
- Lithuania reported that the majority of the public data that is accumulated in the CPP IS is made open to any natural or legal person by converting it into user-friendly format at www.freedata.lt.vpt. This allows multiple-angle analysis of the procurement data, creating a basis for information-based actions and policies and making detection on irregularities easier.
- Malta introduced its Monitoring and Compliance Unit, the introduction of a career stream and professionalization of personnel in the field of procurement and the setting up of the Ministerial Procurement Units to endorse a career focussed on public procurement as best practices.
- Romania shared the collaboration Protocol between the National Public Procurement Agency and the National Integrity Agency along with its successful results in reporting irregularities, the common checklists used by Managing Authorities for public procurement procedures and the PREVENT system for national and European funds which became operational in June 2017 and revises procurement procedures.
- Slovenia shared the IT tool: “STATIST” with a purpose to provide a higher form of transparency in the field of public procurement as well as the preparation and publication of guidelines for procurement practitioners in different areas.
- Slovakia reported about the Registry of Beneficial Owners: The aim of the registry is to enhance the transparency of the public sources management in public procurement. It is public and free of charge.
- Sweden reported as a best practice that In the National Public Procurement Strategy the Swedish government manifests how public procurement can be used as an efficient tool to ensure sustainable development.

1.2.2. DATA QUALITY

With the third Recommendation, the Commission requested the following:

(a) When reporting irregularities (fraudulent and non-fraudulent), all competent authorities are asked to provide information about the location and, for cohesion and fisheries policies, the priority area of the measures/projects affected.

(b) When updating irregularities previously reported Member States are also asked to provide this information if they have not done so already.

Measures taken to enhance the quality of reporting by providing information about the location and for cohesion and fisheries policies the priority area of the measures/projects affected

Concerning reporting irregularities (fraudulent and non-fraudulent), and information about the location and, for cohesion and fisheries policies, the priority area of the measures/projects affected, 20 Member States⁶² reported that they took measures to enhance the quality of reporting by providing information about the location and for cohesion and fisheries policies the priority area of the measures/projects affected. 19 Member States⁶³ provided information on the kind of measures taken to enhance the quality of reporting.

Some of the most important measures included: adherence to national legal requirements in place and OLAF Guidelines and Handbook on reporting; adoption of manuals to be used by the management; adoption of additional national measures to include information on location of projects; quality controls; making use of OLAF emails on data quality; enhancing cooperation among staff and performing training as well as seminars on the matter.

7 Member States⁶⁴ reported not having taken any measure⁶⁴ to improve data quality, providing reasoning in this respect. The reasons for not doing so included that no irregularities were reported for the sector of fisheries, that there was no need for additional measures since the application of OLAF Handbook on reporting or due to that all fields/boxes in IMS are completed accordingly.

Update of irregularities previously reported

13 Member States⁶⁵ reported that they fully comply with the question regarding when updating irregularities previously reported and whether they update already reported irregularities with the required information. Seven Member States⁶⁶ reported that they

⁶² Belgium, Bulgaria, Denmark, Germany, Estonia, Ireland, Spain, France, Croatia, Italy, Latvia, Lithuania, Hungary, Malta, the Netherlands, Portugal, Slovenia, Finland, Sweden and the United Kingdom.

⁶³ Belgium, Denmark, Germany, Estonia, Ireland, Spain, France, Croatia, Italy, Latvia, Lithuania, Hungary, Malta, the Netherlands, Poland, Portugal, Slovenia, Sweden and the United Kingdom.

⁶⁴ Belgium, Czech Republic, Greece, Cyprus, Poland, Romania, Slovakia.

⁶⁵ Bulgaria, Germany, Greece, France (Agricultural Funds), Italy, Cyprus, Latvia (Ministry of Agriculture), Malta, the Netherlands, Portugal, Slovakia, Finland and Sweden.

⁶⁶ Denmark, Ireland, France (ESI Funds), Latvia (Ministry of Finance), Lithuania, Hungary and Slovenia.

partially implement this question. 7 Member States⁶⁷ reported that they do not update already reported irregularities with the required information, providing explanation for not doing so.

To update irregularities previously reported, Bulgaria provided a good practice example: when carrying out quality control of the reporting of irregularities to OLAF, the Bulgarian AFCOS directorate requires that the information in section ‘territorial unit where the operation is carried out’ be filled in in any follow-up notifications concerning already reported irregularities. In addition, France reported that it fully implements this regarding Agricultural funds and partly for ESIF and for ESIF, France is currently developing its information system (SIFA-SYNERGIE) to enable automated processing of alerts to OLAF. Lithuania reported that the information of irregularity is updated in the IMS quarterly, if in that quarter the information of irregularity, about which the report was sent to OLAF before, was updated in national IT system for EU funds (SFMIS).

A positive outcome was that some Member States reported that they give dedicated training aimed at explaining to the users of the IMS system how the web platform for the reporting of irregularities/fraud works on IMS.⁶⁸

Successful practices ready to be shared with other Member States

Seven Member States⁶⁹ shared successful practices with other Member States. These included: successful cooperation examples between national authorities; successful application of the Handbook on Reporting of Irregularities issued by OLAF; initiatives to establish training on IMS and irregularity reporting; maintaining a regular update of information; establishment of experts' forum to promote effective and efficient irregularity reporting; creation of roadmaps to simplify reporting. Two Member States⁷⁰ did not provide information concerning Recommendation 3.

- Czech Republic reported that in case of a breach of budgetary discipline the recovery is provided through the Tax Authorities. As the Tax Authorities are bodies outside the implementation structure, the independency is secured.
- Greece endorsed that the handbook issued by OLAF is applied.
- Italy shared that the Italian AFCOS schedules and runs various training courses aimed at explaining to the users of the IMS system how the web platform for the reporting of irregularities and fraud works, and in the light of the changes related to the latest version of IMS (IMS4 and IMS5). This initiative, which has had considerable success, has become best practice and will be replicated in the future with more annual events, possibly also at regional level.

⁶⁷ Belgium, Czech Republic, Estonia, Croatia, Poland and Romania.

⁶⁸ Bulgaria, Croatia, Hungary and Italy.

⁶⁹ Czech Republic, Greece, Italy, Lithuania, Hungary, the Netherlands and Sweden.

⁷⁰ Austria and Luxembourg.

- Lithuania endorsed as a best practice the fact that information update is made on a regular basis in accordance with the regulation provisions.
- Hungary shared as a best practice the personal training course for IMS users to enhance their skills as well as the establishment of an expert level forum (Irregularity Reporting Task Force) which aims to fully comply with the irregularity reporting obligations of Member States imposed by sectoral EU Regulations in a uniform way and to promote the utilisation of the content of irregularity reports in order to prevent fraud/irregularities.
- The Netherlands shared that in addition to OLAF’s manual on IMS messages, there is a separate ‘irregularities roadmap’ with a direct link to the IMS user manual. This simplifies and standardises the reporting of IMS messages and suggested that it would be worth investigating whether it could be extended to other funds.
- Sweden reported that responsible authorities in Sweden for OLAF reporting have network meetings twice a year.

1.2.3. USE OF RISK ANALYSIS FINDINGS

With the fourth Recommendation, the Commission invited all Member States to take into account the findings of the 2016 PIF Report in their fraud risk assessments for the programming period 2014-2020 and to pay particular attention to the priorities highlighted and to interventions which are similar in scope and nature.

Also, in view of the low detection results for ETC programmes and considering the increasing threat of transnational fraud, Member States were asked to increase their attention and cooperation.

Lastly, all Member States were asked to review their fraud risk assessments in relation to market support measures taking into account the information highlighted in the 2016 PIF Report.

Findings of the 2016 PIF Report taken into account within Member States' fraud risk assessments

Member States were invited to take into account the findings of the 2016 PIF Report in their fraud risk assessments for the programming period 2014-2020 and to pay particular attention to the priorities highlighted and to interventions which are similar in scope and nature. 20 Member States⁷¹ reported that they have taken into account the findings of the 2016 PIF Report in their fraud risk assessments. Six Member States⁷² reported that they have not done

⁷¹ Belgium, Bulgaria, Denmark, Germany, Ireland, Croatia, Italy, Cyprus, Latvia (Ministry of Agriculture), Lithuania, Hungary, Malta, Netherlands, Poland, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

⁷² Czech Republic, Estonia, Greece, Spain, France, Latvia (Ministry of Finance).

so, due to reasons they provided in detail. Three Member States⁷³ did not provide information concerning this request.

Nine Member States⁷⁴ provided information on results they wished to communicate relating to the findings from the 2016 PIF Report.

For example, Belgium reported that as regards this recommendation, every instrument offered by OLAF is taken into account in the risk management of the Belgian Paying Agency. In March 2017 a memo was submitted to the highest level of the organisation with a view to the further development of a structured anti-fraud policy. Two separate policy statements were drawn up, one for the Common Agricultural Policy (EAGF and EAFRD) and one for the Common Fisheries Policy (EMFF). These policy statements were issued in line with the guidelines provided by the European Commission for an anti-fraud policy in agricultural funds.

Poland reported that the competent institutions responsible for implementing and controlling EU funds are obliged to take account of the findings of the Commission's report in successive fraud risk analyses and assessments, drawn up during the programming period 2014-20, with particular focus on priority areas under the cohesion policy, and agricultural market activities with the highest incidence of fraud.

Bulgaria reported that the authorities took into account the findings of the PIF report, identifying a risk of omissions when determining errors and irregularities and has optimised the controls for checking fraud indicators (the so called red flags) in the existing checklists.

Germany reported that as regards agricultural and fisheries funds, fraud risks are continuously assessed, including with reference to the PIF Report. As regards ERDF and ESF, comprehensive approaches by the managing authorities with 'measures to prevent, detect and correct fraud and corruption' consider assessments and findings on combating and preventing fraud in the 2016 PIF report and earlier Commission annual reports.

Also, Croatia reported that in 2017 Croatian AFCOS Service performed the irregularity and fraud risk assessment for European Regional Development Fund and Cohesion Fund, and European Social Fund. Activities which preceded risk assessment included consultation of papers issued by the Commission including the 2016 PIF Report.

Thirteen Member States⁷⁵ did not report any particular details on results related to the findings enshrined in the 2016 PIF Report. Four Member States⁷⁶ did not provide information concerning this request.

Spain, for example, reported that the 2016 PIF Report was adopted in July 2017, once the various managing authorities had already carried out their fraud risk self-assessments which

⁷³ Austria, Luxembourg and Portugal.

⁷⁴ Bulgaria, Denmark, Croatia, Italy, Hungary, Malta, Romania, Finland and Sweden.

⁷⁵ Belgium, Czech Republic, Germany, Ireland, Greece, Spain, Cyprus, Latvia, Lithuania, the Netherlands, Poland, Slovenia and Slovakia.

⁷⁶ Estonia, Austria, Luxembourg and Portugal.

are reviewed regularly in accordance with the timetables and criteria set by each authority, in line with the recommendation in the Commission's guidance on 'Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures' and that the observations made in the PIF report will be taken into account in the next review of or update to the fraud risk self-assessment.

Measures taken to tackle the issue of low detection for ETC programmes and steps taken to cooperate in this respect with other Member States

In view of the low detection results for ETC programmes, Member States were invited to report whether they took measures to tackle the issue of low detection for ETC programmes, and if yes, what kind of measures have been taken. 17 Member States⁷⁷ reported measures taken in this regard. 6 Member States⁷⁸ did not report such measures. Three Member States⁷⁹ have not addressed this request.

In view of the low detection results for ETC programmes and considering the increasing threat of transnational fraud, Member States were asked to increase their attention and cooperation. Member States were invited to report whether they made steps to cooperate in this respect with other Member States.

16 Member States⁸⁰ reported that they have increased their attention and enhanced cooperation with other Member States regarding ETC programmes and provided information on the steps taken in that respect. 6 Member States⁸¹ reported that they did not make any steps or did not provide information that they cooperate with other Member States in view of this recommendation. Four Member States⁸² did not address this request.

Some of the measures reported by Bulgaria to tackle the issue of low detection included: joint checks and regular meetings between authorities involved in the programmes, carrying out of annual self-assessments by the Managing Authorities, development of methodology for risk assessment at operational level, performing analysis on irregularities and fraud indicators related to the contracting procedures by the beneficiaries and additional analysis on identification of red flags as well as introduction of measures to tackle conflict of interests.

Estonia reported about the Estonia - Latvia Programme consisting in: regular meetings of the programme authorities, to discuss topical/important issues and exchange information; annual risk assessments where different programme authorities are involved, to have a systematic overview of the risks and problems the programme is facing; and the implementation of follow-up activities in accordance with the action plan is monitored.

⁷⁷ Bulgaria, Denmark, Germany, Estonia, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Poland, Portugal, Slovakia and Sweden.

⁷⁸ Belgium, Czech Republic, Greece, the Netherlands, Slovenia and Finland.

⁷⁹ Ireland, Austria and Romania.

⁸⁰ Bulgaria, Denmark, Germany, Estonia, Spain, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Portugal, Slovenia, Slovakia and Sweden.

⁸¹ Belgium, Czech Republic, Croatia, France, the Netherlands, Poland, Finland

⁸² Ireland, Greece, Austria and Romania.

Also, Germany reported that ETC programmes are more stringently controlled because of the cooperation with a number of Member States and the particular control structure, and that, extremely rigorous training and control mechanisms contribute to the low error rate.

Croatia reported that the Croatian AFCOS issued Guidelines on Irregularity Management for ETC programmes. In addition, employees of Croatian management and control system of ETC programmes were invited to participate in trainings organised by Croatian AFCOS.

Another remark is that several Member States reported making use of the ARACHNE IT tool⁸³ for data mining and data enrichment developed by the European Commission with the objective is to support managing authorities in their administrative controls and management checks in the area of Structural Funds.

As regards market support measures,

Bulgaria reported that a draft act amending the Act on Implementation of the Common Market Organisation of Agricultural Products of the European Union is currently being prepared, which lays down the rules on the implementation of market measures and on the functions of the competent implementing bodies and organisations for the respective measures, including the Measure ‘Promotional programmes for agricultural products’. In addition, an amendment will be made to Regulation No 8 of 5 May 2016 on the conditions and procedures for implementation and control of promotional programmes for agricultural and food products. The Regulation will specify in detail the criteria for ‘competitive procedures’, taking into account the economic importance of the promotional programmes while also guaranteeing non-discrimination, equal treatment and full transparency in respect of the selection and awarding criteria applied.

Denmark reported that the Danish Agricultural Agency has assessed its current anti-fraud operations in relation to the market support mechanisms and those conclusions of the PIF reports will also be incorporated in subsequent risk assessments. With regard to the 2016 PIF report, no significant changes concerning trends in the types of irregularities were identified compared with previous years. Therefore, no new fraud risk analysis has been carried out since the publication of the 2016 PIF report, but a new risk analysis is scheduled for 2018.

Poland reported that as part of the ETC programmes, targeted measures have been taken in support of cooperation and the fight against fraud. Among those measures are the adoption in a Memorandum of Understanding of provisions designed to improve the programme management and control system, rules for reporting irregularities, implementation of effective anti-corruption procedures, publishing anti-fraud manuals, warning signals (red flags) on Programme websites, and creation of a dedicated electronic mailbox to which whistleblowers can send information if they suspect fraud. Furthermore, the Managing Authority has a fraud risk self-assessment team whose main task is to perform risk analysis (at least once a year, and in cooperation with the relevant institutions).

⁸³ Bulgaria, Italy, Luxembourg, Romania, Slovenia and Slovakia.

Romania replied that as regards the level of competence of the Paying and Intervention Agency for Agriculture, the occurrence of fraud cases in Romania, in the case of market measures, is low. Frauds are approached on the basis of the prevention principle and the financial aid is paid only after the administrative and on-the-spot checks have been completed. In most cases, administrative checks are completed by on-the-spot checks to a rate of 100 %. Where the on-the-spot check is based on the risk assessment, among the risk criteria the history of previous controls and the aid value are also taken into account.

As concerns cooperation with other Member States,

Italy has provided striking examples such as the various actions in the field of training, organised by the Italian AFCOS on information and cooperation with partners from other EU countries. Specifically, in recent years, the Italian AFCOS has promoted a number of ‘anti-fraud’ partnership initiatives consisting in the exchange of experience and good practice, with partners from the following countries: Bulgaria, Poland, Greece, Latvia, Denmark, Serbia and Romania. Between 2016 and 2017, the Italian AFCOS made its own contribution, in terms of providing information on the complex subject of anti-fraud measures, to the creation of the European Territorial Cooperation Programme in the IPC Adriatic CBC area, in which various countries took part, including: Albania, Bosnia-Herzegovina, Croatia, Montenegro and Slovenia. In the same period (2016-2017), the Italian AFCOS carried out the project entitled ‘Cooperation Project in the anti-fraud sector’ (co-financed by OLAF with funds from the Hercule II programme), following on from the main initiative implemented in the recent (2014) 6-month Italian presidency of the Council of the EU’s Anti-Fraud Group (AFG): namely, the proposal for new rules that enable ‘mutual administrative assistance’ between Member States in the now-transparent area of structural funds. Delegations from 15 countries took part in the project: Bulgaria, Croatia, Czech Republic, Cyprus, Estonia, France, Greece, Hungary, Latvia, Luxemburg, Malta, the Netherlands, Poland, Romania and Spain.

Successful practices ready to be shared with other Member States

Five Member States⁸⁴ provided examples of successful practices that were ready to be shared with other Member States. These included establishments of working groups to assess fraud risks, training of staff and programme recipients concerning the fight against fraud, regular evaluation of anti-fraud measures, and establishing good networking between participants of different programmes.

- Czech Republic shared that the Managing Authority shall train its staff and recipients in the fight against fraud.
- Estonia reported that the cooperation between first level controllers from different programmes in case of doubt about any irregularity or fraud is a best practice to be shared.

⁸⁴ Czech Republic, Estonia, Italy, Malta and Sweden.

- Italy shared that in November 2017, an Italian anti-fraud delegation attended a conference on anti-fraud activities at the European Parliament's Committee on Budgetary Control. The debate focused on Italy's anti-fraud strategy (with particular reference to structural funds and European initiatives - including at legislative level). Guardia di Finanza's specific and unique know-how in combating fraud in EU funds is now considered veritable best practice at EU level and which Italy is prepared to share with all interested partners.
- Malta mentioned the importance of training in particular in the ambit of combating fraud. For instance, how to detect red flags. The setup of an independent body (in the Maltese case referred to as the Financial Control Unit) to conduct independent checks from those performed by the first level controllers.
- Sweden supported that networking with participants from different programs is a best practice to be shared.

2. REPLIES OF MEMBER STATES

This year's exercise aims at obtaining focussed information with a view to producing a useful 'follow-up to the 2016 recommendations' document to serve as a practical reference tool.

To this end, the Commission has provided relevant guidance to Member States on how to approach and structure relevant information in their replies to the Commission's recommendations. For each recommendation, the relevant background information is provided and a set of questions, meant as a guide and reference as to the insight the Commission wishes to acquire on Member States' actions, have been prepared in relation to each recommendation. Member States were also invited to share any best practice they may have related to the specific field concerned. 24 Member States have chosen to provide their follow-up via addressing the guiding questions. Three Member States have chosen to use a single text approach to provide their follow-up. Member States were given the choice either to make use of the guiding questions, or to present their reply to the various questions in the form of a single text.

2.1. REVENUE

Background information

The measures taken at EU level in 2016 further strengthened the protection of the EU's financial interests. The revised Regulation 515/97 serves as a powerful tool for stepping up the fight against customs fraud. The joint customs operations (JCOs) conducted by OLAF continue to be an important source of information for detecting irregularities in transactions involving certain types of goods. China was the country of origin with the highest level of fraud and irregularities detected both in number of cases and established amounts.

Customs control strategy involves a combination of different controls. Post-clearance controls have been reported as the most effective method of detection, both in terms of the number of cases detected and in terms of amounts. However, controls before and during clearance of goods and

inspections carried out by anti-fraud services are indispensable for the detection of certain types of existing fraud, new fraud patterns and, generally, for the detection of all types of fraud.

The TOR inspections carried out in 2016 on control strategy in customs valuation showed that flaws in the management and control of undervalued imports of textiles and footwear may have significant negative consequences for the EU budget. Appropriate risk profiles need to be in place; undervalued imports need to be systematically challenged and customs values corrected in line with EU regulations.

Recommendation 1:

Member States are invited to review their management and control strategy with regard to customs valuation. With a view to protecting the EU's financial interests, they are requested to review their national procedures and control systems, in particular by:

- Including in their risk management system EU-wide risk profiles based on 'clean average prices' and systematically challenging potentially undervalued goods detected by means of risk profiles;**
- Not releasing the goods unless the declarants of potentially undervalued goods remove the authorities' reasonable doubts about the accuracy of the declared value or provide a guarantee fully covering the customs debt which may be incurred;**
- Applying the customs valuation methodology provided by customs law.**

Questions (Recommendation 1):

1.1 *Did you review your national procedures and control systems? Yes/Yes (Partly)/No (Please provide any useful detail to explain the actions undertaken or why only in part. If applicable, explain why no (new) action was taken).*

1.2 *Did you include EU wide or national risk profiles based on ‘clean average prices’ (the lowest acceptable value) in the risk management system? Yes/Yes (Partly)/No (Please provide any useful detail to explain the actions undertaken).*

1.3 *Did you implement risk profiles based on other values and how are these values calculated and updated? Yes/Yes (Partly)/No, Please explain. Please provide any useful detail to explain the actions undertaken including the methods used to calculate the baseline prices.*

1.4 *Did you systematically control potentially undervalued goods detected by means of risk profiles? Yes/Yes (Partly)/No, Please explain. Please provide any useful detail to explain the actions undertaken including the type of check done.*

1.5 *Did you implement new rules regarding the non-release of goods in relation to potentially undervalued goods in addition to providing a guarantee fully covering the customs debt which may be incurred, when there are reasonable doubts about the accuracy of the declared value? Yes/Yes (Partly)/No, Please provide any useful detail to explain the actions undertaken.*

1.6 *Are you systematically asking for additional information in case reasonable doubts arise providing the operator with the opportunity to respond? Yes/Yes (Partly)/No, Please provide any useful detail to explain the actions undertaken.*

1.7 *Are you systematically asking for a guarantee in case reasonable doubts are not dispelled and the operator wants the release of the goods? Yes/Yes (Partly)/No, Please provide any useful detail to explain the actions undertaken.*

1.8 *In case reasonable doubts are not dispelled and thus the transaction value method is not applicable, did you apply an alternative value following the customs valuation methodology provided by customs law (sequential approach)? Yes/Yes (Partly)/No, Please explain.*

1.9 *Do you have any successful practice that you would be ready to share with other Member States? Please explain.*

BE	<p>1.1 <input checked="" type="checkbox"/> YES, partly implementing the recommendation (FPS Finances)</p> <p><u>FPS Finances:</u> A number of new risk profiles related to customs valuation (undervaluation of declared goods) have been activated in 2016 and 2017 (22 new profiles). The following information should also be taken into account: “EU-wide” risk profiles (see recommendation 1) cannot be activated in BE (only profiles for goods released into free circulation in BE can be activated in BE however, concerning the EU-wide risk management, exchange of information with the other Member States are possible via the RIF(CRMS) system, in order to inform them of potential risk that can also materialise on their territory in our opinion, the risk profiles activated in the first line (at the moment before the release of the goods) are not the only and best way for fighting fraud in customs valuation: post clearance checks nearby selected economic operators can also be necessary (establishing the real value of the goods sometimes requires an analysis of commercial documents or of the accounting).</p>
	<p>1.2 <input checked="" type="checkbox"/> YES (FPS Finances)</p>
	<p>1.3 <input checked="" type="checkbox"/> YES (FPS Finances)</p> <p><u>FPS Finances:</u> Some profiles have also been activated, which are based on values determined by data mining. Other profiles aim at selecting specific economic operators committing this kind of fraud.</p>
	<p>1.4 <input checked="" type="checkbox"/> YES (FPS Finances)</p> <p><u>FPS Finances:</u> The word “systematically” can be interpreted in different ways. Here it should not be interpreted as “always” because risk profiles are not the only way to control potentially undervalued goods.</p>
	<p>1.5 <input checked="" type="checkbox"/> NO</p>
	<p>1.6 <input checked="" type="checkbox"/> YES (FPS Finances)</p> <p><u>FPS Finances:</u> In both cases (when a movement of goods is selected for a control or when an economic operator is selected for a post clearance check), additional information is requested.</p>

	<p>1.7 <input checked="" type="checkbox"/> YES (FPS Finances)</p> <p><u>FPS Finances</u>: In all identified cases where there is a risk that additional duties could not be collected after the release of the goods, the controlling officers should take a guarantee.</p>
	<p>1.8 <input checked="" type="checkbox"/> YES (FPS Finances).</p>
	<p>1.9 <u>FPS Finances</u>: Instruments already exist to exchange successful practice with the Member States and with the Commission (e.g. Rifs exchanged via CRMS)</p>
BG	<p>No risk profiles based on ‘clean average prices’ have been included in the risk analysis module of the Bulgarian integrated customs information system (BIMIS) because the system’s functional capabilities do not allow the introduction of such profiles.</p> <p>With a view to protecting the financial interests of the EU, profiles concerning specific tariff codes of particular selected companies suspected of tax and duty evasion were activated for specific periods of time during 2017. For such profiles, the field ‘Action of the risk profile’ contains a note stating that the type of goods and the supporting documentation must be checked, paying particular attention to the declared customs value.</p> <p>Some of the activated risk profiles are processed jointly with the National Revenue Agency (goods at high fiscal risk) and the Directorate General for Combating Organised Crime at the Ministry of the Interior (in order to check particular companies).</p> <p>In connection with the implementation of the new customs legislation which entered into force on 1 May 2016 and the amendments to the Customs Act by Order No ZAM-1084/24.10.2016 of the Director of the Customs Agency, detailed Guidelines on the acceptance, determination and appeal of the customs value of imported goods have been approved.</p> <p>Given the direct effect of European Union customs legislation, the customs value of imported goods is determined in line with the provisions of: Title II, Chapter 3 of Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code; Title II, Chapter 2, Article 71 of Commission Delegated Regulation (EU) No 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code, which specifies in detail the rules and procedures on determining the customs value. Title II, Chapter 3 of Commission Implementing Regulation (EU) No 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013.</p> <p>In accordance with Article 70(1) of Regulation (EU) No 952/2013, the basis for the customs value of goods is the transaction value, that is the</p>

price actually paid or payable for the goods when sold for export to the customs territory of the Union, adjusted, where necessary.

Paragraph 2 of the same Article states that the price actually paid or payable shall be the total payment made or to be made by the buyer to the seller or by the buyer to a third party for the benefit of the seller for the imported goods and include all payments made or to be made as a condition of sale of the imported goods.

On the basis of Article 128(1) of Implementing Regulation (EU) No 2015/2447, in conjunction with Article 70(1) of Regulation (EU) No 952/2013, the transaction value of the goods sold for export to the customs territory of the Union is to be determined at the time of acceptance of the customs declaration on the basis of the sale occurring immediately before the goods were brought into that customs territory.

In accordance with Article 70 of Regulation (EU) No 952/2013, all costs referred to in Article 7 are to be added to the price of the goods actually paid or payable, excluding the elements not to be included in the customs value referred to in Article 72 of the same Regulation.

In this connection, we draw your attention to the fact that if during the customs value acceptance procedure the customs authorities have reasonable doubts as to whether the declared transaction value represents the total amount paid or payable referred to in Article 70 (1) of Regulation (EU) No 952/2013, the provisions of Article 140(1) of Implementing Regulation (EU) No 2015/2447 apply, i.e. the customs authorities may request that the declarant submit additional information.

If their doubts are not dispelled, the customs authorities may decide that the value of the goods cannot be determined in accordance with Article 70(1) of Regulation (EU) No 952/2013.

Pursuant to Article 74(1) of Regulation (EU) No 952/2013, where the customs value of goods cannot be determined under Article 70, it is to be determined by proceeding sequentially from points (a) to (d) of paragraph 2 of said Article, until the first point under which the customs value of goods can be determined.

In addition, we must note that the prices of imported goods depend on a number of additional factors such as the commercial arrangements of the economic operators concerned, the characteristics and quality of the goods, their variety, their different sizes and quantity, the type of transport and various types of discounts, while the customs value is determined at the time the import customs obligation arises, i.e. at the time of filing the customs declaration for placing the goods under the procedure of release for free circulation and end use, with the customs value, including the method of its determination, being determined at the customs office on a case-by-case basis depending on the characteristics and type of the declared goods and the accompanying documents.

CZ	1.1 <input checked="" type="checkbox"/> YES, fully implementing the recommendation <input checked="" type="checkbox"/> YES, partly implementing the recommendation
	1.2 <input checked="" type="checkbox"/> YES – the more strengthen one (CAP vs. national database) is used.
	1.3 <input checked="" type="checkbox"/> YES – medians of national databases.
	1.4 <input checked="" type="checkbox"/> YES – physical and documents control.
	1.5 <input checked="" type="checkbox"/> NO – current rules are sufficient.
	1.6 <input checked="" type="checkbox"/> YES – everything what is presented is being checked.
	1.7 <input checked="" type="checkbox"/> YES – every time.
	1.8 <input checked="" type="checkbox"/> YES – when the fraud is proven.
	1.9 Already sharing within V4 group and UWG (under valuation working group).
DK	1.1 <input checked="" type="checkbox"/> YES, partly implementing the recommendation – Customs (SKAT) uses values other than ‘clean average prices’ (the lowest acceptable value), see question 1.3.
	1.2 <input checked="" type="checkbox"/> NO
	1.3 <input checked="" type="checkbox"/> YES <p>In a number of cases there have been attempts to clear containers with textile products declared at very low values. In those cases, duties were recovered post clearance owing to under-invoicing. A difference of more than 90 per cent between the prices of the goods in question and the normal price for goods under the same commodity code has been observed.</p> <p>In order to prevent Denmark being used as a country of entry for goods declared at very low values, Danish Customs’ analysis units have established risk profiles in the electronic risk analysis system in order to detect consignments/goods with obvious signs of under-invoicing. In the case of repeated instances of containers entering Denmark with goods that may have been under-invoiced, a profile can identify the first instance. Profiles also take effect rapidly, which means that there is no need to wait for possible post-clearance inspections that may have lengthy processing times during which a greater quantity of under-invoiced goods can be imported.</p> <p>Risk profiles and physical checks are intended to put a stop as early as possible to repeated declarations of under-invoiced goods, where</p>

	<p>necessary, by requesting a security as a condition for release.</p> <p>Currently, profiles exist for goods under the textile chapters 61 and 62, as well as for shoes under chapter 64 that originate in China. Precisely such goods were involved in the earlier cases in both Denmark and the rest of the EU.</p> <p>The profiles are based on a standard price. A standard price has been calculated for each 4-digit commodity code. The profile is meant to detect goods where the declared value per kilogramme is significantly lower than the standard price. An average difference of 93 percent was detected between the declared value and an average value for goods under the same commodity code in the above-mentioned cases.</p> <p>The profiles are therefore meant to stop the clearance of a good where there is a difference of more than 93 per cent between the declared value for the 4-digit commodity code and the standard price; i.e. if the good's declared value is less than 7 per cent of the standard price. Thus, this threshold - or control price - determines which goods are selected for physical checks.</p> <p>For each 4-digit commodity code, a standard price is therefore calculated, as well as a control price (threshold value) corresponding to 7 per cent of the standard price, which is entered in the profile as a criterion.</p>
	1.4 <input checked="" type="checkbox"/> YES
	1.5 <input checked="" type="checkbox"/> YES
	1.6 <input checked="" type="checkbox"/> YES – but on the basis of a risk assessment
	1.7 <input checked="" type="checkbox"/> YES – but from 1 May 2018, a new revised procedure will be used for this purpose.
	1.8 <input checked="" type="checkbox"/> YES
	1.9 N/A
DE	1.1 <input checked="" type="checkbox"/> YES, partly implementing the recommendation.
	1.2 <input checked="" type="checkbox"/> YES It's not clear what exactly is meant with the expression "clean average price". We have automatically targeting Risk Profiles on the basis of nationally calculated average values (threshold is 50 % of the average value).
	1.3 <input checked="" type="checkbox"/> NO

	<p>1.4 <input checked="" type="checkbox"/> YES See 1.2</p>
	<p>1.5 <input checked="" type="checkbox"/> NO</p>
	<p>1.6 <input checked="" type="checkbox"/> YES We have separated national guidance for textiles and shoes on the one hand and for other commodities on the other hand, which foresee opportunities for operators to explain the declared value. There do exist different steps at clearance and post clearance and on each of them the operator can justify his declaration.</p>
	<p>1.7 <input checked="" type="checkbox"/> YES</p>
	<p>1.8 <input checked="" type="checkbox"/> YES</p>
	<p>1.9 Yes, we do have a successful practice and already shared it with other Member States and the Commission. Examples: PCA “Discount” (application of German Guidelines), JCO “Snake”, active participation in Customs 2020 – Project Group on Financial Risk Management / Financial Risk Criteria, share of our national average prices with NL and PL.</p>
EE	<p>1.1 YES, partly implementing the recommendation Implemented partially. The review of national procedures and control systems is going on at the moment. Currently we are using the EU calculated clean average price on a case-by-case basis. For control purposes we use nationally calculated average prices as well, they cover or are targeted at the undervaluation of risks mitigation</p>
	<p>1.2 YES Partially. When national profiles of minimum prices are activated or a suspicion of undervaluing occurs, the EU calculated clean average price is used.</p>
	<p>1.3 YES Once a month we carry out data extraction of the weighted average price of a kilogram regarding the last 12 months by all commodity codes. Using this data the import declaration system activates the minimum price risk. These risks are reviewed by a separate unit in charge of the monitoring of the traffic of goods.</p>
	<p>1.4 YES</p>

	<p>In addition to the measures created by COM in TARIC, several national criteria have been created, too. When a criterion is activated, the goods and/or documents in question are checked according to the instruction of the relevant criterion and recommendations by the expert (who created the criterion).</p>
	<p>1.5 NO EE has had a practice in place for some time already. If there are reasonable doubts as to undervalued goods or false documents (or inaccurate code, origin etc.), we behave according to the rules made for such cases. Should any doubts arise, our officer who is responsible for checking the goods/documents will contact an expert of the relevant field (origin, customs value, classification etc.) and a solution will be found in cooperation. Usually, the solution is to correct or amend declarations, but if undervaluation or incorrect origin and commodity code are suspected, the customs will require a guarantee and the case is passed on to the post-clearance control.</p>
	<p>1.6 YES Always. If a declaration is placed under verification, the official asks from the declarant all the necessary documents and other explanations. The declarant can give supplementary explanations and submit complementary documents. The customs will not release the goods until sufficient answers have been received or a guarantee is provided.</p>
	<p>1.7 YES Requiring a guarantee is a last resort, at least in the case of customs valuation. Should reasonable doubts arise, we would rather ask the declarant to change the customs value so that it would be correct to the satisfaction of customs authorities.</p>
	<p>1.8 YES Such cases are rather uncommon in Estonia. Undervalued goods are generally damaged or otherwise of a lower quality, and the declarant is usually able to justify the lower value, so the customs will check the justification to make sure that undervaluation is not artificial.</p>
	<p>1.9 N/A</p>
IE	<p>1.1 <input checked="" type="checkbox"/> YES, partly implementing the recommendation Profiles are put in place following post clearance checks or an audit of a trader targeting specific importers in relation to undervaluation of goods. RIFs are also evaluated and transposed into risk profiles where it is considered a risk is likely to occur. Feedback is required following clearance of the goods as to the effectiveness of the profile. These results are evaluated and if necessary updated.</p>
	<p>1.2 <input checked="" type="checkbox"/> NO There is limited information available on ‘clean average prices’ therefore profiles have not been implemented.</p>

1.3 <input checked="" type="checkbox"/> YES	We engage our national risk analysis tool –Customs Risk Intervention Selection Programme (CRISP). This system provides the Regional case workers with Reports identifying the riskiest Imports and SAD’s based on a number of Rule categories including valuation. Reports are analysed to facilitate case selection for Audit and post clearance interventions.
1.4 <input checked="" type="checkbox"/> YES	Targeted consignee declarations are controlled and proof of payment was sought to verify how the consignments were financed. National legislation provides for the detention of such goods enabling the officer to engage with the importer for verification as to the price actually paid or payable for the goods.
1.5 <input checked="" type="checkbox"/> YES	Where doubts exist for undervalued consignments additional information is sought. National legislation provides for a compromise penalty from the importer. The goods are held until any doubts are alleviated. If doubts still exist, the additional duty is paid prior to release of the goods. The declaration is amended to account for the additional duty liable.
1.6 <input checked="" type="checkbox"/> YES	Where doubts arise regarding the value of the goods, the officer can detain the goods pending the production of satisfactory evidence of proof of payment. National legislation provides for this. In these instances the goods are not released until any additional duty considered liable is paid.
1.7 <input checked="" type="checkbox"/> YES	Additional duty requested must be paid prior to release of the goods. The declaration is amended to take account of this. National legislation also provides for a compromise penalty from the importer in advance of release of goods.
1.8 <input checked="" type="checkbox"/> YES	If the Transaction value cannot be used for the reason that there is no evidence that a transaction took place, then the Transaction Value of similar goods would be used. However, this would only occur in the absence of proof of payment or supporting documentation requested by the customs officer.
1.9	Only those that are set out in the above paragraphs.

EL	1.1 <input checked="" type="checkbox"/> YES , partly implementing the recommendation Risk profiles have been created in order to point out declarations for either physical or documentary control. A national customs operation was held during 2017 in order to combat the undervaluation in textiles and footwear originating from China.
	1.2 <input checked="" type="checkbox"/> NO Our information system does not have the functionality to compare declared per kilo value with the clean average price. Instead, profiles for declared value in a certain range of per kilo value are implemented.
	1.3 <input checked="" type="checkbox"/> NO
	1.4 <input checked="" type="checkbox"/> YES In the context of AMs and RIFs, risk profiles have been created in order to point out declarations of textiles and footwear originating from China for either physical or documentary control. Further to the AMs all available information was used for the creation of risk profiles.
	1.5 <input checked="" type="checkbox"/> YES
	1.6 <input checked="" type="checkbox"/> YES According to our national guidelines (ref. no ΔΔΘΤΟΚ Α 5022799 ΕΞ 2015/29.10.15 .), the competent customs authorities should ask for additional information in case reasonable doubts arise. In addition, they should provide the operator with the opportunity to respond in accordance to provisions of article 22 UCC and the relevant IA provisions, which have been incorporated into relevant national guidelines (Ref.no ΔΤΔ Α 1121586 ΕΞ 2017/9.8.17.)
	1.7 <input checked="" type="checkbox"/> YES According to our national guidelines (Ref. No ΔΔΘΕΚΑ Α 113359 ΕΞ 2018 ΕΜΠ/7.3.2018), the competent customs authorities should ask for a guarantee in cases where reasonable doubts are not dispelled and the operator wants the release of the goods.
	1.8 <input checked="" type="checkbox"/> YES According to our national guidelines (Ref. No ΔΔΘΤΟΚ Α 5026366 ΕΞ 2015/18.12.2015, ΔΔΘΤΟΚ Α 5022799 ΕΞ 2015/29.10.15, ΔΔΘΕΚΑ Α 113359 ΕΞ 2018 ΕΜΠ/7.3.2018), the competent customs authorities should apply the alternative methods referred to in article 74 of UCC, in the hierarchical order foreseen therein, in case the reasonable doubts concerning the declared transaction value are not dispelled.
	1.9 N/A

ES	1.1 <input checked="" type="checkbox"/> YES, fully implementing the recommendation The Spanish authorities consider that they are complying fully with this recommendation, and have been doing so since before 2016. Risk profiles linked to potentially undervalued goods have always been applied.
	1.2 <input checked="" type="checkbox"/> YES Our system involves checking declared values against a series of historic values declared to Spanish customs and identifying traders that present a risk. The risk profile is applied when an unusually low value is declared, and the reasonable doubt procedure laid down in EU law then begins. This by no means implies that values below the predetermined lowest value are not accepted, but the trader is required to dispel any doubts and, if they are unable to provide appropriate justification, the declared value is rejected.
	1.3 Answered under question 1.2.
	1.4 <input checked="" type="checkbox"/> YES - Answered under question 1.2.
	1.5 <input checked="" type="checkbox"/> YES Goods are not released until a guarantee is provided covering the amount of the duties that could be incurred if the trader is unable to justify the values declared at customs.
	1.6 <input checked="" type="checkbox"/> YES Traders are asked to provide all information they feel is appropriate to justify the declaration of such a low amount. If their response is unsatisfactory, they are informed of the reasons why this is the case, so that they may exercise their right to be heard.
	1.7 <input checked="" type="checkbox"/> YES - Answered under question 1.5.
	1.8 <input checked="" type="checkbox"/> YES The alternative method is generally used, first giving the reasons why the other secondary methods cannot be used, essentially because the requisite information has not been provided.
	1.9 N/A

FR

The French authorities wish to present their reply to the various questions in the form of a single text, OLAF having clarified in COCOLAF on 7 February 2017 that this is one of two possible ways of responding.

The Directorate-General for Customs and Indirect Taxes (DGDDI) has traditionally dealt with customs valuation fraud by conducting *ex-post* checks. This was because of the difficulty in rapidly obtaining the documents needed to establish whether the declared price reflected the transaction value of the goods. The cases of valuation fraud examined related for the most part to a failure to include compulsory elements, as specified in Article 71 of the Union Customs Code (UCC). From taking part in operations to combat undervaluation fraud (Joint Customs Operations - JCO - Operation SNAKE, in particular), the DGDDI has come to reconsider the importance of identifying this type of fraud early, at the time of *ex ante* checks. This type of fraud often involves patterns of fraud on a massive scale, and any processing delays result in a very significant increase in evaded duties and taxes. Moreover, such fraud is often linked to a fraudulent use of scheme 42.

The DGDDI's inspections policy for combating valuation fraud is still evolving:

The office responsible for inspection policy (Office D2) is finalising a memo reiterating the importance of *ex ante* checks in this field. This memo is accompanied by several summary factsheets to facilitate the work of the inspection services.

The factsheets cover the following points:

- the legal basis for valuation set out in the UCC and Implementing Regulation (EU) 2015/2447 of 24 November 2015;
- the conduct of *ex ante* checks with regard to valuation. This factsheet was prepared in particular on the basis of the European inspection guide entitled 'Handbook on Operational Controls';
- the setting-up of the guarantee provided for in Article 244 of Implementing Regulation (EU) 2015/2447 of 24 November 2015.

This factsheet sets out the strict cumulative conditions under which a guarantee may be taken (existence of a strong suspicion of undervaluation, existence of a sudden, massive and suspicious flow, the guarantee must be the only way to stop the flow). These specific conditions help to ensure that guarantees are not systematically set up at the slightest suspicion. The factsheet also indicates alternative methods for determining value.

The purpose of this factsheet is to enable inspection services to act autonomously and respond rapidly. Guarantees have already been put in place successfully by the DGDDI, but each time the intervention of the Directorate-General was required.

The publication of this note is only the first step in the process of updating the policy on valuation checks.

Indeed, a working group of experts focusing on customs value checks will be set up shortly, with a view to preparing guidelines for checks. In addition to the aforementioned factsheets, the guidelines will also include several summary documents on targeting, risk analysis and *ex post* checks. The European Customs Audit Guide will be used for preparing this factsheet.

With regard to the targeting of undervaluation checks, the targeting engine ('Risk Management System' (RMS)) of the French customs clearance system ('Delt@') cannot be used to directly select declarations according to clean average prices, for it is not capable of calculating ratios such as mass to value or supplementary unit to value ratios.

It has therefore not been possible to directly set up profiles based on EU recommendations (by OLAF or other bodies). As a result, customs declarations with suspicious values are not systematically checked since it is not always possible to identify them.

Nevertheless, the DGDDI is currently working on ways to overcome this issue relating to the targeting engine.

Instructions are to be given for the Risk Analysis and Targeting Department (SARC) of the French customs administration, which is responsible for establishing national targeting profiles, to use the suspicion measures (measures 430 and 431) included in the Automated Integrated Tariff Reference (RITA, the application which implements the Common Customs Tariff - TARIC in France). The Risk Management System (RMS) engine is unable to target the declarations identified by these measures. Note that a statement of needs has been submitted for an overhaul of targeting.

However, the French customs administration has at its disposal a risk analysis query application ('Consult and Analyse Shared Data' - CANOPEE), which enables all customs declarations identified by measures 430 and 431 to be retrieved. CANOPEE also enables searches to be conducted on ratios such as supplementary unit to value ratios. Thanks to these tools, the Risk Analysis and Targeting Department (SARC) will be in a position to perform traffic analyses to identify high-risk flows or operators. It will then be possible to set up targeting profiles accordingly, as well as planned first-level *ex post* checks or targeted investigations.

SARC is also experimenting with data mining. The three cases of use tested relate to (i) searches for instances of undervaluation by statistically analysing the value to weight ratio and by creating a prediction model based on checked declarations (supervised learning), and (ii) the study of

	express freight fraud using a flow chart visualisation tool.
HR	1.1 <input checked="" type="checkbox"/> YES, fully implementing the recommendation
	1.2 <input checked="" type="checkbox"/> YES
	1.3 <input checked="" type="checkbox"/> NO
	1.4 <input checked="" type="checkbox"/> YES
	1.5 <input checked="" type="checkbox"/> YES
	1.6 <input checked="" type="checkbox"/> YES
	1.7 <input checked="" type="checkbox"/> YES
	1.8 <input checked="" type="checkbox"/> YES
	1.9 N/A
IT	<p>1.1 <input checked="" type="checkbox"/> YES, partly implementing the recommendation</p> <p><u>Contribution of the Customs and Monopolies Agency:</u> Following Recommendation 1, the methodology for combating under-invoicing, known as ‘Credibility’, has been re-examined. In particular, the Customs and Monopolies Agency has added risk profiles for goods that are systematically under-invoiced to the computerised system for the selection of operations. These goods were identified by the EU platform ‘Theseus’, a data mining tool that provides data produced by the JRC. Using this tool, priority is given to flows of goods to be checked based on the highest estimate of the taxable base. As discussed and agreed in the Customs 2020 Project Group on the use of data mining for identifying customs risks, notable improvements have been made to the methodology, which was enhanced as follows: starting from the flows of goods detected by Theseus, the risk profiles identified by the Agency are based on the ‘minimum acceptable value’, which is calculated with reference to ‘unit price percentiles’. Although Theseus is crucial for detecting systematic under-pricing and price clusters, which only an EU-level tool can do, it needed to be</p>

reviewed for the following reasons:

- The Customs Tariff Code produced in Theseus is an 8-digit code, whereas it is much more useful to use the 10-digit TARIC Code, which is more precise at defining goods.
- The Agency's selection system (Customs Control Circuit) is updated on a daily basis, while the Theseus database is updated one or twice a year;
- The estimate in Theseus is the total value / total kilos in a month, while the Credibility method uses the estimates of the percentiles / quartiles of the unit values of each item. These estimates are calculated by a national system called SIDDA ('system for detecting statistical anomalies in customs declarations').
- Systematic controls based on average 'fair prices' would involve too many checks, which would not be manageable.
- The Credibility methodology is heavily based on the results of the controls and the risk thresholds are updated accordingly.

1.2 YES

Contribution of the Customs and Monopolies Agency:

The national computerised system for the selection of customs operations, known as the 'Customs Control Circuit', is supplied with risk profiles based on the 'lowest acceptable value' calculated by the Credibility system.

1.3 YES

Contribution of the Customs and Monopolies Agency:

The Credibility methodology, applied to a group of high-risk goods flows detected using Theseus, sets a lower initial threshold of unit values (value / net mass and value / additional unit), for example:

One fifth of the first quartile of the unit values' frequency distribution or, alternatively, the fifth millile of the frequency distribution of the unit values the increase or decrease in the threshold value is adjusted according to the results of the controls.

This methodology has already been agreed by the Customs 2020 Project Group on the use of data mining to for identifying customs risks (financial risks subgroup).The Customs and Monopolies Agency has introduced an IT system (data warehouse) that can be used to query data with multiple parameters (time, combined nomenclature, origin of the goods, delivery conditions, etc.) so as to define risk parameters for under-invoicing relating to both high-risk goods and companies.

The risk threshold values were determined by using various inputs (cost of raw materials, statistical indicators, evidence acquired during police investigations). In addition, the authorities have developed an automated tool known as SIDDA.

This tool helps the Italian Customs authority analyse trends for under-invoicing, over-invoicing and the identification of anomalous values ('outliers') based on statistical analyses of customs declarations data. SIDDA also allows operations to be categorised using three specific anomaly indicators.

1.4 YES

Contribution of the Customs and Monopolies Agency:

The risk profile associated with under-invoicing is usually drawn up based on the entirety of the physical or documentary check. The checks can therefore be said to be systematic.

The risk profiles select the customs declarations that must undergo a documentary and/or physical check. In the last few years, more than 100 000 ad-hoc checks have been carried out on imports to combat under-invoicing. Checks have also been carried out at the offices of companies deemed to represent a higher specific risk. Checks at company offices have increased in importance since Italy receives large quantities of textiles and footwear from other EU countries such as Germany, Spain and the UK, with the declared value most likely under-invoiced on importation. Accordingly, efforts to tackle under-invoicing also comprise analyses of intra-EU purchases followed by substantial distortions, including those using Customs procedure 42, made by other EU countries. Moreover, investigations have been carried out into criminal networks involved in the declaration of under-invoiced goods.

1.5 N/A

1.6 YES

Contribution of the Customs and Monopolies Agency:

Importers are required to provide further documentation on contracts, freight costs, insurance, transport and bank transactions. Under national law, customs officials can request further documentation from other economic operators involved in imports, such as freight forwarders, terminal operators and transport companies. If importers do not satisfy their requests, the Customs Agency can impose a penalty of EUR 5 000 to EUR 10 000 and can also revoke authorisations.

	1.7 <input checked="" type="checkbox"/> YES
	1.8 <input checked="" type="checkbox"/> YES
	<p>1.9</p> <p><u>Contribution of the Customs and Monopolies Agency:</u></p> <p>Using the Credibility system, the Risk Analysis office of the Central Anti-Fraud and Audit Directorate has set a threshold value in the computerised selection system (CCC) with the aim of checking shipments whose declared value is below the suspect threshold value, when they are presented both at customs and at locations for which the trader has authorisation.</p> <p>The Credibility system is very effective in terms of the reporting of irregularities, the balancing of the risk of under-invoicing and the resources used for controls, leading to fewer but more selective checks.</p> <p>Under-invoicing is a complex form of fraud that must be tackled in various ways. As well as implementing risk profiles relating to value and carrying out checks on high-risk companies both on importation and in their offices, it is crucial to analyse intra-EU trade because of the substantial distortions in flows between Member States. For these reasons, in our experience, best practice to tackle under-invoicing consists in linking analyses that relate to imports and intra-EU purchases, and identifying high-risk economic operators in other EU countries so that they can be reported to the customs and tax authorities there. This also makes it possible to improve cooperation and exchanges of information between Member States implicated in the same fraudulent schemes.</p> <p>The real value of the goods is not declared on import declarations and documentation (invoices, contracts), thereby committing numerous offences such as forgery of customs import declarations and intra-EU lists, tax evasion and money laundering. Accordingly, it must be taken into account that under-invoicing entails falsification of the means of payment used between exporting, importing and final destination countries, since the true value of the goods has to be paid with untraceable or irregular means of payment (undeclared currency, use of fictitious companies, immigrants' remittances). It is therefore important to increase currency controls on specific nationalities, routes, and countries of arrival or departure that may be more involved. The strengthening of cooperation between national Financial Intelligence Units (FIUs) is another key activity, since FIUs are able to analyse the impact of under-invoicing on banking and money transfer systems.</p>
CY	<p>1.1 <input checked="" type="checkbox"/> NO</p> <p>No actions were taken regarding National procedures and control systems.</p>

	1.2 <input checked="" type="checkbox"/> YES
	1.3 <input checked="" type="checkbox"/> NO
	1.4 <input checked="" type="checkbox"/> YES Undervalued goods were detected mainly through evaluation of OLAF information, RIF, own resources system and ad-hoc information by Customs Offices. Also undervalued goods (especially shoes, clothes, auto spare parts, motorcars) were detected through emergency action plans for post clearance control and audit.
	1.5 <input checked="" type="checkbox"/> NO This task is undertaken by Valuation Sector. In case of motor vehicles guarantee incurred.
	1.6 <input checked="" type="checkbox"/> YES Additional information regarding bank payments, bank statements, accounting reports, supplier statements are provided in case reasonable doubts arise.
	1.7 <input checked="" type="checkbox"/> YES This task is undertaken by Examination Sector. In case of reasonable doubts are not dispelled and the operator wants the release of the goods Customs Authorities may ask for a guarantee.
	1.8 <input checked="" type="checkbox"/> YES This task is undertaken by Valuation Sector.
	1.9 N/A
LV	In National Customs Board of the State Revenue Service (hereinafter – SRS) risk management strategy has been implemented in all processes of customs clearance. For performance of risk analysis and assessment of fiscal risks, both national and international customs risk information is used. Information regarding fiscal risks is obtained by the SRS National Customs Board from other Member States and the European Commission through Anti-Fraud Information System (AFIS) of the European Anti-Fraud Office (OLAF) and Common Customs Risk Management System (CRMS) of the Directorate-General for Taxation and Customs Union of the European Commission (DG TAXUD). The information is used for planning and applying risk mitigation measures, including establishment of risk profiles related to fiscal risks that have been identified in other EU Member States. The risk mitigation measures are directed towards preventing declaration of reduced customs value and false origin of goods,

as well as declaration using incorrect CN and TARIC codes.

In cases where the application of risk mitigation measures lead the customs officials to suspect that the goods have been declared with reduced customs value, security shall be collected and post-clearance controls shall be carried out.

Additionally, post-clearance controls are carried out regarding goods that had been released into free circulation without customs controls at the time when the goods were declared (green channel).

Thus, the SRS National Customs Board ensures control measures based on risk analysis both during the customs clearance, as well as during post-clearance activities.

Based on international and national laws and regulations, the SRS National Customs Board has drawn up internal regulations specifying the actions that shall be taken by customs officials when carrying out customs controls regarding application of CN and TARIC codes, determination of customs value and ensuring post-clearance.

1.1 YES, partly implementing the recommendation.

In order to ensure customs control measures related to determination of customs value of goods, the SRS National Customs Board uses comparison of the declared customs values against historical data, i.e., the customs values of goods to be checked are compared with customs values of identical or similar goods previously released into free circulation in the Republic of Latvia, thus assessing the possible reduction of customs value of goods. When assessing risks related to circumvention of anti-dumping measures, the SRS National Customs Board uses information received from OLAF, that has been published in AFIS. The SRS National Customs Board has reviewed the tool offered by OLAF for determination of statistical value of goods; however, this tool is not actively used at the moment, because, for example, the contained information provides the statistical price of goods proportionate to the weight of goods, while the SRS National Customs Board analyses the average statistical price in relation to one unit of goods. The SRS National Customs Board is still considering the possibilities to use the tool offered by OLAF for planning of control measures.

1.2 YES.

The SRS National Customs Board in the framework of risk mitigation measures has established several national risk profiles intended for controlling the declared customs value of goods. Customs values of identical or similar goods previously released into free circulation in the Republic of Latvia are used for the controls of the declared customs value of goods.

<p>1.3 <input checked="" type="checkbox"/> YES</p> <p>The SRS National Customs Board in the framework of risk mitigation measures has established several national risk profiles intended for controlling the declared customs value of goods. The measures require collection of security in cases where the customs officials suspect that the goods might be declared with reduced customs value. The so-called average prices of goods are determined based on historical data – customs values of identical or similar goods previously released into free circulation in the Republic of Latvia. Information regarding these values is collected and updated every 1 – 3 months.</p>
<p>1.4 <input checked="" type="checkbox"/> YES</p> <p>The SRS National Customs Board applies risk mitigation measures both on the basis of received risk information, and also by carrying out preventive measures for groups of goods, which have most often been identified to have been imported with reduced customs value of goods. Customs officials who develop risk profiles are responsible for monitoring and assessment of risk profile. Where necessary, the relevant changes are made in the operation of a risk profile.</p>
<p>1.5 <input checked="" type="checkbox"/> NO</p> <p>The SRS National Customs Board systematically applies collection of security in cases where there is suspicion that the goods have been declared with reduced customs value. This process was not revised; risk mitigation measures are applied regularly, including developing and correcting risk profiles.</p>
<p>1.6 <input checked="" type="checkbox"/> YES</p> <p>In cases where customs officials suspect that goods have been declared with reduced customs value of goods, the customs officials shall request additional information from the declarant before taking a decision on collecting security.</p>
<p>1.7 <input checked="" type="checkbox"/> YES</p> <p>In cases where customs officials suspect that goods have been declared with reduced customs value, the customs officials shall request additional information from the declarant. If the declarant does not provide documents certifying the true value of goods in accordance with the actual circumstances of the transaction or if the information in the provided documents indicates that the customs value of goods is considerably lower than customs values of identical or similar goods previously released into free circulation in the Republic of Latvia, the customs official shall take a decision on collecting security.</p>
<p>1.8 <input checked="" type="checkbox"/> YES</p> <p>In cases where the customs officials suspect that goods have been declared with reduced customs value, security shall be collected. During post-</p>

	<p>clearance the SRS National Customs Board by contacting the declarant determines the customs value of the imported goods in accordance with one of the valuation methods (to be applied successively) provided for in Article 74 of the Code. After the risk mitigation measures have been applied, the companies, to which measures concerning determination of customs value and collection of security have been applied previously, no longer import goods with reduced customs value. Furthermore, a trend has been identified, where a certain number of companies, to which control measures directed towards determination of customs value had been applied, no longer import the specific goods.</p>
	<p>1.9 The practice in the SRS National Customs Board is that after control measures have been applied and security has been collected, the customs value is determined during post-clearance in accordance with the provisions of Article 74 of the Code.</p>
LT	<p>1.1 <input checked="" type="checkbox"/> YES, fully implementing the recommendation Customs control measures and procedures applied by the Lithuanian Customs for the customs valuation of imported goods are in line with the 2016 European Commission`s recommendations and European Commission`s Guidelines for preventing and detecting irregularities (under-invoicing) in imports of textiles and footwear. The Rules for Control over Customs Valuation of Imported Good, applied at the Lithuanian Customs have been approved by Order No. 1B-431 of 28 April 2004 of the Director General of the Customs Department under the Ministry of Finance of the Republic of Lithuania.</p>
	<p>1.2 <input checked="" type="checkbox"/> YES According to the average customs values of the unit of goods calculated by the Lithuanian Customs the Lithuanian Customs authorities apply risk profiles to control the declared customs value of import goods, except vehicles falling under headings 8701, 8702, 8703, 8704 and 8711. The declared customs value of imported used vehicles is controlled on the basis of the prices provided in the vehicles prices catalogue approved by the Customs Department. To control the customs value of imported sensitive goods (individual goods classified in CN Chapters 61-64, 68 and 95), the Lithuanian Customs authorities apply additional risk profiles based on the “fair prices” assessed by the Director General of the European Commission's Joint Research Centre (JRC).</p>
	<p>1.3 <input checked="" type="checkbox"/> YES Once a month, the Lithuania Customs calculates goods` average prices based on the import statistics of the last 3 months. This calculation is based on the data of the declared transaction values which have been recognized by the Lithuanian Customs and is not the subject of an additional verification of customs value. The arithmetic average price is calculated by the:</p> <ul style="list-style-type: none"> • CN code; • CN code and country of origin.

The average prices are calculated for all CN codes, except vehicles classified in CN positions 8701, 8702, 8703, 8704 and 8711 (vehicles prices catalogues are used for the control of the customs value of vehicles). The average prices are placed in the Risk Management System and are used for the assessment of risk management at the time of customs clearance and during post-clearance.

1.4 YES

Risk profiles that control the customs value of goods are constantly functioning in the Risk Management System, their functionality covers all import goods. The Risk Management System activates risk profiles depending on the difference of the declared price and the average price (for the particular categories of goods, different percentage margins are set). If the risk profile is activated, the customs officer at the time of customs clearance shall verify the declared transaction value. After the initial verification of the declared transaction value, the customs officer takes a decision whether to recognize the declared transaction value, or to transfer documents to the territorial customs administration for further verification.

Depending on the check done at the time of customs clearance and on the difference of the declared price and the average price, the Risk Management System assesses whether it is expedient to check the customs value of the goods after the customs clearance.

The Lithuanian Customs authorities also constantly monitors the declared customs value of import goods, they prepare once a quarter summaries and recommendations for the improvement of the control of the potentially incorrect declaration of the customs value (the review of risk management measures takes place, post-clearance controls are initiated etc.).

A separate risk management model is applied to control the declared customs value of imported used vehicles: vehicles prices catalogues are used for the control of the customs value of vehicles, and the conclusions of experts are used for the control of the customs value of damaged vehicles.

1.5 YES

Additional guarantees covering the customs debt that may be incurred has been applicable at the Lithuanian Customs since 2001 when there are doubts about the accuracy of the customs value of goods being released for free circulation.

1.6 YES

To this end, the functionality has been introduced in the Customs Declaration Processing System allowing communicating with the importer (declarant) by means of the system: additional information is requested to justify the declared transaction value (if there are doubts about its accuracy). If the additional information provided by the Customs authorities does not dispel the doubts, a notification on the post-clearance control of the customs value is delivered to the importer (declarant) together with the list of concrete documents that may be submitted to the unit of the territorial customs office performing the controls for the justification of the transaction value. Before issuing an unfavourable decision

	<p>regarding the customs value of the goods, the customs authorities always provide the importer with the opportunity to respond.</p> <p>1.7 <input checked="" type="checkbox"/> YES</p> <p>If additional information and documents on the value of goods submitted by persons during customs clearance do not dispel reasonable doubts of the Customs authorities, the importer must provide the Customs authorities with an additional guarantee for the additional charges that may be incurred, and the goods are released for free circulation. In such case, the Customs authorities deliver to the importer an information note stating that the customs value of the goods will be checked after the customs clearance and which documents may be additionally submitted to the Customs authorities to justify the declared transaction value.</p> <p>1.8 <input checked="" type="checkbox"/> YES</p> <p>If the transaction value method is not applied to the customs value of import goods, the customs value of the goods is determined following UCC Article 74 by applying the secondary customs valuation methods. The exhaustive sequence of the application of the secondary customs valuation methods is regulated in detail in the Rules for Control over Customs Valuation of Imported Goods applicable at the Lithuanian Customs approved by Order No. 1B-431 of 28 April 2004 of the Director General of the Customs Department under the Ministry of Finance of the Republic of Lithuania.</p> <p>1.9 N/A</p>
LU	<p>1.1 <input checked="" type="checkbox"/> YES, partly implementing the recommendation.</p> <p>Risk management systems do contain a full range of risk profiles related to undervaluation. As a background, pertinent intelligence used during Commission’s common priority control area “Discount” 2011 and OLAF JCO “Snake” 2013 has been integrated in Customs risk engine. However, current risk profiles are built upon goods nature, weight, provenance and origin of goods, meaning the full range of possible infringements are targeted. Customs officer are then called upon to compare declared prices with the list of “fair prices” set by EU institutions.</p> <p>Thus, the check box with “partly implementing the recommendation” has been ticked as the “clean average price” is not directly used for an electronic check.</p> <p>To conclude, LU opted for a two-layered approach, i.e. targeting at higher level by electronic means and checking by manual assessment the</p>

	<p>“clean average prices” as a consequence.</p> <p>The explanation above covers questions 1.2 and 1.3.</p>
	1.2 <input checked="" type="checkbox"/> NO (see 1.1 above)
	1.3 <input checked="" type="checkbox"/> NO (see 1.1 above)
	<p>1.4 <input checked="" type="checkbox"/> YES</p> <p>Risk instructions clearly indicate a possible risk of undervaluation. Thus, customs declaration is immediately blocked in clearance system and a check by a customs officer needs to be carried out.</p>
	<p>1.5 <input checked="" type="checkbox"/> NO</p> <p>The procedure of requiring a guarantee in order to release the goods if the customs value is challenged is already provided in national procedures on customs controls.</p>
	<p>1.6 <input checked="" type="checkbox"/> YES</p> <p>Any useful documentation is to be provided by the declarant or its representative as commercial documentation, proofs of payment. In case the documents are not sufficient, the customs officer can challenge the value by special procedure with decision to be taken at central level.</p>
	1.7 <input checked="" type="checkbox"/> YES (see 1.5 above)
	1.8 <input checked="" type="checkbox"/> YES
	1.9 N/A
HU	<p>1.1 <input checked="" type="checkbox"/> YES, fully implementing the recommendation</p> <p>All elements of the recommendation were fully implemented as follows:</p> <ul style="list-style-type: none"> -inclusion in their risk management system EU-wide risk profiles based on ‘clean average prices’, and systematically challenging potentially undervalued goods detected by means of risk profiles; -not releasing the goods unless the declarants of potentially undervalued goods remove the authorities’ reasonable doubts about the accuracy of

<p>the declared value or provide a guarantee fully covering the customs debt which may be incurred; -applying the customs valuation methodology provided by customs law.</p>
<p>1.2 <input checked="" type="checkbox"/> YES</p> <p>The Hungarian risk management system essentially contains risk profiles based on ‘clean average prices’. The basis of the minimum acceptable value, that is, the threshold price is the fair market price constructed based on fused data on the import turnover of the EU28 as indicated in the AREP AMT (Automated Monitoring Tool) module operated by OLAF and the Joint Research Centre.</p>
<p>1.3 <input checked="" type="checkbox"/> YES</p> <p>Based on information sent by the Commission in an AM message and in accordance with the threshold prices set therein, further risk profiles were created for products where the Commission brought suspicions that products imported on prices lower than the given value were likely to have been imported into the EU undervalued or subject to an incorrect trade classification.</p>
<p>1.4 <input checked="" type="checkbox"/> YES</p> <p>Undervalued products undergo at least documentary checks in most cases. As from July 2017, the number of physical checks was also increased. When justified by the documentary check or goods inspection, a customs value check is introduced.</p>
<p>1.5 <input checked="" type="checkbox"/> NO</p> <p>In accordance with the provisions of the EU Customs Code, the customs authority requests a guarantee based on its doubts arising from the declared customs value prior to releasing the goods.</p>
<p>1.6 <input checked="" type="checkbox"/> YES</p> <p>In the case of doubts, a customs value check is ordered, during which the operator has to submit several documents, including the following: Customs value declaration, external trade contracts, invoices relevant for the transaction which are registered in the accounting records/accounted, bank record on the transfer, business correspondence, invoices on transportation and insurance, detailed turnover in the main ledger of the suppliers, accounting items relevant for the transaction.</p>
<p>1.7 <input checked="" type="checkbox"/> YES</p> <p>If the operator requests to release the goods and the doubt arising during the customs procedure remains, a guarantee is provided before releasing the goods.</p>

	<p>1.8 <input checked="" type="checkbox"/> YES</p> <p>Where the transaction value method is not applicable, the method of transaction value of similar goods or the 'fall-back method' is applied from among the secondary methods.</p>
	<p>1.9</p> <p>No, since the only case where the Court gave a judgment favourable for the customs authority from among all cases affected by court proceedings was Case C-291/15 where a preliminary ruling had been requested.</p>
MT	<p>1.1 <input checked="" type="checkbox"/> YES, partly implementing the recommendation</p> <p>The Customs Department submitted the replies pertaining to Recommendation 1 and are being reproduced in this document.</p> <p>Our national procedures and control systems are reviewed and adjusted on a need basis - also taking into consideration all information emanating from the different sources available to the Department.</p>
	<p>1.2 <input checked="" type="checkbox"/> NO</p> <p>There is no such profile in the Customs electronic system but 'clean average prices' are counter checked on footwear and clothing based on the values outlined on 'Operation Snake'.</p>
	<p>1.3 <input checked="" type="checkbox"/> NO</p> <p>Risk profiles on certain commodities (namely clothing and footwear) are uploaded on the Customs electronic systems for eventual verification of values with 'clean average price' as outlined in 'Operation Snake'.</p>
	<p>1.4 <input checked="" type="checkbox"/> YES</p> <p>Generally, samples are retrieved from consignments and the valuation process is triggered accordingly.</p>
	<p>1.5 <input checked="" type="checkbox"/> YES</p> <p>When there are reasonable doubts that a consignment includes undervalued goods, samples of the items concerned are elevated and referred for a valuation exercise. In the meantime, the consignment is withheld pending the outcome of the valuation process.</p> <p>The Department may also opt to release the consignment against a guarantee to safeguard potential loss of revenue, pending the fulfilment of the valuation process.</p>
	<p>1.6 <input checked="" type="checkbox"/> YES</p>

	Usually, proof of payment certificates Including contract of sales are requested and verified through the mutual agreements in place.
	1.7 <input checked="" type="checkbox"/> YES The reply to 1.5 above applies in this case as well.
	1.8 <input checked="" type="checkbox"/> NO
	1.9 No successful practice other than normal procedure to share.
NL	1.1 - YES, fully implementing the recommendation
	1.2 - YES
	1.3 - NO
	1.4 - YES
	1.5 - NO
	1.6 - YES
	1.7 - YES
	1.8 - YES
	1.9 Not specific
AT	1.1 <input checked="" type="checkbox"/> YES, fully implementing the recommendation A review of the customs data regarding valuation of high risk goods from high risk countries is one of the national customs priorities and done on periodical basis for the early detection and prevention of fraud.
	1.2 <input checked="" type="checkbox"/> YES National risk profiles are implemented for specific high risk goods from specific high risk countries on the basis of national “clean average prices” (lowest acceptable value). As trigger for the profile we use calculated minimum prices, which are calculated on the basis of the lowest accepted and not suspected value declared for a specific good within the last three years.

	<p>1.3 <input checked="" type="checkbox"/> NO We do not use the EFP (European fair price), we use the national calculated clean average price, because the UCC does not foresee the EFP as a method of customs valuation.</p>
	<p>1.4 <input checked="" type="checkbox"/> YES See the answers to 1.1, 1.2 and 1.3</p>
	<p>1.5 <input checked="" type="checkbox"/> YES A special guideline with rules to support the customs officers at the moment of clearance was developed by the Central Anti-Fraud Department of Ministry of Finance. The guideline is embedded in the profiles. It covers the processes of requesting additional documents, collection of guarantee (for customs duties and VAT) and procedure for establishing the customs value based on the secondary methods (Art 74 par. 3 UCC).</p>
	<p>1.6 <input checked="" type="checkbox"/> YES See the answer to 1.5</p>
	<p>1.7 <input checked="" type="checkbox"/> YES See the answer to 1.5</p>
	<p>1.8 <input checked="" type="checkbox"/> YES We follow the procedure of Art 74 UCC applying the secondary methods for customs valuation where we finally determine the customs value according to Art 74 par 3 UCC as the lowest accepted and not suspected value declared for a specific good within the last three years (= clean average price = national minimum price).</p>
	<p>1.9 Since we apply the above described procedure (answers from 1.1 to 1.8) we did not identify new cases of obvious undervaluation of the goods covered by the profiles.</p>
PL	<p>Poland assumes that risk profiles based on 'clean average prices' should be identified with their 'fair prices' available on the AFIS portal as part of the AMT (Automated monitoring tool). For potentially undervalued goods (textiles and footwear), Poland uses the reference pricing system (RPS), which automatically identifies cases where there is a high probability that the customs value of the goods has been understated on the customs declaration. The RPS is a tool on the basis of which risk profiles are introduced into the system for recording imports of goods. Using special algorithms, threshold values are determined which underpin the activation of a risk profile. 'Fair prices' are one element of the RPS and the 50% threshold suggested by OLAF is the minimum value. A customs declaration which is below this threshold triggers the activation of a risk profile. The added value of the national system is that threshold values are determined periodically for each subsequent month.</p>

	<p>With a view to addressing understatement of the customs value of goods imported into EU customs territory (mainly textiles and footwear), the Polish customs and treasury authorities have adopted a set of instruments (guidelines) aimed at strengthening and supplementing existing legislation designed to reduce the prevalence of that phenomenon. The guidelines consist in a set of recommendations for measures to be taken at individual stages of the customs procedure, starting with the customs declaration. In order to facilitate practical implementation of the guidelines, tools for supporting the procedure itself as well as risk analysis have been designed and implemented in the form of a reference price system (support for risk analysis), comparative databases (support for customs procedures) and the Rej-TeX system (data registration). The guidelines also contain a comprehensive package of information on the interpretation of existing customs legislation on customs value, with links to additional material that might be useful in the process of verifying and recalculating declared customs values. The guidelines state that in situations where, for example, the declared customs value is less than the reference price, the goods may be released only in justified and fully documented cases. If, however, in the course of verification of the customs declaration, there are found to be irregularities that may lead to import duties being calculated at an amount higher than what is stated in the customs declaration, and if it is not possible to determine the amount of duty before the goods are released for import, the goods may be released only after provision of a guarantee to cover the customs debt.</p>
PT	1.1 <input checked="" type="checkbox"/> YES, fully implementing the recommendation
	1.2 <input checked="" type="checkbox"/> YES
	1.3 <input checked="" type="checkbox"/> YES
	1.4 <input checked="" type="checkbox"/> YES
	1.5 N/A
	1.6 N/A
	1.7 N/A
	1.8 N/A
	1.9 In cases of high risk, especially related to customs procedure 42, PT Customs participates, together with PT Tax on EUROFISC project, which allows us to better monitor the customs operations on both sides of the customs procedures, i.e. where PT is country of customs clearance or PT is

	<p>country of final destination. That permits early identification of any suspicious cases and implementation, in those cases, of closer monitoring of all operations.</p>
RO	<p>1.1 <input checked="" type="checkbox"/> YES, fully implementing the recommendation In 2017, a procedure was initiated for the re-evaluation of the guidelines issued by the General Customs Directorate (Direcția Generală a Vămirilor) with regard to the application of the procedure for delaying the determination of the customs value, as established by Government Decision No 973/2006. The databases from the General Customs Directorate are currently under assessment in order to complete this action.</p>
	<p>1.2 <input checked="" type="checkbox"/> YES At the General Customs Directorate, a permanent risk profile is being implemented in the RMF (Risc Management Framework) Module with a view to applying Government Decision No 973/2006 on the methodology for delaying the determination of the customs value declared on import. The reference values used in the customs activity are those in the OLAF database, more specifically EFP (<i>estimated fair prices</i>). These values are included in the risk profile used in the application of Government Decision No 973/2006, the alert thresholds being set to 50 % of the EFP value.</p>
	<p>1.3 <input checked="" type="checkbox"/> YES If the investigations conducted at the General Customs Directorate reveal, based on the accounts of economic operators and/or the mutual assistance and cooperation with other states, data and information on certified transaction values in regard to their reality and accuracy, it will be reported to the specialised service, which will compare it with the national database. If differences are found compared to the existing indicative values, they are to be reassessed. The risk profile values are to be updated on a regular basis in accordance with Decision No 40/2014 of the General Customs Directorate.</p>
	<p>1.4 <input checked="" type="checkbox"/> YES In the case of customs operations with goods the declared value of which is below the reference values in the database, the procedure implemented by Government Decision No 973/2006 provides obligatorily for the selection of operation on the orange clearance route (documentary control) and the delay in determining the customs value as a final value and the economic operator must submit additional documents in order to ascertain the declared value. The risk profile used in the application of Government Decision No 973/2006 is a permanent action whereby customs declarations containing goods that are likely to be undervalued are selected. The customs value declared for the goods in the customs declarations selected by the risk profile is verified as per the methods described in the Agreement on the application of Article VII GATT in accordance with the methodology implemented by Government Decision No 973/2006.</p>
	<p>1.5 <input checked="" type="checkbox"/> YES In accordance with the procedure established under Government Decision No 973/2006, the goods that are likely to be undervalued are only released after a precautionary guarantee has been submitted, as calculated at the values in the DGV database, based on a written application from</p>

	<p>the economic operator, as approved by the customs office where the clearance is performed.</p>
	<p>1.6 <input checked="" type="checkbox"/> YES When selecting the customs operation on the orange clearance route, on account of the suspicious undervalued customs value, the customs office requests in writing from the representative of the declarant to provide data and information on the declared value. Please note that there are cases when the additional documents submitted are subjected to further investigations.</p>
	<p>1.7 <input checked="" type="checkbox"/> YES The goods subjected to undervaluation control are released for the declarant only after it has submitted the additional documents requested in writing by the customs office and after it has submitted a precautionary guarantee covering the customs duties and the other customs related duties, as calculated at the customs value accepted by the General Customs Directorate, and it has deposited that guarantee to the account of the customs office or in the form of a letter of bank guarantee.</p>
	<p>1.8 <input checked="" type="checkbox"/> YES In these cases, the Internal Working Procedure designed for the customs staff for the application of Government Decision No 973/2006 on the procedure applicable when the final determination of the customs value needs to be delayed is applied. This procedure covers, among others, the method for finding that, on the date of the formalities for release for free circulation, the customs value cannot be determined by applying Article 1 of the Agreement, even if the final determination of the customs value was delayed, and that Articles 2-7 in Chapter VII of the Agreement must be applied in the order provided therein, the customs value thus determined being final. It also provides for the method for preparing the Decision for the final determination of the customs value, which is taken by the customs office by a control report prepared on the customs value, which establishes the availability or receipt, totally or in part, of the established guarantee and includes the detailed description of the reasons underlying the measure. With a view to establishing a sufficient guarantee to recover the amount of import duties and of other duties and taxes due to the state, under the law, under the customs operations, as calculated based on the customs value determined provisionally by the customs office, from which import duties and other duties and taxes due to the state are deducted under the law, under the customs operations, as calculated based on the customs value declared by the importer and wired to the State budget, the values in the statistical database of DGV (a database created in accordance with Section 1.2 above), which is available for all the goods, are to be applied.</p>
	<p>1.9 NO</p>
SI	<p>1.1 - YES, fully implementing the recommendation</p>

Financial Administration of the Republic of Slovenia has reviewed national procedures and control systems with:

- including in risk management system EU-wide risk profiles based on ‘clean average prices’ and systematically challenging potentially undervalued goods detected by means of risk profiles and;
- not releasing the goods unless the declarants of potentially undervalued goods remove the authorities’ reasonable doubts about the accuracy of the declared value or in some cases provide a guarantee fully covering the customs debt which may be incurred.

Financial Administration of the Republic of Slovenia took the following actions:

Creation EU wide or national risk profiles based on clean average prices in the risk management system;

Issued the guidance on the verification of the declared customs value of goods and procedure for the determination of new customs value of goods, No 35/2017, dated on 27. 11. 2017;

Preparation of a protocol form for recording the process of a verification of the customs declaration due to undervaluation;

Creation the Working group for undervaluation;

Organised the seminar about undervaluation which took place on 21 November 2017;

Organised several workshops for financial officers who are working with undervaluation cases at the local level concerning actual undervaluation cases;

-Use of national application “Qlik View” as a tool for controlling customs value.

1.2 - YES

Financial Administration of the Republic of Slovenia includes EU wide and national risk profiles based on ‘clean average prices’ (the lowest acceptable value) in the risk management system. The lowest acceptable value is calculated based on OLAF lowest acceptable value, (different for tariff codes and origin of goods). In the case, that the declared value of goods is lower than the lowest acceptable value, the custom officer should make the complete control.

1.3 - YES

Financial Administration of the Republic of Slovenia implements risk profiles also based on other values (for example: information about economic operators involved in undervaluation fraud exchange via RIF or AFIS).

Exchanges of information at EU level are made in the framework of either the mutual assistance regulation or the customs risk management

system for risk-related information (as an example RIF and AM Communications). On the base of this exchange Financial Administration of the Republic of Slovenia implements risk profiles helping to identify potential cases of undervaluation when there are also other risks or fraud indicators, such as suspicious traders involved in the import.

Moreover the customs authority shall decide to control declared customs value of the goods basis on manual risk analysis or random selection.

1.4 - YES

Financial Administration of the Republic of Slovenia systematically control potentially undervalued goods detected by means of risk profiles for all import declarations (procedure 40 and 42). It is possible that some limit exception may apply (in the case where customs duty is 0 % or in the case if the total value of goods is less than 1000 EUR or description of tariff code contains word “part” or “other”).

Nevertheless the customs authority shall decide to control declared customs value of the goods basis on manual risk analysis or random selection.

1.5 - YES

The goods are not releasing unless the declarants of potentially undervalued goods remove the authorities’ reasonable doubts about the accuracy of the declared value or in some cases provide a guarantee fully covering the customs debt which may be incurred. When there are reasonable doubts whether the declared value represents the actual transaction value, customs authorities may ask, when performing release controls, for additional information and the submission of additional documentation (invoices, sales contracts, bank statements ...).

The complete procedure is described in the guidance on the verification of the declared customs value of goods and procedure for the determination of new customs value of goods, No 35/2017, dated on 27. 11. 2017. With the line of this guidance the complete procedure should be noted in accordance with the protocol form for recording the process of a verification of the customs declaration due to undervaluation.

1.6 - YES

When there are reasonable doubts whether the declared value represents the actual transaction value, customs authorities may ask, when performing release controls, for additional information and the submission of additional documentation (invoices, sales contracts, bank statements ...). Economic operator has the opportunity to respond. The complete procedure is describe in the guidance on the verification of the declared customs value of goods and procedure for the determination of new customs value of goods, No 35/2017, dated on 27. 11. 2017. In line with this guidance the complete procedure should be noted in accordance with the protocol form for recording the process of verification of a customs declaration due to undervaluation.

1.7 - YES

In the case of that reasonable doubts are not dispelled and the operator wants release of the goods is possible to ask for a guarantee. Nevertheless for the Financial Administration of the Republic of Slovenia is the first option not releasing goods unless the declarants of potentially undervalued goods remove the authorities reasonable doubts about the accuracy of the declared value. This option is more efficient for challenging potentially undervalued goods detected by means of risk profiles.

1.8 - YES

In the case reasonable doubts are not dispelled by economic operator and thus the transaction value method is not applicable, Financial Administration of the Republic of Slovenia applies an alternative value following the customs valuation methodology provided by customs law (sequential approach) as follow:

- (a) the transaction value of identical goods sold for export to the customs territory of the Union and exported at or about the same time as the goods being valued;
- (b) the transaction value of similar goods sold for export to the customs territory of the Union and exported at or about the same time as the goods being valued;
- (c) the value based on the unit price at which the imported goods, or identical or similar imported goods, are sold within the customs territory of the Union in the greatest aggregate quantity to persons not related to the sellers; or
- (d) the computed value.

Where the customs value cannot be determined using the above-mentioned methods it is determined using a fall-back method.

The complete procedure is describe in the guidance on the verification of the declared customs value of goods and procedure for the determination of new customs value of goods, No 35/2017, dated on 27. 11. 2017.

1.9 N/A

SK	<p>1.1 - YES, partly implementing the recommendation</p> <p>The risk profiles are set only for certain risky goods items or risky countries of origin according the analysis of statistical data. Among the V4 countries we have common risk profiles on certain textile goods and footwear on the basis of the Joint Declaration of the Customs Administration of the V4 countries on introducing risk profiles regarding textile and footwear products imported from Asian countries, signed in Trenčín on 17 September 2015.</p>
	<p>1.2 - YES</p> <p>The threshold value used in V4 countries (declaration - see point 1.1) is from the AREP AMT tool of AFIS system.</p>
	<p>1.3 - NO</p>
	<p>1.4 - YES</p> <p>In the case of reasonable doubts of undervaluation of goods we ask the customs offices (using the risk profiles) to provide physical check of the next shipment. In all cases of undervalued goods there is a obligation to ask the guarantee from the importer.</p>
	<p>1.5 - NO</p>
	<p>1.6 - YES</p> <p>In the first step we are asking the DV1 – declaration of the customs value. Next we can ask for providing any other documents confirming the declared customs value.</p>
	<p>1.7 - YES</p>
	<p>1.8 - YES</p> <p>In cases where the transaction value method is not applicable due to the fact that customs authorities have reasonable doubts concerning the declared customs value, they are entitled to determine the customs value by using one of the secondary methods stated in Article 74 of Union Customs Code.</p> <p>Following the provisions of Article 74 UCC the customs authorities are obliged to respect an order of the secondary methods. For that reason</p>

	<p>the customs authorities in their rulings apply method by method approach giving at the same time the arguments why the particular secondary method cannot be used unless they reach the secondary method upon which they have determined the customs value and consequently the customs debt.</p> <p>In each and every ruling issued by the Slovak customs authorities the sequence of the secondary methods is mentioned and elaborated so that the declarant will be given a clear picture of the way how the customs authorities have proceeded.</p>
	1.9 N/A
FI	<p>1.1 <input checked="" type="checkbox"/> YES, partly implementing the recommendation</p> <p>Finnish Customs have done systematically different kind of risk analysis of customs value by our fiscal risk management group. After analysis work, we have targeted potential risk companies to our post-clearance audit unit.</p> <p>We have co-operation with other authorities, especially Tax Administration. We have exchange of information e.g. about transfer pricing.</p> <p>We had a study visit to Holland to hear how they tackle these problems (transfer pricing). Because of this study visit; we established customs value group (members are inside customs but different units; risk management, foreign trade and taxation).</p>
	<p>1.2 <input checked="" type="checkbox"/> NO</p> <p>Our import declaration system is old and because of that, we are not able to put clean average price risk profiles to the system. However, we are developing new import declaration system (it should start during years 2019-2020).</p> <p>We tackle these problems by doing systematic risk analysis after clearance phase. In this phase, we analyse e.g. tariff codes, origins and average prices. Result of this analyse work we suggest possible targets for audit unit.</p> <p>Our customs statistics unit have a system to do data checking to import declarations and customs value. They do credibility tests to numerical variables: e.g. statistical value/ quantity 1 and statistical value/invoice value. They asks for the companies or agencies about the results of these test (statistical corrections).</p>

<p>1.3 <input checked="" type="checkbox"/> YES Partially yes. We are analysing not only commercial traffic; we have analysed also low value shipments and started to use e.g. intensive surveillance to these couriers' low value shipments (under 22 euros). We use OLAF`s and JCO`s working methods/IT-systems during the analysis process. Systems are used afterwards declaration process.</p>
<p>1.4 <input checked="" type="checkbox"/> YES Yes, we analyse potentially undervalued goods but normally we do it afterwards (not in a phase of releasing the goods (because of the old import system). We can of course put risk profiles also to the import system (e.g. when we have reasonable doubts that the value is not right), but normally we put these profiles under companies ID- number. Profiles are then more specific, not in general level. We use also random selection and officers have to check then also the customs value (document control).</p>
<p>1.5 <input checked="" type="checkbox"/> NO</p>
<p>1.6 <input checked="" type="checkbox"/> YES The Finnish Customs can ask documents and other explanations if we have reasonable doubts during real time declaration process or during post clearance process.</p>
<p>1.7 <input checked="" type="checkbox"/> YES Guarantees are handled and managed by Finnish Custom`s Foreign Trade and Taxation Unit. EU-wide guarantees will be reserved from other Member States as fixed reservations; not including the transit procedure. National guarantees are reserved per transaction. When Custom officers have reasonable doubts, we ask documents and verification of the guarantee and the right value of the import. The question is a little bit unclear; what does this “systematically asking” mean? It depends who the representative is, has the company general guarantee. We have instructions how to handle guarantees and it is normally that we ask documents (e.g. invoices).</p>
<p>1.8 <input checked="" type="checkbox"/> YES In practice, these cases often lead to using the fall back method under UCC 74 (3) article, due to lack of information available for using other</p>

	<p>secondary methods. It should be stressed, that in the majority of cases it is very clear from the start that there either is or isn't a transaction under UCC article 70. The distinction is easy to make at first glance and there is no need as such for reasonable doubt, which would need to be dispelled. However, in some cases doubt has arisen, the importer has provided more information, and then the declared transaction value has been accepted consequently.</p> <p>1.9 N/A</p>
SE	<p>1.1 <input checked="" type="checkbox"/> YES, partly implementing the recommendation Swedish Customs does not apply the fair prices (from AMT) on all goods. We have some low risk profiles based on those prices. The majority of goods are however validated by our own trade statistics/price control system.</p>
	<p>1.2 <input checked="" type="checkbox"/> YES Swedish Customs has had 30 risk profiles (on textiles and shoes) active since 2014, based on "fair prices" (from the automated monitoring tool)</p>
	<p>1.3 <input checked="" type="checkbox"/> YES Yes, we have a system for trade statistics and price control validation. It is based on continuous cooperation with Statistics Sweden, who provide up-to-date price limits for all goods. The import declaration system reacts to divergent values.</p>
	<p>1.4 <input checked="" type="checkbox"/> YES The normal control is a document control at clearance. The officer has the option to make a physical control if necessary.</p>
	<p>1.5 <input checked="" type="checkbox"/> NO</p>
	<p>1.6 <input checked="" type="checkbox"/> YES</p>
	<p>1.7 <input checked="" type="checkbox"/> NO</p>
	<p>1.8 <input checked="" type="checkbox"/> YES The officer always has the mandate to apply alternative valuation methods in case of doubts.</p>
	<p>1.9 N/A</p>
UK	<p>1.1 <input checked="" type="checkbox"/> YES The UK treats the issue of customs duty undervaluation fraud very seriously. The UK has over the years taken a series of steps to tackle the issue of alleged undervaluation fraud. The UK's current strategy is comprised of the following elements:</p> <ul style="list-style-type: none"> • Physical pre-clearance checks targeted at high risk traders. Where appropriate HMRC will request that importers provide securities before goods

	<p>are released. HMRC is seizing goods that are mis-declared;</p> <ul style="list-style-type: none"> • A trader monitoring programme, which involves HMRC officers visiting traders on a monthly or even weekly basis, examining supply chains and checking relevant documentation for accuracy; • Post-clearance activity including business audits on a cross-tax basis to check the credibility of information provided by traders; • Tailored education for genuine traders and agents designed to help them avoid involvement in supply chains tainted by suspected undervaluation fraud and publication of a Customs Information Paper, which is also being circulated to the appropriate Trade Associations, regarding the due diligence that they should exercise when making customs declarations; • Education is also provided to suspect traders to give them formal knowledge of fraud risks and therefore make it easier to challenge their actions in courts/tribunals; • Issuing duty demands and VAT assessments as appropriate, with associated debt management/civil recovery action.
	<p>1.2 <input checked="" type="checkbox"/> YES</p> <p>The UK is using a risk matrix which has been running successfully since July 2015. The risk profile is formed by overlaying profiles for CPCs 42 and 40 for commodity codes used in JCO Snake with:</p> <p>a. UK fair price information based on actual UK CHIEF data; and</p> <p>b. HMRC compliance knowledge of the trader population ((i) inclusion of known high risk businesses; and (ii) identification and removal of large high street businesses trading in genuine low value goods).</p>
	<p>1.3 <input checked="" type="checkbox"/> YES Please see response to 1.2</p>
	<p>1.4 <input checked="" type="checkbox"/> YES</p> <p>In July 2015 HMRC set up an operation to tackle importers involved in suspected undervaluation and Onward Supply Relief fraud focussing on a post-clearance approach. The trader population is identified using the risk matrix described at 1.2 which allows the UK to target efforts on the highest risk traders for Chinese textiles and footwear, thereby minimising the impact on compliant, low value importers. This population includes any companies still live from JCO Snake and phoenix companies which have come into being where the original company has gone into insolvency. Building upon this work and the work from JCO Snake, the UK continues to develop its relevant policies and practices. In relation to pre-clearance, the UK has continued to evolve its response and has introduced pre-clearance physical examinations and appropriate levels of</p>

	sampling of sea and air consignments, targeted using the same risk matrix.
	<p>1.5 <input checked="" type="checkbox"/> YES</p> <p>The UK has introduced pre-clearance physical examinations and appropriate levels of sampling of sea and air consignments. Consignments relating to suspect importers are examined and if potential undervaluation is identified, securities are imposed on a consignment by consignment basis, as appropriate, for both customs duties and import VAT before goods are allowed to be entered.</p>
	<p>1.6 <input checked="" type="checkbox"/> YES</p> <p>As part of preclearance checks operators are asked to provided documentary evidence to support declared value, to be considered alongside evidence obtained through physical examination and sampling of the goods. Where there are reasonable doubts as to the accuracy of the declared valuation, operators are notified of the potential amount of security to be applied and are given the opportunity to exercise their right to be heard.</p>
	<p>1.7 <input checked="" type="checkbox"/> YES Please see response to 1.5</p>
	<p>1.8 <input checked="" type="checkbox"/> YES</p> <p>The UK authorities will look to challenge declared method 1 valuations where we have reasonable doubts that the values declared represent the full or true amounts paid or payable and the importer is unable to assuage those doubts in accordance with Art.140 UCC IA (or Art.181a CCIP). Once a declared method 1 valuation has been discarded, we will look to determine a replacement value, in accordance with Article 101(1) of the UCC (or Article 78(3) of the Code), under the first available secondary method of valuation.</p> <p>The UK has developed a robust methodology for the calculation of replacement valuation under method 6 which involves arriving at a statistical average or lowest reasonable price determined following an analysis of the values declared at importation of comparable goods. After discarding the method 1 values declared at importation, and in the absence of a suitable valuation under the preceding valuation methodologies, the UK has used this to issue demands for additional customs duty and import VAT in a number of test cases.</p>

1.9 The UK has also introduced tailored education for traders and agents on combating the suspected undervaluation fraud and associated criminal finance risks, both on a one-to-one and campaign basis. Trader education has proved very successful as part of the end to end approach HMRC has adopted to tackling MTIC and alcohol fraud – creating a hostile environment for fraudsters and helping genuine businesses to secure their supply chains from infiltration.

For genuine businesses, the objective is to raise awareness of risks and how their business can avoid being caught up in illicit supply chains so that they can take appropriate steps to avoid such risks. For the non-compliant businesses and those presenting a high risk to tax and duty, the objective is to:

- a. change the perception of the risk/reward balance for involvement in import fraud by raising awareness of HMRC activity to counter import fraud and the sanctions for those who are caught;
- b. encourage those who are non-compliant to change their behaviour and put their tax affairs in order;
- c. make it more difficult for organised crime groups to operate by ensuring that genuine businesses will not deal with them and that potential risk takers see the risks involved as too great; and,
- d. make it easier to challenge future non-compliance in tribunals and courts by giving formal knowledge of risks and issues to non-compliant businesses and individuals.

2.2. EXPENDITURE

Background information

As OLAF's investigations have shown, public procurement, which remains the largest channel of public spending, is an attractive marketplace for fraudsters, who use corruption and offshore accounts to facilitate fraud. Many procurement fraud cases are transnational, as the new fraud scenarios often involve a contracting authority from one Member State and bidders from several other Member States who subcontract their works to companies in different countries.

Over the last five years, 20 % of all reported irregularities have been related to breaches of public procurement rules, accounting for 30 % of all reported irregular financial amounts.

The Public Procurement Directives should have been transposed by 18 April 2016, to introduce a modernised and streamlined legal framework. Eleven Member States have yet to transpose the three Public Procurement Directives in full.

Recommendation 2:

The Commission calls on the Member States to:

- **Fully transpose Directives 2014/23/EU, 2014/24/EU and 2014/25/EU and put their implementation high on the political agenda;**
- **Enforce the new Directives with a focus on transparency and integrity in public procurement, prevention and detection of fraud and corruption and better monitoring of public procurement systems;**
- **Make use of the possibilities offered by simpler rules and fully realise the potential of e-procurement, which will become mandatory by October 2018.**

Questions (Recommendation 2):

- 2.1 Did you transpose in full the Directive 2014/23/EU? Yes/No (Please Explain)**
- 2.2 Did you transpose in full the Directive 2014/24/EU? Yes/No (Please Explain)**
- 2.3 Did you transpose in full the Directive 2014/25/EU? Yes/No (Please Explain)**
- 2.4 What kind of measures did you take in order to enhance transparency and integrity in public procurement? Please explain.**
- 2.5 What kind of measures did you take in order to enhance prevention and detection of fraud and corruption in public procurement? Please explain.**
- 2.6 What kind of measures did you take in order to ensure the better monitoring of the public procurement system? Please explain.**
- 2.7 Did you take steps in order to fully realise the potential of e-procurement? Yes/No**
- 2.8 What kind of steps did you make? Please explain.**
- 2.9 Do you have any successful practice that you would be ready to share with other Member States? Please explain**

BE	2.1 <input checked="" type="checkbox"/> YES Royal Decree of 25 June 2017 on the awarding of and general implementation rules for concession contracts Law of 17 June 2016 on concession contracts Law of 17 June 2013 on the grounds, information and means of redress in respect of public works contracts, certain works contracts, supplies contracts and services contracts and concessions (consolidated text)
	2.2 <input checked="" type="checkbox"/> YES Law of 17 June 2016 on Public Procurement Royal Decree of 18 April 2017 on the award of public works contracts in the classical sectors Royal Decree of 14 January 2013 laying down the general implementing rules for public procurement

<p>2.3 <input checked="" type="checkbox"/> YES</p> <p>Law of 17 June 2016 on Public Procurement Royal Decree of 18 June 2017 on awarding public works contracts in special sectors Royal Decree of 14 January 2013 laying down the general implementing rules for public procurement</p>
<p>2.4</p> <p>Contribution VO Department of Agriculture and Fisheries: The law on Public Procurement of 17 June 2016 contains provisions that ensure that the principle of equality, non-discrimination, transparency and proportionality are respected. (art.4, 6...)</p>
<p>2.5</p> <p>Contribution VO Department of Agriculture and Fisheries: We organise working groups for measures of EAFRD to communicate guidelines concerning compliance with the public procurement and trainings on how to check the compliance of public procurement rules to help the implementing services to further develop their control and sanction system for the compliance with the public procurement rules.</p>
<p>2.6</p> <p><u>Contribution VO Department of Agriculture and Fisheries:</u></p> <p><u>General:</u></p> <p>eDelta is a registration system for public procurement. The registration of public contracts has become necessary since the new European directive.</p> <p>On the 21th of January 2016, the commitment was made to enrol the registration system in all Flemish departments.</p> <p>The law on Public Procurement of 17 June 2016 also provides provisions in title 4 that are linked to the monitoring.</p> <p><u>Specific:</u> organisation of training course (cfr 2.5).</p>
<p>2.7 <input checked="" type="checkbox"/> YES</p>
<p>2.8</p>

	<p><u>Contribution VO Department of Agriculture and Fisheries:</u></p> <p>The Government of Flanders has since long focused on digital communication, more specifically by deciding on 20 May 2011 that the use of e-tendering within the Flemish government will be imposed as of 1 January 2012.</p> <p>More information can be found on: https://overheid.vlaanderen.be/beleid-eprocurement.</p> <p>This means that the submission of applications and tenders for public contracts from the Flemish government can only be done digitally via the online platform e-tendering.</p> <p>On 22 June 2012, after an evaluation, the recommendation to impose the electronic procedure for submitting tenders for public procurement was approved by the Flemish Government. The Government of Flanders made the recommendation to the services of the Government of Flanders and to the Flemish institutions to impose on the tenderers the use of electronic means for the submission of tenders for all public contracts published from 1 July 2012, with the exception of the two-step procedures.</p>
	<p>2.9 N/A</p>
<p>BG</p>	<p>The new base directives (Directive 2014/24/EU and Directive 2014/25/EU), the Directive on Defence and Security Procurement and the directives concerning appeals, amended by Directives 2007/66/EC and 2014/23/EU, were incorporated into the Public Procurement Act (ZOP) (published SG 13/2016, in force since 15.4.2016).</p> <p>Directive 2014/23/EU and the directive on appeals were incorporated into a separate Act: the Concessions Act (published SG 96/2017, in force since 1.1.2018).</p> <p>It should be noted that in 2014 the Bulgarian National Strategy on the development of public procurement for the period 2014-2020 was adopted, and a plan for its implementation approved. The Strategy contains measures to ensure transparency, enhance competition, put an end to existing poor practices, etc. A number of implementing actions are also planned.</p> <p>Realising the potential of e-procurement is one of the measures included in the National Strategy. The introduction of e-procurement aims at improving the overall efficiency of public expenditure, enhancing the transparency of procurement and improving the opportunities for interested parties to participate in public procurement procedures.</p>

With a view to ensuring greater publicity and transparency in procurement, several national measures have been introduced into the ZOP: Procuring entities are required to publish on the buyer's profile page all documents (decisions, announcements, agreements and others) relating to the contracts awarded by them.

National documents are published alongside European public procurement notices in the Public Procurement Register maintained by the Public Procurement Agency. Such documents include decisions on the launch of negotiated procedures without publication of a contract notice. This is a specific national decision differing from the provisions of the applicable directives, which do not require the launch of this type of procedure to be made public. Another type of document is the notice on the completion of a public procurement contract, in which procuring entities provide information on the results of the contract's performance and the funds disbursed under it.

Calls for tender for low-value contracts are published on the public procurement portal.

The extension of the scope of ex ante controls carried out by the Public Procurement Agency is one of the measures included in the National Strategy. In this connection, amendments to ex ante controls were introduced in the ZOP, in force since 15 April 2016. Procedures that are to undergo ex ante checks are selected at random using a risk-based methodology. The controls apply both in respect of procedures which require the publication of information in the Official Journal of the EU and procedures carried out under national procurement rules. They are carried out in two steps: before and after the publication of the procedures. The new controls apply also to the technical specifications of the procuring entities. When carrying out the controls, the Public Procurement Agency is assisted by external experts in the respective fields. Their names are included in a list maintained by the Agency and published on the public procurement portal.

With the goal of cooperation in preventing and combating conflicts of interest in public procurement, an agreement was concluded in 2017 between the Public Procurement Agency, the Commission for the Prevention and Ascertainment of Conflicts of Interest, the Court of Auditors, the Public Financial Inspection Agency, the Audit of EU Funds Executive Agency and the AFCOS Directorate.

With a view to ensuring better market monitoring, the Public Procurement Agency carries out checks of opened and published public procurement procedures selected at random. The procedure for the checks is based on internal guidelines established by the executive director of the Agency and published on the public procurement portal.

In order to perform a comprehensive review and assessment of the Bulgarian public procurement system, an agreement was concluded between the Public Procurement Agency and the International Bank for Reconstruction and Development on 2 November 2017. The agreement is already being implemented, and an assessment report will be drawn up with recommendations on the system's development.

	<p>Pursuant to the European directives, the Public Procurement Agency will periodically draw up and present to the European Commission a monitoring report with information on the system's functioning. In light of the upcoming report, the Public Procurement Agency has taken the necessary organisational measures for the collection of information from the relevant bodies.</p> <p>With a view to contributing to the quicker and more efficient performance of functions by government bodies in the area of public procurement, the Public Procurement Agency concluded cooperation agreements with the Public Financial Inspection Agency and the Competition Commission in 2017.</p> <p>By its Decision No 108 of 19 February 2015, the Council of Ministers adopted the model for the creation of a single, centralised platform for the development of e-procurement in Bulgaria, which will be implemented through the development of a centralised electronic platform and the integration of already existing systems for e-procurement used by the central purchasing bodies.</p> <p>The national centralised e-procurement system will be maintained by the Public Procurement Agency. A call for tenders was launched in 2017 for the selection of a contractor to build the system. The contract was signed on 15 December 2017, with the relevant information published accordingly in TED and on the public procurement portal.</p> <p>The single national web-based platform will be built on a modular principle in two stages. The first stage includes the development of functionalities, including for electronic submission and opening of tenders/applications for participation. Modules such as e-registration, e-notice, e-submission, exchange of information during the procedure and others are to be developed.</p> <p>The second stage will cover functionalities relating to the awarding of public contracts and tracking of contract implementation, including links to possible electronic payment systems. It is expected that the second stage will be completed by the end of 2020. It will cover such modules as needs planning, selection and assessment of offers, electronic awarding of contracts and contract management etc.</p> <p>Training courses for the users of the platform (procuring entities, business operators, control bodies and others) are planned for both stages of the project.</p> <p>All national institutions using public funds in Bulgaria adhere strictly to the requirements of the Public Procurement Act and the implementing rules for the Public Procurement Act, which are harmonised with the legislation at European level.</p>
CZ	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES

2.3 **YES**

2.4

Transparency is the one of basic principles of public procurement procedures (see Art 6 of the Czech Act of Public Procurement, PPA). Czech authorities are obliged to choose suppliers in procurement procedures according to the PPA in case the estimated value of contract exceeds CZK 2 million (supplies, services contracts) or CZK 6 million (work contracts). As obvious, those thresholds are much lower than the EU thresholds.

In the Czech Republic, transparency and integrity of public procurement is enhanced not only by obligatory electronic means of communication (see Art. 211 of PPA), but also by use of electronic tools that, in case of some contracting authorities, is obligatory. Within electronic tools, the course of procurement procedure is easy to be checked and tracked.

Among others, the obligatory storage of procurement procedure documentation (see Art. 216 of PPA) can be mentioned as a tool of transparency and integrity of procurement procedures as a whole.

Far beyond the directives, PPA states the obligatory evidence of ownership structure of suppliers by means of the obligation of the suppliers - joint-stock companies to have issued exclusively booked shares, the obligation of contracting authorities to check the real owners pursuant to the Act on Selected Measures against Legitimation of Proceeds of Crime and Financing of Terrorism.

2.5

The PPA is transposition of the “review” directives (89/665/EEC, 92/13/EEC, 2007/66/EU) and regulates all the provision of those directives.

Shall the review procedure be commenced by the Office for the Protection of Competition, the contracting authority is obliged to provide this review body with the procurement procedure documentation.

As mentioned above, PPA states the obligation of the suppliers - joint-stock companies to have issued exclusively booked shares and of contracting authorities to check the real owners of successful suppliers pursuant to the Act on Selected Measures against Legitimation of Proceeds of Crime and Financing of Terrorism.

Conflict of interests is regulated in the PPA fully in compliance with the procurement directives. It must be mentioned that long before the “package” of procurement directives even came into force, conflict of interest was regulated by Czech laws (the former PPA stated that *“the members of the evaluation committee shall not be biased in relation to the public contract and the tenderers, they shall, in particular, not engage in drawing up a tender, they shall gain neither any personal advantage nor sustain any harm with a view to the outcome of an award procedure, they shall have no personal interest in the award of the public contract and they shall have neither personal nor occupational or any other relationship of this kind with the tenderers. The member of the evaluation committee shall make a written declaration to the contracting authority in respect of his/her impartiality at the beginning of the initial session of the evaluation committee at which he/she is present for the first time.”*

2.6

National Electronic Tool or any other electronic tool ensures the better monitoring of public procurement procedures.

Also, the national Tenders Electronic Daily includes the tools for monitoring (the monitoring itself is a significant and important part of the IT system of national Tenders electronic Daily).

Regarding the possibility of full text search in any electronic tools (including National Electronic Tool) and in the national Tenders Electronic Daily, the “Czech way” of public tenders monitoring can be considered full and absolute.

The obligatory storage of procurement procedure documentation (see Art. 216 of PPA) may be also considered a tool of monitoring of the public procurement system.

2.7 YES

2.8

	<p>Electronic means of communication in the procurement procedure is obligatory (effective from the exact dates according the directives). Electronic tools, National Electronic Tool is obligatory for some contracting authorities. The PPA allows the economic operator to comply with the duty to submit a document by making a reference to relevant information kept in the public administration information system or in a similar system kept in another Member State that enables unlimited long-distance access.</p>
	<p>2.9 National Electronic Tool can be considered a helpful tool for procurement procedures administering. The System of Certified Economic Operators and the List of Qualified Economic Operators, tools for qualification proving, can be recommended (as a tool useful both for contracting authorities and for economic operators).</p>
DK	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	<p>2.4 The Danish Business Authority, MA for ERDF and ESF has produced eligibility rules to enhance transparency and integrity in public procurement. The rules should be seen as guidelines. The eligible projects are recommended to follow the guidelines to ensure compliance with the law, including transparency and integrity. Furthermore, the Danish Business Authority, MA for ERDF and ESF has formulated a declaration for the purpose of procurement. The eligible projects are recommended to complete the declaration in connection with each procurement to ensure compliance of the procurement process.</p>
	2.5

	<p>The managing authority for the ERDF and the ESF has an action plan that provides a foundation for the overall framework and operations in respect of the fight against fraud. The action plan will also improve the prevention and detection of fraud in public procurement. In order to improve the framework for assessing public procurement, the beneficiary must state in the project accounts to which central business registration number (CVR No) the external expenditure has been paid. A declaration has also been drawn up for use in cases of procurement involving values below the threshold values laid down in the Procurement Directive.</p>
	2.6 N/A
	2.7 <input checked="" type="checkbox"/> NO
	2.8 N/A
	2.9 N/A
DE	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	<p>2.4</p> <p>The transposition of the three EU Directives on Public Procurement in Germany enhances transparency and integrity in public procurement, e.g. by introducing fraud as an obligatory exclusion ground in the procurement law.</p> <p>In addition, to make the provisions on the exclusion of bidders in the case of corruption, fraud and other offences more effective in practice and to further enhance integrity in public procurement, Germany is establishing a national register of unreliable companies. In July 2017 the law introducing a so called competition register (“Wettbewerbsregister”) entered into force. The new register will start operating after its technical set-up, at the latest in 2020. The aim of this federal register is to provide contracting authorities with the necessary information to decide whether a company which takes part in a procurement proceeding has to be excluded from the procedure because the management level of the company</p>

	<p>has been convicted for economic crimes. The law sets up a register that contains information on final criminal sentences and fines for crimes such as money laundering, fraud against the financial interests of the EU, corruption offences or tax evasion. The prosecutor's office and other law enforcement authorities are obliged to submit to the register relevant convictions that can be attributed to a certain company. Contracting authorities are then obliged to draw information on bidders from the register before awarding a public contract. That way the register ensures that contracting authorities obtain all relevant information to assess whether a bidder should be or has to be excluded from a tender.</p>
	<p>2.5 The contracting authorities are - according to the new provisions - expressly obliged to examine if an exclusion ground (e.g. fraud or corruption) exists before awarding a public contract. To ensure that the contracting authorities have accurate and up-to-date information to assess whether a bidder should be or has to be excluded from a tender, Germany is establishing a federal register on unreliable companies (cf. answer on question 2.4). We expect the new register to have a deterring effect as well and thereby to help prevention of fraud and corruption in public procurement.</p>
	<p>2.6 We sent the European Commission in April 2017 a monitoring report according to Article 83 of Directive 2017/24/EU.</p>
	<p>2.7 <input checked="" type="checkbox"/> YES</p>
	<p>2.8 We transposed the provision on e-procurement in the EU Directive on time. In addition we introduced an obligation to use e-procurement also for public contracts below the thresholds.</p>
	<p>2.9 The introduction of a national register on unreliable companies (cf. answer to question 2.4).</p>
EE	<p>2.1 <input checked="" type="checkbox"/> YES</p>
	<p>2.2 <input checked="" type="checkbox"/> YES</p>
	<p>2.3 <input checked="" type="checkbox"/> YES</p>
	<p>2.4 Every measure stipulated in the directives. In addition, 96% of public procurement is e-procurement, which is extremely transparent.</p>

	<p>Nevertheless, the new Public Procurement Act allows even more transparency by defining more clearly which information can be considered to be a business secret that cannot be disclosed (see § 111 (5) of the Act).</p> <p>https://www.riigiteataja.ee/en/eli/505092017003/consolide</p>
	<p>2.5 Every measure stipulated in the directives. In addition, the Public Procurement Act § 9 (4) p 6 foresees that contracting authorities must provide in their procurement rules measures for prevention, identification and remedying of a conflict of interest in public procurement.</p>
	<p>2.6 96% of public procurement is e-procurement, which is carried out through a centralized national register operated by the state. This allows excellent monitoring of public procurement, if required.</p>
	<p>2.7 YES</p>
	<p>2.8 96% is exceptional as it is. Further increase is curtailed by some exemptions to e-procurement stemming from legislation.</p>
	<p>2.9 The Public Procurement Directives have been transposed on 01.09.2017. Managing Authority have produced new very detailed check-lists how to check public procurements co-financed from the structural funds.</p>
IE	<p>2.1 <input checked="" type="checkbox"/> YES</p>
	<p>2.2 <input checked="" type="checkbox"/> YES</p>
	<p>2.3 <input checked="" type="checkbox"/> YES</p>
	<p>2.4 Ireland continues to comply with the obligations constituent to the suite of public procurement Directives, including measures in order to enhance transparency and integrity in public procurement. Responsibility for compliance with the (Irish) statutory instrument lies with each contracting authority.</p>

	<p>2.5 Ireland continues to comply with the obligations constituent to the suite of public procurement Directives, including measures in order to enhance prevention and detection of fraud and corruption in public procurement. Responsibility for compliance with the (Irish) statutory instrument lies with each contracting authority.</p>
	<p>2.6 Ireland continues to comply with the obligations constituent to the suite of public procurement Directives, including measures in order to ensure the better monitoring of the public procurement system. Responsibility for compliance with the (Irish) statutory instrument lies with each contracting authority.</p>
	<p>2.7 <input checked="" type="checkbox"/> YES</p>
	<p>2.8 Ireland is working to ensure that the associated e-procurement requirements are met by the deadlines set out in the relevant Directives.</p>
	<p>2.9 Only those that are set out in the above paragraphs.</p>
EL	<p>2.1 YES</p>
	<p>2.2 YES</p>
	<p>2.3 YES</p>
	<p>2.4 a. Development of risk assessment tools to identify and tackle threats to the smooth operation of the public procurement system. b. Drawing up and publishing risk management strategies. c. Information/awareness and training on integrity standards and rules of conduct.</p>
	<p>2.5</p>

	a. Drawing up uniform control standards, integrity standards and codes of conduct for the control bodies.
	2.6
	a. A system for carrying out checks on public works and concessions with assessment of award criteria. b. A system for carrying out checks on supplies and services in the health sector with assessment of award criteria. c. Measures to strengthen the Public Works Inspectorate (staffing, training etc.). c. Measures to strengthen the Health and Welfare Services Inspectorate (staffing, training etc.).
	2.7 NO
	2.8 N/A
	2.9 N/A
ES	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> NO
	<p>Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts and Directive 2014/24/EU of the European Parliament and of the Council on public procurement and repealing Directive 2004/18/EC, also of 26 February 2014, were transposed into Spanish law by Law 9/2017 of 8 November 2017 on Public-Sector Contracts (LCSP), which was published in the Official State Gazette on 9 November 2017. The LCSP will enter into force four months after it was published, with certain exceptions.</p> <p>As regards the transposition of Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014, it should be noted that the draft law on procurement procedures in the water, energy, transport and postal services sectors, <u>which transposes into Spanish law Directive 2014/25/EU</u> (registry number 121/000003), is currently passing through the Congress of Deputies and the deadline for tabling amendments has now expired. The text of the draft law and the tabled amendments can be found on the website of the Congress of Deputies (www.congreso.es).</p>

2.4

Some of the key measures in the new LCSP are listed below:

- 1) For the first time, the principle of integrity is expressly referred to (in Article 1), as a principle that should guide the interpretation and application of the provisions of the LCSP.
- 2) The new LCSP introduces new and more detailed rules concerning the profile of the contracting body. The new rules give the contracting body a key role in terms of publicising the various procedural acts and phases relating to each entity's contracts.
- 3) It will no longer be possible to use the negotiated procedure (currently the tendering procedure with negotiation) based on volume; this procedure will remain in place only in the circumstances provided for in the Directive. As a result, this procedure should be used less frequently, thereby improving transparency and competition.

More detailed rules have also been introduced for the negotiated procedure, with a view to ensuring that - across the board - there is real negotiation of the terms of the contract to prevent this procedure from becoming something akin to a direct award.

- 4) The new LCSP lowers the thresholds below which contracts can be awarded directly without any sort of tender procedure (contracts of lesser value).

These thresholds are lowered from EUR 50 000 to EUR 40 000 for public works contracts, and from EUR 18 000 to EUR 15 000 for supply and services contracts.

- 5) In-house providers must meet a greater number of requirements if awards made to them are to remain outside the scope of application of the LCSP (and contracts can therefore be awarded without a tender procedure). The aim here is to prevent improper use of in-house providers as a means of avoiding tender procedures, which undermines the principles of transparency and free competition.

- 6) The tender procedure has been tightened up for awarding bodies that are not public authorities.

Specifically, when these bodies enter into contracts that are not subject to harmonised rules (i.e. those where the contract value is below the threshold set by EU Directives), the award procedures that apply to public authorities will also apply to them; this means it will no longer be possible for bodies that are not public authorities to approve their own internal procurement rules and for each body to decide how to run its own tender procedures.

This will require significant efforts to harmonise the procurement rules that apply to public-sector bodies and an extension to those bodies of the guarantees and checks that already apply to public authorities, even when the contracts are below the thresholds set in the Directive.

Furthermore, and for the first time, the new LCSP sets out rules concerning the effects and the termination of the contracts entered into by those bodies, as regards aspects such as amendments to the contracts and transfers and subcontracting.

7) Political parties, trade unions and business organisations and professional associations are included in the subjective scope of the LCSP, as are foundations and associations with links to any of the above, if they meet the criteria to be considered awarding bodies.

2.5

Some of the key measures are:

1) The new LCSP introduces a special rule on the fight against corruption and the prevention of conflicts of interest, obliging contracting bodies to take the necessary measures to combat fraud, favouritism and corruption, and to prevent, detect and effectively address any conflicts of interest that may arise in a procurement procedure. To this end, the concept of conflict of interest has been expanded.

2) Secondly, the LCSP reinforces special appeals relating to procurement procedures in two ways:

a) Firstly, appeals can be brought for contracts of a lower value than was previously the case, and the thresholds are now below those set by the EU Directives. Specifically, once the LCSP enters into force, it will be possible to bring an appeal against the acts covered by the LCSP when they relate to (i) contracts for works with an estimated value of over EUR 3 000 000; (ii) supply and service contracts with an estimated value of over EUR 100 000; and (iii) concessions of works and services with an estimated value of over EUR 3 000 000.

b) Secondly, appeals may be brought in a wider range of situations; for example, an appeal may be brought in the case of an award to an in-house provider when the legal requirements are not met. It will also be possible to challenge amendments to specific administrative clauses (whether or not these were set out in the tender specification), when it appears that these amendments should have been the subject of a new tender, as well as concession buy-back agreements.

3) The new law retains the extended list of offences that if committed lead to a ban on entering into public-sector contracts. This list, which was extended when the law was last amended, includes corruption involving private individuals, illegal financing of political parties, perversion of the course of justice, and involvement in negotiations and activities in which public officials may not engage.

Furthermore, as regards the ban on contracting due to incompatibility or conflict of interest, the new law retains the extension to relatives in the ascending and descending lines and second-degree relatives of the person directly involved in the situation that gives rise to the ban.

4) Contract award committees have been made more professional, and are now defined as a specialist technical body. It will not be possible for public representatives (politicians) or their temporary or management staff to be members of a contract award committee, in order to ensure there is no political influence on the committee's decisions (its work includes assessing the administrative documents, ranking the bids and proposing the award of the contract).

Nor will it be possible for anyone involved in drafting technical documents relating to the contract to be a member of the contract award committee, in order to guarantee a proper separation of duties.

5) Contracting bodies are required to regularly submit information to the Court of Auditors, and they must submit contracts worth over a certain amount. In addition, the new LCSP makes it mandatory to submit an overview of all other contracts entered into, including contracts of lesser value, listed by tenderer.

2.6

The new LCSP establishes a new system of public governance geared towards combating fraud and corruption.

- To this end, the LCSP establishes the Independent Office for the Regulation and Monitoring of Public Procurement (*Oficina Independiente de Regulación y Supervisión de la Contratación Pública*). Focusing on the area of public procurement, the Office will ensure that legislation is applied correctly, and in particular will promote competition and combat unlawful activity. It will be fully independent both in terms of its structure and its operations.

- The Independent Office for the Regulation and Monitoring of Public Procurement will be responsible for approving the National Public Procurement Strategy, which will be binding on the public sector. Covering a four-year period, it will set out the measures needed to meet objectives such as combating corruption, increasing the professionalisation of those involved in public procurement, promoting economic

efficiency, rolling out e-procurement, using public procurement to support environmental, social and innovation policies, and promoting the participation of SMEs in public procurement.

Using the information gathered through all its monitoring activities, it will draft an annual report that will be published on the Public Procurement Platform.

- The National Assessment Office (*Oficina Nacional de Evaluación*) will be established within the Independent Office for the Regulation and Monitoring of Public Procurement. It will be tasked with assessing the financial sustainability of contracts for concessions of works and contracts for concessions of services.

- The State Advisory Board on Public Procurement (*Junta Consultiva de Contratación Pública del Estado*) which, as well as performing the traditional duties of the Advisory Board on Administrative Procurement, is being established as a key contact point for cooperation with the European Commission. As a result, it will take on a supervisory role, and will be responsible for submitting a report on all the awarding bodies to the European Commission every three years. This report will contain the information in the monitoring report drawn up by the Independent Office for the Regulation and Monitoring, information on the level of SME participation, details of the bodies tasked with fulfilling the obligations stemming from EU law and the obligation laid down in Article 328.

- Furthermore, within the Board, a new Public Procurement Cooperation Committee (*Comité de cooperación en materia de contratación pública*) will be established. Representatives of the Autonomous Communities and of the largest association or federation of local authorities will be members of the Committee, which will be responsible for ensuring coordination in public procurement at all levels of the public sector (at national, Autonomous Community and local level). It will also be tasked with drafting the National Public Procurement Strategy.

2.7 **YES**

2.8

The new LCSP (15th additional provision) includes a general obligation to ensure that only electronic methods are used for notifications and communication at every stage of the procurement procedure, including for the submission of tenders and requests to participate.

	2.9 N/A
FR	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	2.4 N/A
	2.5 N/A
	<p>2.6</p> <p>As set out by France as an additional measure in the PIF 2016 questionnaire, the Directives have been fully transposed into national law in the following legislation:</p> <p>Order No 2015-899 of 23 July 2015 on public procurement, supplemented by two implementing decrees: Decree No 2016-360 of 25 March 2016 on public procurement and Decree No 2016-361 of 25 March 2016 on defence or security procurement, which entered into force on 1 April 2016;</p> <p>Order No 2016-65 of 29 January 2016 on concession contracts and implementing decree No 2016-86 of 1 February 2016. The Order, which entered into force on 1 April 2016, includes the provisions on tendering bans contained in the Directive (Articles 39, 40 and 42 of the Order);</p> <p>Order No 2015-899 of 23 July 2015 on public procurement and Order No 2016-65 of 29 January 2016 on concession contracts have been ratified by Law No 2016-1691 of 9 December 2016 on transparency, combating corruption and modernising economic life.</p> <p>The transposition of the ‘public procurement’ Directives (Directive 2014/24/EU and Directive 2014/25/EU) provided an opportunity to build on the procedures currently in place, in particular:</p> <ul style="list-style-type: none"> by specifying that the final conviction on corruption charges of a member of an administrative, management or supervisory body of a legal person, or of a natural person who has powers of representation, decision-making or control therein, shall lead to the exclusion from public procurement procedures of that legal person, as long as the natural person is performing these functions; by enhancing transparency through the obligation to disclose any amendments that are made;

by reproducing the definition of conflict of interest as set out in the European ‘public procurement’ Directives 2014/24/EU and 2014/25/EU, as well as all the measures provided for by these directives to restore normality (in particular, exclusion of persons who are subject to a conflict of interest when the situation cannot be effectively remedied by less intrusive measures).

Moreover, Law No 2016-731 of 3 June 2016 enhancing the fight against organised crime, terrorism and the financing thereof, and improving effectiveness and safeguards in criminal proceedings, has introduced new tendering bans for public procurement and concession contracts for defence or security. Individuals who have been convicted by final judgement of arms trafficking under one of the offences referred to in Articles L. 222-52 to L. 222-59 of the Criminal Code (cf. Article 46 of Order No 2015-889 and Article 40 of Order No 2016-65) may no longer conclude such contracts.

The Law on Ethical Conduct of 20 April 2016 has introduced the concept of ethics into the Staff Regulations of French civil servants, along with a number of provisions for combating conflicts of interest and preventing attempted fraud or corruption (provisions on declaring the interests and assets of senior civil servants, preventive measures, support measures).

The issue of corruption and of the fight against it is essentially tackled through tendering bans, namely by excluding from the procedure those persons:

- who have been convicted by final judgement on corruption charges;
- who have attempted to influence the decision of a public purchaser; or
- who have caused distortion of competition.

In cases where the law so provides and which relate to convictions for involvement in a criminal organisation, corruption, fraud or money laundering, and also in cases of professional misconduct or false declarations, the judge may impose a ban on taking part in public tenders. Persons who may be subject to a ban on this basis are those ‘who have, in the last five years, received a final conviction for one of the offences provided for (...) in Article 433-1 [active corruption practices and trading in influence], (...) in Article 435-2 [active corruption of EU officials and officials of Member States], (...) of the Criminal Code’. This rule stems from the public procurement directives themselves, which require a ‘final judgement’. This replicates the requirement contained in the Agreement on Government Procurement (GPA) concluded within the framework of the WTO.

The fight against corruption and fraud in public procurement is also underpinned by factors that are not specific to rules governing public procurement, such as:

- fast and effective redress mechanisms before the administrative court (pre-contractual interim relief in particular), with stronger powers for the judge, open to any person who may wish to contest a public-contract award decision;
- services focused on the detection of corruption cases (the TRACFIN Financial Intelligence Unit and, to a lesser extent, the regional chambers of accounts) and the prosecution thereof (in particular the National Financial Prosecutor, established by Organic Law No 1115-2013 of 6 December 2013);
- protection procedures for people reporting corruption, pursuant to Law No 2007-1598 of 13 November 2007 on the fight against corruption and Article 35 of Law No 1117-2013 of 6 December 2013 on the fight against tax fraud and serious economic and financial crime;

the fact that a conviction for breach of probity (and in particular for corruption) may, as an additional penalty, lead to a prohibition on holding elected office, and thus the inability to participate in public procurement procedures, the exclusion of convicted businesses from public procurement, etc. Accordingly, ever since the version issued with the circular dated 29 December 2009, the ‘public procurement good practice guide’, drawn up by the Legal Affairs Department of the Economic and Finance Ministries, has contained specific recommendations on the fight against corruption.

The guide reminds readers that a corruption conviction will result in a ban on taking part in tendering procedures, and also recommends that public purchasers adopt a code of practice governing the conduct of both their purchasing departments and final decision-makers. For example, it contains rules relating to bans on accepting gifts or invitations, the need to disclose connections of any kind between a public servant and a given supplier and the requirement for purchasing managers to take sufficient leave, as well as rules relating to accessing, securing and storing all documents that record communications with suppliers.

This information is repeated in the ‘Handbook on Public Procurement’, which was made available online on 7 July 2015 by the Legal Affairs Department and brings together the following: the September 2014 version of the public procurement good practice guide; datasheets for the contracting authorities; tables of advertising, procedures and deadlines; and flowcharts of procedures (diagrams of the steps in the different public procurement procedures).

2.7 NO

	2.8 N/A
	2.9 N/A
HR	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	2.4 All public procurement notices are published on a single portal - Electronic Public Procurement Classifieds (EPPC) in the Official Gazette. Since mid-2016, the bids in public procurement procedures have been submitted electronically. Also, in order to raise transparency in the EPPC, three new modules were created. From 1. January 2018, the contracting authorities and entities have the obligation to publish: - procurement plans - contracts registers - Public Consultation on Tender Documents prior to the formal commencement of the public procurement procedure.
	2.5 <i>Measures are explained under point 2.4.</i>
	2.6 <i>Measures are explained under point 2.4.</i> In addition, Ministry of Regional Development and EU funds as the Managing Authority for the Operational programme „Competitiveness and Cohesion“ (further in the text: MRDEUF) has developed within the Common National Rules detailed checklists for verifying public procurement procedures. Also, MRDEUF has established the network of coordinators for irregularity management and network for public procurement at the level of the operational programme, which the aim of improving the management and control systems of ESI funds in the Republic of Croatia and preventing irregularities deriving primarily from the public procurement procedures. MRDEUF in the role of Managing Authority provides the bodies in the management and control system for the Operational programme ‘Competitiveness and Cohesion’ with the advice and recommendations regarding public procurement procedures in the context of verifying that part of project

	activities financed from EU funds.
	2.7 <input checked="" type="checkbox"/> YES
	2.8 Public procurement is electronic at the stage of: publishing notices and other procurement documents, communication, bidding, public opening of the bids and appellant procedure. Also, Electronic Public Procurement Classifieds (EPPC) is connected to the public registers (judicial and crafts register, criminal records and tax administration), which enables contracting authorities and entities to carry out verification of the selected bidder without having to seek certificates and evidence. In addition, the law on E-invoicing in public procurement is being drafted. Its entry into force is expected in 2018.
	2.9 Electronic public procurement on a single platform enables the production of an annual statistical report and the availability of data that are essential for monitoring the system and taking action to correct irregularities. This statistical report includes all public procurement, above and below the EU thresholds.
IT	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	2.4 <u><i>Contribution of the Customs and Monopolies Agency:</i></u> National law requires tendering information to be published on the Agency's website. This information includes: <ul style="list-style-type: none"> • Exploratory opinions; • Decisions to contract; • Tender specifications; • Notices of exclusion;

- Notices of appointment of tender committees;
- Contract award notices;
- Summary tables.

To this end, the Customs and Monopolies Agency has issued provisions highlighting the need to ensure a prompt and regular flow of information, while requiring those in charge of spending bodies to publish on the website, in a timely manner, all documentation relating to negotiation activities. The Agency oversees the publication of the documentation in accordance with Legislative Decree No 33/2013, as amended.

Contribution of the Agency for Territorial Cohesion

The Agency for Territorial Cohesion has adopted acts and measures on compliance with existing administrative transparency laws. With regard to public procurement and within its areas of responsibility, the Agency for Territorial Cohesion ensures the regular publication of all acts relating to the scheduling of work, services and supplies, and public tender award procedures for services, supplies and work, as required by law.

2.5

Contribution of the Customs and Monopolies Agency:

The Customs and Monopolies Agency has taken the following measures in this area:

- instructions and guidelines, including specific operating instructions and guidelines on the requirement to use the ‘Consip’ system, on framework agreements and on the electronic market (tools to ensure greater cost-effectiveness and transparency of award procedures, pursuant to Article 26 of Law 488 of 23 December 1999 and Article 58 of Law 388/2000);
- application of automated tools to support operational activities, which can be used to harmonise behaviour and monitor procedures;
- distribution of responsibilities within offices with the definition of internal organisational staff (department/section heads) able to coordinate subgroups of homogeneous activities;
- provisions to ensure the transparency and accessibility of information relating to decisions reached by the authority at the stage when the contractor is selected, so as to allow - in accordance with recent laws on transparency - the ‘accounting and purchase’ support system to

automatically collect the information that must be published every six months (pursuant to Article 23 of Legislative Decree No 33/2013) and annually (pursuant to Article 1(32) of Law No 190/2012);

- instructions aimed at ensuring that procurement procedures comply with ANAC guidelines and the provisions of Law 190/2012 (on the inclusion of a template integrity agreement in the tender documentation, to be signed by the legal representatives of economic operators in order to participate in the procurement procedure) and the Three-Yearly Corruption Prevention Plan adopted by the Agency, including by means of pre-prepared template declarations to prevent potential conflicts of interest;
- operating rules relating to the new Public Procurement Code (Legislative Decree No 50/2016) and the ANAC guidelines;
- approval of the Agency's Two-Yearly Programme of Goods and Services and the Three-Yearly Work Plan, within the meaning of Article 21 of the new Public Procurement Code;
- verification of operators' requisite self-certifications;
- training activity for buyers at central and local level.

Contribution of the Agency for Territorial Cohesion:

The Agency for Territorial Cohesion has adopted a special Three-Yearly Corruption Prevention Plan (2017-2019). This Plan is the instrument laid down by Law No 190/2012 (Article 1(8)), under which the administration defined an anti-corruption strategy. This Plan first analyses the activities of the Agency and its processes, organisation and practices, in order to identify possible exposure to corruption. Based on the identification of high-risk areas, as well as cross-cutting and further prevention measures, a programme of activities has been outlined to prevent, reduce and neutralise corruption.

With specific reference to the regulations on procurement, the new legislation states that: 'The compulsory National Register of members of selection boards in tendering procedures for the award of public contracts shall be set up within the National Anti-Corruption Authority (ANAC), which shall manage and update it according to appropriately identified criteria'. In any event, the entry into force of the Register is postponed until the adoption of an ANAC Regulation governing the computerised procedures for guaranteeing a random selection, the conformity of the required professional skills, the rotation of experts, and the means of communication between the Authority, contracting

authorities and tender committees, while also establishing the time limit of the transitional period from which the obligation to use the Register is triggered.

The measures that have been adopted for first-level controls include administrative checks on all procedures and expenses and the presence of specific control items in the field of public procurement within the checklists aimed at assessing the functioning of the internal controls implemented by the beneficiary.

The Agency for Territorial Cohesion, in compliance with the legal provisions (*Decree of the General Secretary of the Prime Minister's Office of 9.7.2014 on the procedure for reporting malpractice and irregularities. Rules for the protection of civil servants who report malpractice (whistleblowers)*) and taking into account the '*Guidelines for the protection of civil servants who report malpractice (whistleblowers)*' issued by the ANAC in Decision No 6 of 28 April 2015, also has a form dedicated to so-called whistleblowing, for the reporting of alleged malpractice by employees.

Contribution by the Guardia di Finanza (Finance Police):

The Guardia di Finanza, with the help of EU funds, has set up an IT platform to conduct targeted risk analyses in this area, with the aim of improving the system for tackling fraud and other offences committed against the public authorities in the field of public procurement.

Once it is operational, this application (named 'Mo.Co.P' or 'Monitoraggio Contratti Pubblici' - monitoring of public contracts), which is currently being tested, will be used by Guardia di Finanza units operating in the regions covered by the 'convergence' objective of the EU's 2007-2013 financial programme.

2.6

Contribution of the Customs and Monopolies Agency:

The Three-Yearly Corruption Prevention Plan adopted by the Customs and Monopolies Agency addresses the requirement to monitor relationships between the authorities and taxable persons that enter into contracts with them or who are involved in procedures for the authorisation, granting or disbursement of economic benefits of any kind, while verifying any family or affinity relationships between the

owners, directors, partners and employees of the same taxable persons and the managers and employees of the authorities. Provisions have therefore been taken to ensure that all those involved in the procedure in any capacity (from preparing the tender documentation, through taking part in the awarding committee, to testing and verifying the proper implementation of the contract) make the appropriate certifying declarations pursuant to Article 46 of Presidential Decree No 445/2000, whereby they declare that they have no marital, cohabitation, family or affinity relationship up to the second degree with the owners, directors, partners or employees of companies that may be interested taking part in the tender (in the first phase of the procedure) or companies that compete in or win the tender (in subsequent phases) and that, in the last two years, they have not entered into any private contracts with the same companies, except those concluded within the meaning of Article 1342 of the Civil Code.

Moreover, pursuant to Article 46 of Presidential Decree No 445/2000, before executing the contract the appropriate certifying statements must be signed by the legal representative of the winning company, declaring that:

- its employees, consultants or associates do not include any persons already employed in any capacity by the Customs and Monopolies Agency who, having left service less than three years previously, exercised authoritative or negotiating powers in the last three years of service (pursuant to Article 35-ter of Legislative Decree 165/2001);
- there are no marital, cohabitation, family or affinity relationships up to the second degree with managers or holders of positions of responsibility within the Agency.

The Agency carries out spot checks based on these statements, cross-checking with the available databases.

Contribution of the Agency for Territorial Cohesion:

The Agency for Territorial Cohesion recently entered into a Memorandum of Understanding with ANAC, for the ‘identification of corruption risk indicators and indicators for preventing and combating corruption in public administrations’.

The Memorandum, which was entered into together with other authorities, aims to:

- promote the implementation of the project entitled ‘Identification of corruption risk indicators and indicators for preventing and combating corruption in public administrations’, which covers the following:
 - cooperation in carrying out the activities envisaged by the project and, in particular, the creation and supply of the databases designed to allow indicators to be calculated;
 - participation in the definition of the relevant indicators, at the stages when they are identified, evaluated, tested and monitored, as set out in the project proposal;

	<ul style="list-style-type: none"> • Guaranteeing the production and publication of statistical data and indicators on the corruption risk and on measures to prevent and combat it, based on structured information reports provided beforehand by the signatory authorities and by other institutions and organisations that may eventually sign the Memorandum. The activities must be carried out so as to ensure, even after the completion of the project implementing them for the first time, the periodic updating of the information forming the basis of the system of indicators identified, which must be provided with data automatically and regularly, as far as possible, in order to guarantee its economic and organisational sustainability over time. • Supporting the development of further relevant areas of cooperation that the parties will be able to identify during the implementation of the project.
	2.7 <input checked="" type="checkbox"/> YES
	<p>2.8 <u>Department for European Policies (PCM):</u> Italy is developing a national plan for e-procurement that provides for the full implementation of EU law on e-procurement and the strengthening of the use of e-procurement tools.</p> <p><u>Contribution of the Customs and Monopolies Agency:</u> Provisions (Decree-Law No 95 of 2012) have been issued laying down a requirement for public authorities to carry out procurement by means of the arrangements referred to in Article 26(1) of Law No 488/1999 or the other e-procurement tools made available by the central purchasing body (Consip) and regional purchasing bodies.</p>
	2.9 N/A
CY	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	<p>2.4 Our e-procurement system has been upgraded so when tenders are submitted electronically, upon opening, a Table is automatically filled in with details of the name of the participating tenderers and their prices. The table is automatically published and available to all system users.</p>

	<p>2.5</p> <ul style="list-style-type: none"> - Electronic submission for contracts above the EU thresholds has been made compulsory as from 2015 and in the current year this will also apply for contracts below EU thresholds. This measure reduces the risk of any possible fraudulent actions occurring during the opening of the tenders. - All competitions (for below and above the EU thresholds) are published on the system and the relevant tender documents are uploaded in the e-procurement system so all interested economic operators can download them, free of charge, and can submit their questions thereon. All clarifications and addenda are also published. <p>Trainings were organised to enhance prevention and detection of fraud and corruption in Public procurement.</p>
	<p>2.6</p> <p>A single procurement portal is used where all competitions are published (above and below EU thresholds) and at the same time all procurement information (tender documents, addendums, clarifications, submissions, awards etc) is concentrated in one place, facilitating access to all stakeholders including the Auditor General, the Attorney General and the Accountant General as the Competent Authority for Public Procurement in Cyprus.</p> <p>For procurements undertaken in the concept of co-financed projects, the Public Procurement Directorate (PPD) is involved in the certification of the procurement procedure undertaken for all procurements above EU thresholds. The certification covers the tender documents used, the addenda issued, the contract assignment and an assessment of need for negotiated procedures. For procurements below the EU thresholds, the PPD has drafted self-assessment checklists to be filled in by all contracting authorities. Contracts below the thresholds are then verified on a sample basis by Intermediate Bodies involved in the management of the Funds using special checklists drafted by the PPD.</p>
	<p>2.7 <input checked="" type="checkbox"/> YES</p>
	<p>2.8</p> <p>Please see responses above (2.4 – 2.6).</p> <p>Additionally, e-catalogues have been set up through the e procurement system.</p>
	<p>2.9</p> <p>Framework Agreements of various commonly used items are carried out centrally based on which contracting authorities/entities do their purchases. A parameter, among others, that has rendered this practice necessary, possible and successful is the small size of Cyprus, as many contracting authorities are small and lack resources and expertise to conduct their own competitions.</p> <p>Through these agreements, those small sized contracting authorities which do not have the necessary capacity and expertise are benefited by concentrated volumes and expertise and at the same time the larger contracting authorities/entities utilise their resources on the tendering</p>

	procedures necessary to cover more specific needs.
LV	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	2.4 <ul style="list-style-type: none"> • All procurement notices are published on one website - Procurement Monitoring Bureau's website. Also in future all procurement documents will be available on one website – Electronic procurement system's website. • From October 1, 2017 gradual transition to electronic submission of applications and tenders. • Conditions for on exclusion of candidate or tenderer can be check by contracting authority on on-line database. • All contracts exceeding the EU thresholds must be published on the website of the contracting authority. However, if the contract is below EU thresholds it is mandatory to publish information on type of the contract (public works, goods or services), date of entering into the contract and validity period, subject-matter of the contract, supplier and contract price. • It is mandatory to publish information on planned public procurements on Electronic Procurement System's website within a month after the annual budget is approved. • Contracting authority is required to document each stage of the procurement procedure and publish report on contracting authority's web page. Report shows the progress of the procurement procedure. Also notice must be prepared for each procurement after taking of a decision on the results of procedure and issued within three days after it is required.
	2.5 <ul style="list-style-type: none"> • In new Public procurement law we have widened meaning of conflict of interests. We have included requirement that contracting authority exclude a candidate or tenderer from participation in a procurement procedure if person that drafted public procurement documentation is connected with candidate or tenderer. • Procurement Monitoring Bureau is entitled to impose administrative penalties for those members of the procurement committee who fails to respect a conflict of interest. It is mandatory to establish a procurement committee, which consists of at least three members and if the estimated contract price of a procurement is exceeds 1 000 000 euro - at least five members. Also all members of procurement committee are public officials and must submit declarations to State Revenue Service and then if necessary State Revenue Service, Corruption

	Prevention and Combatting Bureau of Latvia and State Police can check these declarations.
	<p>2.6 Procurement Monitoring Bureau compiles statistics from contracting authorities announcements of the procurement. As well as contracting authority is required to submit statistical surveys to the Procurement Monitoring Bureau. Transition to e-procurement system will give opportunity to have more detailed information on statistics.</p>
	2.7 <input checked="" type="checkbox"/> YES
	<p>2.8 The contracting authority foresees electronic submission of applications and tenders: - From October 1, 2017 to procurement procedures whose estimated contract price is above EU threshold; - From April 1, 2018 to procurement procedures whose estimated contract price is below EU threshold; - From January 1, 2019 to all procurement procedures. Contracting authority in e-procurement system can check the conditions for exclusion of candidate or tenderer directly from on-line databases, but only if candidate or tenderer is registered in Latvia. In addition, we are working on implementing e-invoicing in our legal system.</p>
	<p>2.9 Contracting authority using on-line databases can obtain electronic reference on conditions for exclusion of candidate or tenderer. This and ESPD reduces administrative burden to contracting authority.</p>
LT	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	<p>2.4 Besides the EU-wide publication of notices, the contracting authority shall publish the notices in the Central Information System of Public Procurement (CISPP). In addition, the notices may be published on the Internet website of the contracting authority and in other publications as well as elsewhere on the Internet. According to the Law on Public Procurement of the Republic of Lithuania and the Law on Procurement by Entities operating in the Water,</p>

Energy, Transport or Postal Services Sectors of the Republic of Lithuania, the contracting authorities also have to publicize information about the planned public procurements, as well as tenders of the successful tenderers (except confidential information), contracts awarded and amendments of the contracts in the CISPP.

It should be noted that the CISPP provides electronic means for conducting public procurement procedures electronically. Contracting authorities are obliged to carry out all procedures electronically (except very limited cases listed in the Law).

Contracting authorities can publicize the drafts of technical specifications in the CISPP.

The tenderers can submit the encoded tenders via the CISPP. The tenderers shall submit the codes for encoding their tenders just in time when the time limit set for submission of them expires.

The candidates have the right to get familiarised with the winning tender or his request to participate, except confidential information.

Contracting authorities can invite observers from other state and municipalities institutions to participate in the meetings of Public Procurement Commission.

The mentioned measures bring more transparency to public procurement.

2.5

National law transposes the requirements of the Directives, and establishes the “blacklisting” of suppliers that fail to present information on the compliance with the requirements set in tender documents or present fraudulent information.

Other measures to enhance prevention and detection of fraud and corruption in public procurement, are:

- establishing an obligation to sign an impartiality pledge and confidentiality declaration and foreseeing the means in case of possible conflict of interest: Public Procurement Law, Art. 21, establishes that in order to prevent conflicts of interests, each employee of the contracting authority or a subject that conducts ancillary purchasing activities, member of the Procurement Commission, procurement expert, observer that participates in procurement procedure or can influence its outcomes must sign the confidentiality and impartiality declarations before they start performing the assigned functions in the procurement.
- In case the contracting authority receives information that any of the above-mentioned subjects may be in a situation of conflict of interests and did not abstain from decision making or observing the procedures, the head of contracting authority or another authorized person halts the subject’s performance and investigates the subject’s activities. If the investigation shows that the situation of conflict of interests indeed exists, contracting authority excludes that subject from further participation in decision making or observation of procedures and evaluates if there is a ground for supplier’s exclusion, as it is established in PPL Art. 46 (4)(2) (the supplier is excluded if it appears in a situation of

conflict of interests and the situation can't be rectified. The situation is regarded as such if subjects in a conflict of interest had influence on Commission's or contracting authority's decisions and changing those decisions would be contrary to the requirements of PPL). If it is the observer that happens to be in a conflict of interests, contracting authority also must inform the institution/organization that authorized the observer's participation in the procedures about the decisions regarding him/her;

- establishing a wider spectrum of persons obliged to declare their interests: the Law on the Adjustment of Public and Private Interests in Public Service, Art. 4, requires that members of the Procurement Commission, procurement experts and experts, participating in the procedure, would present a declaration on their private and public interests which entails such information as concluded contracts, participation in associations, etc. (there was no such obligation before as far public procurement officials are concerned);
- educating public procurement experts on the subject matter: Public Procurement Office has prepared Guidelines on Ethical Conduct in Public Procurement⁸⁵ and Guidelines on ethical conduct in contracting authority⁸⁶ (both are available only in Lithuanian).

As far as inter-institutional co-operation is concerned, Public Procurement Office had signed two important agreements regarding the detection of fraud and corruption in public procurement:

- a tripartite agreement with Competition Council and Special Investigation Service (February 2017) which creates a basis for supply of expertise and technical assistance, allows exchange of information needed for ongoing investigations on corruption, public procurement infringements and conclusion of agreements aimed at distortion of competition, and raising the level of professionalism of each entities employees;
- an agreement between 7 institutions (April 2017) regarding cooperation on disclosure of foreign bribery when concluding international business transactions. The list of institutions includes Special Investigation Service, General Prosecutor's Office, Financial Crime Investigation Service, State Tax Inspectorate, Customs Department, Police Department.

2.6

Lithuania is often admired for a proper collection of wide spectrum of data through the procedural reports and annual reports on public procurement. This data is systematized, aiming at making information-based decisions and policies. Public Procurement Office prepares

⁸⁵http://vpt.lrv.lt/uploads/vpt/documents/files/2017%2002%2001%20Etisko%20elgesio%20viesuosiuose%20pirkimuose%20gair%C4%97s_%20pdf.pdf

⁸⁶http://vpt.lrv.lt/uploads/vpt/documents/files/2017%2002%2001%20Atmintin%C4%97_%20pdf.pdf

	<p>quarterly and annual reports and analyses of specific sectors of public procurement (the risky ones such as construction, road building, IT). All the statistical data and reports are publicly available on the PPO Internet site http://vpt.lrv.lt/lt/statistika-ir-analize (available only in Lithuanian). PPO also administers the Public Procurement Risk Management Information System which accumulates and processes information on procurement, covering both data stored in CPP IS and information from other sources such as complaints, notices, media information, information from the Control Division and Prevention and Public Contract Supervision Division, information from other PPO divisions, information from the Commission for Complaints Resolution (established in PPO, in order to “filter” the complaints that should be further handled by the Control Division). This information is a basis for rating contracting entities according to their risk levels and indicating the behavioural patterns of certain contracting entities or in certain sectors/types of procurement.</p>
	<p>2.7 <input checked="" type="checkbox"/> YES</p>
	<p>2.8 A state-developed e-procurement tool – Central Public Procurement Information System – entails a full process of the procurement (notifications on public procurement procedures, communication during the procedure, submitting tenders, submitting procedural reports) and submitting annual reports. There is a possibility to sign the tenders electronically, to encrypt the tenders and trace actions in audit sequence, also opening the tenders becomes technically possible only after the term for submitting tenders ends. Annual procurement plans are also publicized in the CPP IS. The use of CPP IS is mandatory (except some cases for low value procurement), no tools developed by private entities are allowed, therefore ensuring transparency, gathering data and conducting analysis of that data for detecting fraud and corruption, also conducting overall monitoring, is much easier.</p>
	<p>2.9 Yes. The majority of the public data that is accumulated in the CPP IS is made open to any natural or legal person by converting it into user-friendly format at www.freedata.lt/vpt. This allows multiple-angle analysis of the procurement data, creating a basis for information-based actions and policies and making detection on irregularities easier.</p>
LU	<p>2.1, 2.2, 2.3 The directives 2014/24 and 2014/25 are transposed by means of a Law and a technical regulation, which have not yet come into force. The Law has been adopted by the Parliament (Chambre des Députés) on March 18th. The technical regulations are now ready to be published. The Law and the technical regulations still have to be published into the Official Journal, in order to enter into force (three days following their publication). The related steps are being processed. The publication of the new provisions is expected in April 2018. The directive 2014/23 is transposed by means of a Law and a technical regulation which have not yet come into force. Although some</p>

<p>progress has been made in 2017, the parliamentary works are on hold. The Council of State is expected to publish a further opinion in March 2018. The adoption of the new provisions are expected in April 2018 (meaning that they could come into force in May 2018).</p>
<p>2.4</p> <p>National rules on public procurement apply to below-the-threshold public procurement. In the new legislation, provisions from the directives 2014/24 on conflicts of interests (among others) will apply to below-the-threshold public procurement.</p> <p>It will be the same for the legislation on concessions transposing the directive 2014/23</p>
<p>2.5</p> <p>Mandatory training of civil servants at the very beginning of their career (INAP).</p> <p>In the new legislation, provisions from the directives 2014/24 on exclusion grounds and cancellation of the contracts (among others) will apply to below-the-threshold public procurement.</p>
<p>2.6</p> <p>The provisions of the 2014/24 and 2014/25 directives on 'Governance' will be fully transposed in the new legislation.</p>
<p>2.7 <input checked="" type="checkbox"/> YES</p>
<p>2.8</p> <p>By actions like training and raising awareness the use of eProcurement in the pre-award phases has been substantially increased. For instance eAccess to tender documents and eCommunication during the procurement procedure are widely used. For the moment further efforts are underway to increase eTendering which will be mandatory for all procurement above the European threshold from October 2018 on.</p>
<p>2.9 N/A</p>

HU	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	<p>2.4</p> <p>Act CXLIII of 2015 on public procurement (hereinafter: the Public Procurement Act), which entered into force on 1 November 2015, provides for several measures to prevent public procurement-related corruption and to enhance transparency. Some measures of the Public Procurement Act were further tightened by the amendment of the Public Procurement Act adopted at the end of 2016 which entered into force on 1 January 2017.</p> <p><u>Key measures of the Public Procurement Act as entered into force on 1 November 2015 are the following:</u></p> <ul style="list-style-type: none"> - The scope of applicability of the so-called ‘small value’ procedures was reduced where a public procurement procedure can be carried out without a contract notice, with or without negotiations within the discretion of the contracting entity, in procedures of the smallest value of the procedural order below the EU threshold: - In the case of the purchase of goods and the order of services, the threshold of the applicability of this procedure by contracting entities was reduced from the former HUF 25 million (~ EUR 80 000) to HUF 18 million (~EUR 60 000), while in the case of works it was reduced from the former HUF 150 million (~EUR 480 000) to HUF 100 million (~EUR 320 000). This equalled to a 28 % reduction for the purchase of goods and the order of services and a 33 % one for works, amounting to a significant limitation to the applicability of the procedures. This rule was further strengthened by the amendment of the Public Procurement Act which entered into force on 1 January 2017 (see below) - This procedure may not be applied if the purchase is financed from EU funds and relates to a project crossing the borders of Hungary. Otherwise the rules of the new Public Procurement Act require at least 4 tenderers instead of the 3 under previous rules to call to propose in such procedures. - Contracting entities have to publish more data in the Public Procurement Database, e.g., they have to publish a summary of the evaluation of the submitted tenders or applications for participation by the contracting entity and of the method according to which it granted the contract. Under the Act, a failure to publish public data may result in a legal remedy procedure against contracting entities by the President of the Public Procurement Authority.

- Conflict of interest rules were extended: organisations owned by public law dignitaries, the heads of certain national bodies and their family members living with them in the same household may not participate in public procurement procedures as tenderers. This is among the strictest conflict of interest rules in Europe, well exceeding the rigour of the relevant EU Directives.
- Grounds of exclusion, that is, circumstances which give rise to the exclusion of an operator from public procurement procedures were extended. The new Public Procurement Act provides for fair competition and public procurement more efficiently due to the extension of grounds of exclusion, including when the tenderer committed a crime of agreement restricting competition in a public procurement procedure (e.g. cartel practices) within 5 years preceding the procedure.
- As regards negotiated procedures of extraordinary urgency without a notice, the Public Procurement Authority has to take a decision about the existence of the legal base with a detailed reasoning and it has to publish this decision on its website. This rule was further strengthened by the amendment of the Public Procurement Act which entered into force on 1 January 2017 (see below)
- A so-called normative fitness was introduced, significantly facilitating the participation of tenderers, especially SMEs in public procurement procedures. Accordingly, tenderers may be requested to submit a reference certificate with an amount of maximum 75 % of the estimated value of the public procurement procedure, and the fitness certificate relating to the whole price revenue may be maximum 100 % of the value of the public procurement for a total of 3 years. This rule was further strengthened by the amendment of the Public Procurement Act which entered into force on 1 January 2017 (see below)
- Reduction in legal remedy fees - fees of legal remedy procedures of the Public Procurement Arbitration Board were reduced by 50 %.
- A novel provision was introduced on a detailed audit of the performance and amendment of contracts by the Public Procurement Authority: such audits may be performed on the contracting entity and the tenderer as well. The Public Procurement Authority reports about the success of such audits on its website, too. If the Authority identifies infringements as a result of the audits, it may initiate a procedure by the Public Procurement Arbitration Board which may impose a penalty as well. Infringements other than those of the public procurement law may be referred to the court by the Public Procurement Authority.
- The carrying-out of public procurement procedures of high value funded by the EU (exceeding the EU threshold for goods purchase and the order of services [ca. HUF 60 million], and exceeding HUF 500 million for works) is subject to the involvement of experts with guaranteed higher education qualifications who have up-to-date professional skills, experience and liability insurance, that is, the so-called responsible accredited public procurement advisors, which also contributes to transparency and the prevention of fraud. Organisational units auditing public procurements of the Prime Minister's Office cooperate with the Hungarian Competition Authority in detecting competition law infringements and cartel practices. Such cooperation is also provided for in the rules of the new Public Procurement Act.

Key measures of the amended Act as entered into force on 1 January 2017 are the following:

- Introduction of electronic public procurement through the development and installation of a central system: the application of the system is optional from 1 January 2018 and is obligatory for all public procurement procedures from 15 April 2018; centralised public procurement has been subject to e-public procurement since 1 February 2017.
- In the case of the purchase of goods and the order of services, the threshold of the obligatory internet publication of procedures was reduced from the former HUF 18 million to HUF 15 million; anyone may apply to these. Simultaneously, the applicability of the 'small value' procedures was terminated for the purchase of goods and the order of services.
- For works, the 'small value' procedure is applicable under the estimated value of HUF 300 million, based on the Austrian example but subject to stricter rules. All documents of such procedures shall be published on the internet and five tenderers have to be called to propose the person of whom has to be changed in such procedures.

Rules of negotiated procedures without a notice were reinforced:

- In all negotiated procedures without a notice, the Public Procurement Authority shall take a reasoned decision with regard to the legal base publishing it on its website. All documents of the procedures, including data of operators called to propose, shall be published on the internet, thus making such procedures more transparent than ever before (the reason the contracting entity concluded a contract, its subject and the other party).
- With regard to negotiated procedures without a notice referring to exclusive rights or technical specificities, the Act requires the publication of a prior transparency notice, too.
- The amended Act reinforced the liability of undertakings, too: a new ground of exclusion was introduced. If the Public Procurement Arbitration Board identifies an infringement of the public procurement rules governing the performance stage of the contract, the operator affected shall be excluded from public procurements for 90 days.
- Rules of normative fitness were reinforced, too, so the amendment further clarified and tightened the rule by providing that the submission of a fitness certificate of a maximum of 75 % of the value of the public procurement may be required with regard to the price revenue from the subject of the public procurement.

2.5

Based on a cooperation agreement concluded with the Hungarian Competition Authority (hereinafter HCA), organisational units auditing public procurements of the Prime Minister's Office continuously check eventual infringements of the competition law during their public procurement audit work. The investigation of suspected public procurement law infringements and behaviours restricting competition includes the checking of risk factors which are identified as corruption risk factors (red flags). Identified infringements are signalled to the HCA by the Prime Minister's Office, which sends data obtained from the auditing of the public procurement concerned (except for classified data) in the form of a market signal. There is a continuous information flow between the Prime Minister's Office and the HCA. Such market information generally facilitates the exploratory work of the HCA apart from identifying specific cartel practices. To date, the Prime Minister's Office sent market signals in 33 cases to HCA.

The above measures also allow for the eventual identification of crimes, apart from that of the infringement of public procurement law, competition law, etc.

Under Article 420 of the Hungarian Criminal Code (Act C of 2012), the conclusion of an agreement restricting competition in public procurement and concession procedures qualifies as a crime. The new the Public Procurement Act establishes a ground of exclusion with regard to operators committing such a crime.

As regards the enforcement of rights, we have to highlight that the Public Procurement Authority has to audit the amendment and performance of contracts concluded as a result of public procurement procedures as a new task conferred upon it by the new Public Procurement Act. If the Authority identifies infringements as a result of the audits, it may initiate a procedure by the Public Procurement Arbitration Board which may impose a penalty as well. Infringements other than those of the public procurement law may be referred to the court by the Public Procurement Authority, which can initiate penal proceedings, too.

In 2016, the Public Procurement Authority submitted a total of 13 criminal complaints and 2 reports (information) to the investigative group of offshore cases of the National Investigation Bureau of the Emergency Police.

According to the Criminal Code, the suspected committing of the following crimes may give rise to complaints or reports:

- usage of a false private deed (Article 345 of the Criminal Code)
- fraud (Article 373 of the Criminal Code): the complaint was based on the committing of fraud but such cases were referred to the National Tax and Customs Administration, where the facts were re-qualified as budgetary fraud (Article 396 of the Criminal Code)

- failure to comply with the obligation to provide economic data (Article 409 of the Criminal Code)

With regard to public procurements funded by the EU, we also have to stress that the managing authorities apply the ARACHNE data mining tool for risk assessment operated by the European Commission when auditing the use of the European Structural and Investment Funds, which facilitates their work by analysing and signalling risks emerging during the carrying-out of operational programmes. The system compiles a comprehensive database from the data of projects financed from the Structural Funds, complements it with further external public data and then, using 102 indicators, it tries to detect projects, beneficiaries, contracts or contracting parties where there is an increased risk of fraud, conflict of interest or irregularity.

2.6

In order to verify the use of support from EU funds, Hungary operates an extensive institutional audit system. The operation of the organisational unit examining public procurements of large value of the audit system was classified into the second best category from among the four possible ones during the audits of the European Commission in recent years. (We have to note that the Commission very rarely awards the first category to Member State's bodies.) Accordingly, the audit system is operative and requires some improvements only. Findings and recommendations on the development of the audit practice by Commission audits are always considered and translated into practice as fully as possible by the auditing organisational system.

Goods purchases and orders of services reaching EU thresholds as well as works reaching or exceeding the amount of HUF 300 million undergo an ex-ante multi-stage audit system which is embedded in the process.

First a technical-professional and accountability audit is carried out and if the audit body finds the concerned procedure eligible according to such criteria, the embedded audit of public procurement law compliance follows. This embedded audit has several stages. Calls undergo a preliminary audit, that is, the public procurement call for proposals is checked for any elements restricting or limiting/distorting competition, then the audit body continuously monitors the regularity of the procedure. The embedded audit of such procedures is carried out by the Public Procurement Supervision Department of the Prime Minister's Office (hereinafter: PPSD).

For goods purchases and orders of services under the EU threshold and for works under the value of HUF 300 million, there is an ex post audit during which technical-professional, accountability and public procurement law compliance audit is performed following the procedure.

If any infringement is detected as a result of the audits, irregularity proceedings may be brought or, in the case of non-repairable infringements, legal remedy proceedings may be initiated before the Public Procurement Arbitration Board.

Based on the ex-ante audits, no EU funds may be paid in irregular procedures; while ex-post audits may give rise to the order of the reimbursement of EU funds, that is, to the so-called correction.

In a publication by the European Commission entitled 'E-library of good practices in public procurement in the context of European Structural and Investment (ESI) Funds' (http://ec.europa.eu/regional_policy/fr/policy/how/improving-investment/public-procurement/e-library), Hungary is listed as a good example of countries applying good practice in the obligatory audit of public procurement:

http://ec.europa.eu/regional_policy/sources/good_practices/GP_fiche_14.pdf

Negotiated procedures without a notice undergo a double audit: apart from the institutional system established for the auditing of the use of support, these are also audited by the Public Procurement Authority. In all procedures, the Public Procurement Authority takes a reasoned decision with regard to the legal base publishing it on its website. If the Authority is not able to ascertain the existence of the legal base without doubt, it initiates legal remedy proceedings before the Public Procurement Arbitration Board and requests to impose a fine. Furthermore, all documents of the procedures, including data of operators called to propose, are published on the internet, thus making such procedures more transparent (the reason the contracting entity concluded a contract, its subject and the other party).

Besides, we highlight that it is not only public procurement procedures affected by EU funds that are audited; public procurements funded from domestic sources of budgetary bodies and institutions managed or supervised by the Government, legal entities in the majority ownership of the State, public foundations of the Government and public foundations managed or founded by these also undergo a public procurement law compliance audit. The practice of the audit body is coordinated with the practice of bodies auditing EU-funded public procurements.

2.7 YES

2.8

In order to comply with the Directives, Hungary, as all Member States, has to ensure e-communication in all Hungarian public procurement procedures which it wishes to implement through the introduction of the central single electronic public procurement system of the State.

In line with the Act on public procurement, the application of the electronic public procurement system (hereinafter: EPPS system) operated by the Prime Minister's Office in public procurement and concession purchase procedures is optional within the discretion of the contracting entity from 1 January 2018 and is obligatory from 15 April 2018.

Detailed rules of the EPPS system are set forth in Government Decree No 424/2017 of 19 December 2017 on the detailed rules of electronic public procurement.

The priority aim of establishing and applying the EPPS system is to enhance the transparency of public procurement procedures, to carry out the procedures more quickly, to perform procedural acts more simply, to reduce the administrative burden, to link certain databases and to support the auditing of public procurement procedures.

In the EPPS system, all procedural acts can be precisely documented and all public procurement documents relevant for the specific procedure are directly available from a single location, thus facilitating the monitoring of Hungarian public procurement and also making the assessment of the impact of market changes and legislative amendments on public procurement possible.

This change makes electronic communication obligatory in public procurement procedures since the Act provides an exhaustive list of cases where derogation from electronic contact is possible, based on the provisions of the Directive.

The introduction of this system is accompanied with several changes reducing the administrative burden,
e.g.,

- formerly the contracting entity was obliged to send public procurement related documents upon the request of the Public Procurement Authority or another body authorised thereto by law, while in the future the Public Procurement Authority, the Hungarian Competition Authority and other bodies authorised to audit the procedure concerned by law may access documents of the public procurement procedure in the EPPS system;
- the Public Procurement Authority shall continue to have a right to access the documentation electronically during the legal remedy procedure;
- the tenderers do not have to attach certificates which have already been submitted in a former electronic procedure to the contracting entity concerned;
- certain declaration obligations (e.g., SME declaration) are lifted since the operators may enter the relevant data during the registration;
- data are automatically broken down by the EPPS system on the day of the expiry of the tendering or that of the application deadline and a breakdown report is also generated automatically;
- public procurement documents are directly available electronically in the system and operators may express their interest with a simple click;

	<p>- simplification of compiling the tender is served by e-forms made available to make certain declarations in the system.</p> <p>Electronic communication also contributes to quicker procedures since EU Directives allow for the shortening of tendering deadlines by introducing electronic communication.</p> <p>Besides, electronic communication is expected to reinforce the integrity and transparency of the procedures by the legislator. The IT system for carrying out the procedures ensures the integrity of the tenders until their submission and provides for a logging of certain procedural acts which can be traced back later.</p> <p>Parallel to the EPPS system, the Public Procurement and Supply Directorate-General operates a centralised public procurement portal.</p>
	2.9 N/A
MT	<p>2.1 <input checked="" type="checkbox"/> YES</p> <p>The transposition of the three new directives is now complete and have been duly published on 28th October 2016. This Directive was transposed to LN 353/2016.</p>
	<p>2.2 <input checked="" type="checkbox"/> YES</p> <p>The transposition of the three new directives is now complete and have been duly published on 28th October 2016. This Directive was transposed to LN 352/2016.</p>
	<p>2.3 <input checked="" type="checkbox"/> YES</p> <p>The transposition of the three new directives is now complete and have been duly published on 28th October 2016. This Directive was transposed to LN 351/2016.</p>
	<p>2.4</p> <p><u>The Department of Contracts identified the following as some of the measures adopted by the Department:</u></p> <ul style="list-style-type: none"> • Decreased the local threshold vis-a-vis Call for Quotations to Euro 5,000 excl. VAT and imposed an obligatory use of government's e-procurement platform known as ePPS (Electronic Public Procurement System) for procurement having an estimated value which is equal or above this threshold.

- The appeals are now applicable for quotations/tenders estimated equal to or above €5,000 (as opposed to Euro 12,000 excl. VAT as per previous legislation). All objections are to be lodged with the Public Contracts Review Board (PCRB). The timeframe for objections is set at ten (10) calendar days.

- Introduced Ministerial Procurement Units (MPUs) to supervise procurement at Contracting Authority level.

A “Ministerial Procurement Unit” means an entity that is established under each Ministry which processes, publishes, administers and recommends the award of a call for tenders published under the open procedure, where the estimated value of a call for tenders exceeds ten thousand euro (€10,000) but does not exceed two hundred and fifty thousand euro (€250,000). Both thresholds are net of VAT. This decentralisation is effected upon the issue of the necessary approval by the Ministry for Finance. There shall be in each Ministry a Ministerial Procurement Unit (for the time being, only in specific Ministries) which shall fall under the office of the Permanent Secretary responsible for that Ministry, or under another person in an equivalent post, being so delegated by the Minister responsible for that Ministry.

- The first MPU was established in the Ministry for Education and Employment (MEDE).

A unit was set up and training was delivered to the personnel recruited accordingly. This was the initiation of a pilot project and eventually the following Ministries were also included under Schedule 16 of LN352/2016:

- o Ministry for Education and Employment (MEDE)
- o Ministry for Justice, Culture and Local Government (MJCL)
- o Ministry for the Family and Social Solidarity (MFSS)
- o Ministry for Home Affairs and National Security (MHAS)
- o Ministry for Gozo (MGOZ)
- o Ministry for the Environment, Sustainable Development and Climate Change (MESDC)

In the fullness of time, all Ministries will have an MPU.

- Introduced new public procurement law/guidelines for 68 Local Councils:

Together with the Directorate for Local Government, a set of Guidelines were discussed and drafted/published. Eventually all procurers within this sphere shall undergo training accordingly.

- A major change in the tender templates used throughout Government (to enhance integrity) is the ESPD.

The ESPD is a reusable generic document which shall be used across all EU Member States. This means that the questions in the ESPD cannot be amended. Instead, Contracting Authorities must set out the specific requirements related to selection criteria, including relevant exclusion/blacklisting grounds as established under part VI of the Public Procurement Regulations and any other minimum standards

relevant for the procurement exercise as established, in the procurement documents.

Economic Operators now submit a completed ESPD in response to the requirements established in the procurement documents. The Economic Operator, subcontractor or other parties may rely on their ESPD response as a self-declaration that they have not breached any of the exclusion grounds. If an Economic Operator is in a situation which might result in its exclusion, it may provide evidence to show that it has taken appropriate remedial action to demonstrate its reliability. This is known as ‘self-cleaning’. In such cases the Economic Operator must not be excluded from the procurement procedure on such exclusion grounds.

A word document of the ESPD, for completion by Economic Operators, may be retrieved through the official Government’s e-Procurement website; that is, the Government’s e- Procurement Platform (available from www.etenders.gov.mt/Resources). The items within the sections/parts therein are also numbered for ease of reference.

Training is also delivered by the department both for the Contracting Authorities and the Economic Operators.

2.5

The new regulations essentially consolidated important procurement measures to increase effectiveness, transparency and accountability. These are the key elements that help to build trust and confidence in public procurement and permit that citizens recognize how taxpayers’ money is administered. Streamlining of the procurement process has shown that such key elements in the long term will result in lower costs, greater innovation, as well as strong and profitable markets all delivering better value for the taxpayer.

The transition to e-procurement across Government was a vital step in preparation for the entry into force of the new Public Procurement Regulations. The new rules cover the use of electronic communications, including the use of two important electronic tools, mainly, Electronic Auctions (e-auctions) and the Dynamic Purchasing System (DPS).

It is widely agreed that electronic communication can help reduce fraud and corruption by encouraging access to procurement opportunities to all stakeholders, facilitate compliance with the rules, and promote traceability, transparency and accountability in the procurement process.

The changes envisaged in the new Public Procurement Regulations enable Contracting Authorities to procure goods, services and works faster, through reduced time limits, with less bureaucracy, and with a greater focus to secure best value for public money in line with good governance practices.

Concurrent to the new Regulations, new procurement document templates (including one for departmental tenders), together with a

comprehensive Manual of Procedures (MoP) and the customary .xml template structure for all Calls for Tender (CfT), have been prepared. These are accessible through the eGovernment Procurement Platform (ePPS) under the Resources section, which portal (www.etenders.sov.mt) is the official procurement platform for Government.

2.6

The new regulations have brought about a further regulatory and monitoring role of the Department of Contracts. This Junction is mainly coordinated through the Compliance and Monitoring Unit (CMU), forming part of the Policy Development and Programme Implementation Directorate, within the Department of Contracts.

The CMU was set up to further ensure good governance and better monitoring of public procurement. The Unit is construed to investigate complaints raised by Contracting Authorities, Economic Operators and the public in general (citizen complaints), in respect of all Government procurement procedures. Subsequent actions involve the drawing up of related reports including recommendations for the best timely solutions. Reports are directly addressed to the Director of Contracts, who in turn may decide to raise issue at Permanent Secretary's level. At times salient issues were even raised up to Principal Permanent Secretary's level.

The Compliance and Monitoring Unit is responsible for gathering all available information, which ultimately will facilitate in determining whether or not a Contracting Authority is in compliance to the Public Procurement Regulations, especially when the drawing up and publishing of the tender document was at departmental level. It is the general rule that such pre-contractual issues are raised by prospective bidders who may feel aggrieved by the contents of the tender document, with special emphasis to the technical specifications, when it is felt that an undue advantage may be given to a particular economic operator/importer/brand over another. At post-contract stages, an economic operator (contractor) may be investigated, following one or more complaints, which may arise either from the related Contracting Authority or any concerned citizen, indicating that the agreed to contractual agreement is not being fully complied with.

It is paramount to clarify that the Compliance and Monitoring Unit may not be utilised as a direct substitute to the remedies published in the Public Procurement Regulations, but merely a more amicable and alternative solution.

Personnel from the Compliance and Monitoring Unit, on a regular basis, attend meetings for the Inter-Ministerial Task Force on Green Public Procurement (GPP), representing the Department of Contracts (DoC). This Unit is also responsible for the weekly reporting to the GPP focal point assigned to the Ministry for Finance.

In accordance with Contracts Circular № 2/2017, the Compliance and Monitoring Unit is entrusted to monitor and ensure that every six (6)

months all Contracting Authorities publish, in the Government Gazette, a full list of all departmental contracts awarded and a list of all cases involving variations which exceed the original contract values by more than 5%.

Moreover, it is to be noted that the Department is the owner of the working group of the Commission on the new Monitoring Template (the ESWG - Economic and Statistical Working Group). Consequently the CMU is working on the compilation of the statistical report due in April 2018 as one of the obligations under the new Directives. This will also be done through collaboration with the PPCD, FPD and the IAID

2.7 YES

Yes, as already referred to in Answer 2.5 above, the Department of Contracts regularly publishes procurement-related documentation to assist Contracting Authorities in the understanding of the procurement regulations (which serve as reference in case of difficulty) as well as concise templates that provide the basis of a CfT procurement document. Such documentation, although aimed primarily at Contracting Authorities, indirectly also assists Economic Operators as once the procurement process is harmonised across Government, tender submission becomes easier for potential bidders.

Training is delivered regularly to Contracting Authorities and to Economic Operators so as to make all stakeholders aware of the e-procurement potential. The said stakeholders are informed about the advantages of e-procurement when utilising Framework Agreements. In addition, the ePPS shall also start being utilised for another two (2) tools, namely the Dynamic Purchasing System (DPS) and e-Catalogues.

2.8

The publication of documentation provides the Contracting Authorities with the appropriate tools to prepare their procurement, thus, indirectly shortening and harmonising the tendering process also for Economic Operators, as a result of having the foundations of the procurement ready. The main documents published by this Department, to be utilised in tandem with the electronic Public Procurement System (ePPS) are the following:

- o The Manual of Procedures, which provides a comprehensive and detailed interpretation of the Procurement Legislation, in simpler and clearer terminology, utilising diagrams and tables for ease of reference
- o Guidance Notes on specific procurement elements (such as MPUs,

Modifications, Abnormally Low Tenders, PMC, DPS) of the Procurement Cycle, thus, highlighting salient provisions, explaining procedures and clarifying any grey areas encountered.

Another initiative introduced by the DoC included the revamping of the e-tender dossier template (for CfTs whose budget estimate meets or exceeds €135,000 excl. VAT) inclusive of all related forms and documentation. In addition, the Department has now also introduced an e-tender dossier template, specifically for departmental tenders, hence, CfTs whose budget estimate meets or exceeds €10,000 excl. VAT but is less than €135,000 exc VAT. Furthermore, other templates were made available, namely one for Non-Governmental Organisations and other templates that may be utilised for Quotations (depending on the respective thresholds of Euro 5,000 and Euro 0,000).

The Department of Contracts is also responsible to publish Procurement Policy Notes (PPN), which aim is to clarify and supplement the PPRs, whilst momentarily, ensuring consistency and streamlining across all Contracting Authorities. Such documentation is publicly available on the Department's website as well as on ePPS, thus, granting access to such policies to all concerned parties.

From 2013 till today, more than 20,000 Call for Tenders (CfTs) have been published. A significant yearly increase of Cf Ts publication from 2013 (since when the first Procurement Policy Note was published in December 2013) until today has been reported as follows:

2013	2,553
2014	5,718
2015	6,785
2016	Approximately 7,500 (yet to be confirmed)

This shows that through the measures taken by this Department to harmonise the process through the e-procurement, Contracting Authorities were provided with the appropriate tools and therefore could publish more Call for Tenders in accordance to their procurement exigencies.

Workshops are also held at the Institute for Procurement Services (IPS) by officials of the Department of Contracts for Economic Operators. During these workshop, Economic Operators are given the opportunity to familiarise themselves with Government's e- Procurement platform. Among other issues, tutors also address what are the actual requirements that may need to be filled in the ESPD by Economic Operators.

Economic Operators are given the opportunity to register to attend a workshop with every Call for Tenders published. In order for Economic Operators to benefit from this free hands-on training they must register their interest by sending an e-mail to: etenders@gov.mt.

Since 2012, the Department of Contracts has worked tirelessly in order to increase the uptake of e-procurement across Government. In this regard significant progress has been registered over the last few years and this trend continued during 2016. In fact, whereas by the end of December 2015, 15,231 e-tenders were published across Government, the figure increased to 22,206 by the end of December 2016, that is, a 46% increase. In terms of registered Economic Operators whereas at the end of December 2015 there were 3159 of which 1262 were non-Maltese Economic Operators, by the end of December 2016 this figure increased to 4160 of which 1480 were non-Maltese, that is, a 32 per cent increase. An important tool for the Department of Contracts to achieve this progress has been the regular delivery of hands-on training to Economic Operators in respect of how to use of the e- procurement system (ePPS). In fact, during 2015, 206 and during 2016, 283 Economic Operators were given training.

Furthermore, the Department of Contracts is in the process of simplifying further the ESPD process, whereby Economic Operators rather than all the time having to select which criteria to complete in the ESPD, they will find a set criteria that are pre-selected within the ePPS system, from their individual Company Profile; this means that the Economic Operators will have a profile within the ePPS and information requested in the ESPD will be pre-filled subject to any changes which Economic Operators would still deem necessary through the ePPS.

2.9

- A successful practice, as already referred to in Answer 2.6 above, is the Monitoring and Compliance Unit, which rendered its committed services in support of 219 different complaints (iro lack of conformity/breach of the Public Procurement Regulations) across three (3) years, split as per below:

2015—73 cases

2016 - 82 cases

	<p>2017 - 64 cases</p> <ul style="list-style-type: none"> • Another successful measure is the introduction of a career stream and professionalization of personnel in the field of procurement. As the Commission itself states: <p>- The new public procurement rules adopted in 2014 provide a toolbox for EU countries to make more efficient and strategic use of public procurement. More professional public procurement bodies will deliver more efficient public procurement markets, greater savings for public buyers, and provide more opportunities for European businesses, including small and medium-sized enterprises (SMEs). They will be able to make the most out of the tools at their disposal to deliver better value for money and pursue overriding policy objectives through strategic public procurement. However, this will only happen if public buyers are able to procure in accordance with the highest standards of professionalism and are provided with the tools to deliver professional results.</p> <p>In line with this principle, the Department of Contracts is providing an initial training programme on public procurement, in collaboration with several institutions. Furthermore, currently, a number of public officers are enrolled in the degree course BA Public Projects. The course contents include presentations by officials from the Department who have developed good practice through experience in the field of procurement. The theoretical aspect shall be followed by physical practical sessions at the department. The aim is that of allowing participants to acquaint themselves with the main desired features of professionalization tools such as guidance notes and templates, trainings, job shadowing, efficiency tools to be applied on the ground and experience exchange platforms.</p> <p>In addition, the Department has also started implementing the launch of a 3-year course leading to an award of a degree level in public procurement through MCAST.</p> <p>To fully harmonise the attainment of procurement qualifications with a career path, the Department of Contracts has identified motivational career schemes specific to the procurement functions; in fact, Malta's setting up of the Ministerial Procurement Units is a step in the right direction so as to have procurement regarded as a career of choice.</p>
NL	2.1 YES
	2.2 YES

	2.3 YES
	2.4 The ERDF Manual for Beneficiaries sets out the public procurement rules. On the basis of the guidelines, the ERDF managing authorities assess whether beneficiaries are in compliance with the rules and whether a procurement procedure has been conducted transparently and correctly.
	2.5 COCOLAF recently issued comprehensive guidelines. For the designation of UVB (Uitvoering van Beleid, formerly SZW) as management authority, these guidelines were followed in order to prevent fraud and corruption in public procurement and detect irregularities in a timely manner. We have developed our audit approach on that basis. Also, at the time of the establishment of the ESF Regulation, a check for abuse and improper use ('M&O-toets') is carried out as a matter of routine. That check involves examining the possible risk of abuse and improper use in (European) procurement. The European anti-fraud tool ARACHNE is also deployed.
	2.6 The ERDF managing authorities apply recently updated guidelines in auditing procurement in ERDF projects. All obligations under the 2012 Dutch Procurement Act are carefully checked on the basis of these guidelines.
	2.7 YES
	2.8 As of 1 July 2017, e-procurement is mandatory for European tenders where the tender notice was published on or after 1 July 2017. This means that all communication between the contracting authority and the companies concerned must take place electronically.
	2.9 NO
AT	2.1 N/A
	2.2 N/A
	2.3 N/A
	2.4 N/A
	2.5 N/A

	2.6 N/A
	2.7 N/A
	2.8 N/A
	2.9 N/A
PL	<p>Directives 2014/24/EU and 2014/25/EU of the European Parliament and of the Council were transposed into Polish law by the Act of 22 June 2016 amending the Public Procurement Act (PPA) and certain other acts (Journal of Laws 2016, item 1020), while Directive 2014/23/EU of the European Parliament and of the Council was transposed by the Act of 21 October 2016 on concessions for works or services (Journal of Laws 2016, item 1920). The above items of national legislation fully transpose EU legislation on public procurement and concessions.</p> <p>The application of national regulations implementing the provisions of new directives in the field of procurement enhances transparency and fairness in the practical application of public procurement procedures.</p> <p>Transparency in the procedures is ensured by the obligation to publish public procurement notices and announcements in the national publication (the Bulletin of Public Procurement) and the Supplement to the Official Journal of the EU. Where an award is made under a scheme that does not require the publication of notices, Polish contracting authorities are obliged to notify the President of the Public Procurement Office (UZP) to initiate the procedure for contracts with a value above the EU thresholds and to set out the factual and legal grounds for a non-competitive award.</p> <p>With a view to implementing the relevant regulations, the purpose of which is to ensure integrity in public procurement and to counter fraud, the rules concerning conflicts of interest in relation to persons taking part in a procurement procedure were amended in 2016. The amendment consisted in increasing the number of persons on the contracting side, who are required to submit a declaration to the effect that there are no circumstances liable to affect their impartiality vis-à-vis contractors competing for public procurement contracts. These provisions are intended to ensure compliance with the principle of impartiality and objectivity.</p> <p>Appropriate arrangements for preventing and tackling conflicts of interest predate the relevant provisions of the EU Directives (they have been part of the Public Procurement Act since its adoption in 2004). The Act was also extended to include all mandatory and optional grounds for exclusion provided for in Directive 2014/24/EU (moreover, some of the optional grounds for exclusion listed in Article 57(4) of the Directive</p>

	<p>were made compulsory).</p> <p>A crucial role in monitoring proper application of public procurement procedures is played by control mechanisms at the stages before and after conclusion of a public procurement contract. Audits are performed by the president of the UZP to verify that the procedure complies with the Public Procurement Act. If circumstances which suggest a possible instance of corruption or fraud are detected, the law enforcement agencies are notified.</p> <p>As part of the Platform for e-Procurement, the UZP cooperates with the Minister for Digitalisation in constructing the Central Data Repository for e-Procurement Platforms. Its tasks include publishing the Public Procurement Bulletin and providing the service of accepting and securing tenders and applications until the day on which they are opened. The target date for making the services and data available is October 2018. It is also planned to develop service and data standards via an automated process for the award of public contracts, the provision of services and tendering and a module for monitoring and analysis. The platform services will be made available free of charge. E-services allowing the procedure to be completed electronically will be provided via external portals which satisfy the required standards. The portals will be required to send standardised data on the procedure to the repository. This will enable effective monitoring and analysis of public procurement and will simplify the procedure and reporting through reuse of the data that have been made available in the repository.</p> <p>At the same time, public procurement supervision is strengthened by the competent institutions in the system of implementation and control of EU funds. In the context of the fight against fraud, sector-specific rules have been introduced which constitute a real strengthening of public procurement monitoring with a view to eliminating fraud and corruption. The OP Managing Authorities are required to develop principles of prevention and an approach to dealing with corruption and fraud, including mechanisms for preventing corruption in public procurement.</p>
PT	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	<p>2.3 <input checked="" type="checkbox"/> YES</p> <p>Decree-Law No 111-B/2017 of 31 August 2017 amends for the ninth time the Public Procurement Code [CCP- <i>Código dos Contratos Públicos</i>], approved by Decree-Law No 18/2008 of 29 January 2008, and transposes Directives 2014/23/EU, 2014/24/EU and 2014/25/EU, all of the European Parliament and of the Council, of 26 February 2014 and Directive 2014/55/EU of the European Parliament and of the Council of 16</p>

April 2014.

2.4

The public procurement portal (<http://www.base.gov.pt/Base/pt/Homepage>) collects information on two phases of the public procurement cycle): drawing-up and implementation of public contracts.

To promote greater transparency, 'information is available for public consultation on:

- a) the drawing-up and implementation of public contracts subject to Part II of the CCP, with the exception of information on the implementation of concession contracts pursuant to Implementing Order No 85/2013 of 27 February 2013, amending Implementing Order No 701-F/2008 of 29 July 2008;
- b) notices of opening of contract (tender) procedures and any subsequent notices;
- c) decisions and deliberations establishing procurement priorities in accordance with exceptional measures, particularly as laid down in Decree-Law 34/2009 of 6 February 2009;
- d) contracts concluded following direct award (under the general arrangements), public tenders, tenders limited by prior qualification, negotiation procedure and competitive dialogue;
- e) contract modifications representing a cumulative value of over 15 % of the contract price;
- f) additional sanctions applied under Article 460 of the CCP.

Final decisions on application of the additional sanction laid down in Article 460 CCP are also published on the Portal throughout the period of disqualification.'

2.5

In the 2017 Plan to manage the risks of corruption and related offences [*Plano de Gestão de Riscos de Corrupção e Infrações Conexas*] of the Development and Cohesion Agency (AD&C), the area of public procurement was identified as an area of risk by the CPC that is dealt with under a specific point in the document as it cuts across sectors.

All AD&C units that need to purchase external services in the framework of their activities are involved in procurement procedures for goods and services.

By decision of 1 April 2014, the Management Board approved the establishment of the Unit on Public Procurement and State Aid (NCPAE - *Núcleo de Contratação Pública e Auxílios de Estado*), which is tasked with ‘ensuring support for the other AD&C units regarding public procurement’, which in practice means preparing legal documents and monitoring procurement procedures launched by organisational units.

Apart from formal verification of procedures, this Unit works to promote and step up the dissemination of guidelines on the subject of public procurement for organisational units, such as, for example, the NCPAE Memo of 5/12/2014 on good practices to observe in the direct-award procedure ‘*Entendimento Interpretativo – Boas Práticas a Observar no Procedimento por Ajuste Direto*’.

2.6

The AD&C has control mechanisms that make it possible to ensure that public procurement procedures are in order and comply with current legislation, in particular through specific procedures, duly established and standardised in the Manual of Procedures for purchasing goods and services and allowances [*Manual de Procedimentos de Aquisição de Bens e Serviços e Ajudas de Custo*], which standardises all the relevant procedures and clearly defines all the steps entailed and the parties involved, in particular the Unit on Public Procurement and State Aid (NCPAE).

Furthermore, with a view to the proper classification of expenditure, the Institutional Management Unit [*Unidade de Gestão Institucional*], responsible for the procedure, analyses the regularity of expenditure and underlying procedures and, as a technical assistance beneficiary, takes action to check compliance of procedures and expenditure during the examination of applications for reimbursement.

The public procurement procedures are documented in flow charts in the above-mentioned Manual of Procedures. Specific procedures are also described in the Manual in relation to:

- stocks;
- fixed assets;
- essential services;

	<ul style="list-style-type: none"> · framework agreement; · services to be implemented within 20 days of the award of the contract; · training of up to 132 hours; · Information and communication technology goods and services.
	2.7 <input checked="" type="checkbox"/> YES
	2.8 As described in reply to the questions above, the contracting authorities must use the public procurement portal and electronic platforms; use of the online repository of certificates (e-Certis) (Article 475 CCP) is also mandatory.
	2.9 N/A
RO	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	2.4 - In order to enhance integrity in public procurement, the Guidelines of Contracting Authorities on Conflicts of Interests in Public Procurement Processes were prepared in order to help contracting authorities identify, prevent, remedy and sanction conflicts of interests at all the stages of the public procurement process, and to reduce the risk of irregularities and corruption. - The National Public Procurement Agency and the National Integrity Agency signed Collaboration Protocol No 7693/11 May 2017 for interinstitutional cooperation between these institutions in order to establish a mechanism for preventing conflicts of interests in the public procurement procedure. - A Code of Ethics was developed in order to strengthen the integrity rules applicable to the persons appointed to exercise their own preventive financial control in order to ensure that they are not affected by conflicts of interests.

- In June 2017, the National Integrity Agency implemented the Integrated Information System for Prevention of Potential Conflicts of Interests, hereafter referred to as the “PREVENT System”, eight months after Law No 184/2016 establishing a mechanism for the prevention of the conflict of interests in the award of public contracts entered into force.

In short, through the PREVENT System, the National Integrity Agency is capable of preventing the conflicts of interests in the award of public contracts by establishing an ex-ante control mechanism that reviews the situations which are likely to give rise to conflicts of interests, thus leading to enhanced transparency and integrity of the public procurement sector in Romania.

- The Ministry of Regional Development, Public Administration and European Funds (Ministerul Dezvoltării Regionale, Administrației Publice și Fondurilor Europene) and the National Public Procurement Agency (Agenția Națională pentru Achiziții Publice) issued Joint Order No 6712/890/2017 approving the deployment of procurement procedures in the framework of EU funded projects implemented under a partnership.

- Use of SEAP (Electronic Public Procurement System). SEAP is a single electronic infrastructure offering public institutions in Romania the possibility of purchasing products, goods and services by electronic means and economic operators the possibility of submitting tenders under electronic tendering procedures, thus contributing to enhanced transparency and integrity in public procurement.

- The managing authorities collaborate with the National Integrity Agency in order to identify and investigate effectively any fraud in public procurement and to propose further adequate corrective measures that must be taken.

2.5

- Emergency Order No 98/2017 on the ex-ante control function of the award of public contracts/framework agreements under public procurement, of sector contracts/framework agreements and of works concession and services concession contracts was adopted; please note that intentions to amend contracts covered by the abovementioned law are also subjected to ex-ante control in order to ensure compliance with the principles of competition and transparency.

- In the PREVENT System, the National Integrity Agency may conduct a complex ex-ante analysis with regard to all the public procurement procedures operated through the Electronic Public Procurement System, issuing warnings as to the integrity of public procurement procedures where a conflict of interests is likely to occur, thus enhancing prevention and detection of fraud and corruption in the sensitive public

procurement sector.

- In 2017, Guidelines for the implementation of managerial internal control standards in public procurement by contracting authorities were developed with the aim of increasing the administrative capacity of contracting authorities in procurement procedures by ensuring better organisation of the managerial internal control on the system.

The guidelines (general guidelines and the three guidance sets for small, medium and large contracting authorities) include a series of recommendations and a set of specific tools (such as methodologies, models, check lists) recommended to be applied in the public procurement procedure for the preparation and verification of procedural documents.

- The Managing Authorities use internal operational procedures with reference to the national and Community law applicable to public procurement, as well as information systems such as ARACHNE and RECOM in order to increase prevention and detection of fraud and corruption in public procurement.

- Managing Authorities also collaborate with the Antifraud Department (Departamentul pentru Lupta Antifraudă) and the National Anticorruption Directorate (Direcția Națională Anticorupție) in order to investigate all the cases of fraud regarding the inappropriate application of the public procurement law.

- Regular training events are conducted for the staff carrying out public procurement activities in regard to the relevant legislation, including to the prevention and finding of frauds and corruption in public procurement, the use of the PREVENT system etc. Procurement procedures are subjected to control and endorsement for preventive financial control.

2.6

- In performing its monitoring function, ANAP took the following measures:

a) Based on information automatically produced from SEAP or on information provided to ANAP by the SEAP operator, a specialised directorate of ANAP identified, calculated and analysed specific sets of indicators of the public procurement system.

The performance indicators of public procurement procedures in 2015 may be viewed on the ANAP website: [http://anap.gov.ro/web/indicatorii-de-monitorizare-ai-eficienței-procedurilor-de-achiziție-publică-finalizate-prin -contract / acord-cadru în anul-2015 /](http://anap.gov.ro/web/indicatorii-de-monitorizare-ai-eficienței-procedurilor-de-achiziție-publică-finalizate-prin-contract-acord-cadru-in-anul-2015/).

The performance indicators of public procurement procedures in 2016 may be viewed on the ANAP website: [http://anap.gov.ro/web/indicatorii-de-monitorizare-ai-eficienței-procedurilor-de-achiziție-publică-pentru-anul -2016 /](http://anap.gov.ro/web/indicatorii-de-monitorizare-ai-eficienței-procedurilor-de-achiziție-publică-pentru-anul-2016/).

b) ANAP, through its specialised directorate, published a set of 26 indicators for the period 2007-2016 on its website, which provide an overview of the national public procurement system, classified according to several terms: the public procurement action size (e.g. the publication rate of the contract award notice for public procurement procedures initiated through notice/invitation to tender/simplified notice to tender, the average value of the contracts awarded under contract award notice procedures), the competition of tenders submitted under award procedures initiated through contract award notice on the public procurement market, remedies in the public procurement procedure (e.g. part of the public procurement procedures challenged) etc.;

c) In certain specific situations of the national public procurement system, various regular statistical reports and analyses are performed and posted on the website of ANAP.

- The National Integrity Agency implemented the PREVENT System, which is a preventive tool. Moreover, through the Prevent System, ANI can prepare complex reports regarding: the number of integrity warnings issued; the number of public procurement procedures analysed; the number of public procurement procedures using EU/national funds etc.

The reports enable ANI and the judicial bodies, the supervisory authorities, the supervisory bodies, the prevention and control authorities etc. to ensure better supervision of the public procurement process.

- The monitoring activity is carried out over the entire period of implementation of the project by in-house specialised structures of the managing authorities, who follow up on progress reports, sustainability reports and on-the-spot monitoring visits.

For example, at these authorities, procurement procedures are developed, monitored and checked by several persons conducting public procurement in accordance with the “four-eye” principle: the performance officer, head of service, director and, providing preventive

endorsement, the financial controllers.

2.7 **YES**

2.8

- In March 2017, four Romanian partners, i.e. the Agency for digital Agenda of Romania (Agenția pentru Agenda Digitală a României), the National Public Procurement Agency, Deloitte Audit Romania and the National Authority for Administration and Regulation in Communications (Autoritatea Națională pentru Administrare și Reglementare în Comunicații), launched the project “Solutions for Electronic Procurement in Romania - Strengthening the Use of the European Single Procurement Document (ESPD) and Integration of e-CERTIS Service”. The overall purpose of the project is to implement and strengthen the electronic procurement solutions in Romania, which will ultimately lead to Romania’s alignment to the European standards and directives in the field of public procurement.

The results of the project consist in the implementation of the ESPD and e-CERTIS systems in the national public procurement system, by connection of the ESPD service to the national registers.

- Approximately 95 % of the total completed public procurement actions are conducted online, with the submission and evaluation of tenders on the relevant electronic platforms (SEAP).

2.9

- The National Public Procurement Agency and the National Integrity Agency signed Collaboration Protocol No 7693/11 May 2017 for interinstitutional cooperation between these institutions in order to establish a mechanism for preventing conflicts of interests in the public procurement procedures.

In the exercise of its ex-ante control function, ANAP documents the notifications sent by ANI with regard to the situations where irregularities are suspected in the award procedures and which were subjected to checks by ANAP.

At the same time, ANAP will report to ANI whether the contracting authorities/entities implemented the measures required to remove the

potential conflict of interests that was the object of the integrity warning issued by ANI.

For the award procedures included in the ex-ante control, ANAP will request from the contracting authorities/entities to complete and update the integrity form and will inform ANI if they do not comply with the respective requirements.

- The PREVENT system became operational on 20 June 2017 for national and European funds, without any difference in the applicability of the law.

The Department for Prevention and Analysis of the National Integrity Agency assesses conformity with the legal provisions on the conflicts of interests under the public procurement procedures developed through SEAP by the local public authorities, following up on the analysis of all the public procurement procedures developed in the previous year.

From the date when it became operational until January 2018, 8 896 procurement procedures were revised by the PREVENT system in order to identify any potential conflicts of interests, with a total approximate value of RON 24.7 billion (~ EUR 5.3 billion). One third of these revised public procurement procedures were public procurement procedures with lots (containing 36 568 lots) and 4 % of these referred to European funds.

Moreover, integrity inspectors issued eight integrity warnings as regards public procurement procedures, of which in only seven cases did the leader of the contracting authority which launched the public procurement procedure take all the measures required to avoid a conflict of interests. In the other case, ANI initiated the evaluation procedure.

Also, integrity inspectors sent 28 irregularities regarding potential connections between the members of the contracting authority and the persons in the tenders to the National Public Procurement Agency based on the collaboration agreement signed by the National Integrity Agency and the National Public Procurement Agency.

The agency will follow up on the consequences of the issue of an integrity warning until the situation that caused the irregularity has been removed and, in the event of non-compliance, ANI can initiate an investigation with regard to that conflict of interests.

- The managing authorities use common checklists for public procurement procedures with the National Public Procurement Agency based on

	the collaboration protocol for improvement of verification procedures.
SI	2.1 - NO It is in the Parliamentary procedure; in April 2018 a final reading is expected. The completion of the transposition of the Directive 2014/23/EU is planned in the first part of 2018.
	2.2 - YES
	2.3 - YES
	2.4 In April 1, 2016, a new Public Procurement Act (hereinafter: ZJN-3) entered into force, which transposed the Directive 2014/24/EU and the Directive 2014/25/EU. Deriving from transparency and anti-corruption program ZJN-3 was prepared with the intention of ensuring additional simplifications and bigger flexibility, transparency and efficiency of public procurement. Considering publication and transparency all notices regarding public contracts whose value is equal to or greater than the values defined in ZJN-3 must be published by the contracting authority on the Public Procurement Portal ^[1] and in some cases also in the Official Journal of the

^[1] Article 21 of ZJN-3 (Thresholds for the application of this Act):

(1) This Act shall apply to procurements with a value net of value-added tax (hereinafter: VAT) estimated to be equal to or greater than the following thresholds:

a) in the general field:

- EUR 20,000 for public supply or service contracts or design contests;
- EUR 40,000 for public works contracts;
- EUR 750,000 for public service contracts for services listed in Annex XIV to Directive 2014/24/EU and Annex XVII to Directive 2014/25/EU (hereinafter: social and other specific services), with the exception of services which are covered by CPV code 79713000-5.

b) in the infrastructure field:

- EUR 50,000 for public supply or service contracts or design contests;
- EUR 100,000 for public works contracts;
- EUR 1,000,000 for public service contracts for social and other specific services, with the exception of services which are covered by CPV code 79713000-5.

European Union^[2]. ZJN-3 also specifies types of notices and the form and manner of their publication (eg. a prior information notice or periodic indicative notice; a notice on the existence of a qualification system; a contract notice or design contest notice; a voluntary ex ante transparency notice; a contract award notice or design contest organisation notice; a notice for additional information, information on incomplete procedure or corrigendum; a notice of modification of a contract during its term). Contracting authorities must draw up contract notices and send them for publication to the public procurement portal. Contract notices mentioned above must be published in full in the Slovenian language, though a summary of the important elements of each notice will also be published in other official languages of the European Union.

The contract notices may be used as a means of calling for competition in respect of all procedures (except a negotiated procedure without prior publication). Not later than 30 days after the conclusion of a contract, following the decision to award or conclude it, contracting authorities must send for publication a contract award notice on the results of the procurement procedure. Contracting authorities must also publish a notice of modification of a contract during its term within 30 days of the modification of the contract and a notice for additional information, information on incomplete procedure or corrigendum when carrying out a procurement procedure.

Contracting authorities must publish the procurement documents on or via the public procurement portal, except where they award contracts by negotiated procedure without prior publication or competitive procedure with negotiation. After the expiry of the time limit for the receipt of tenders, contracting authorities are not allowed to amend or modify the procurement documents. The information provided by the contracting authority to economic operators on or via the procurement portal is deemed to be an amendment to or modification or clarification of the procurement documents if its content implies that such information is to amend or modify the procurement documents or if a clarification is used to eliminate the ambiguity of information.

With an intention to improve transparency the contracting authority must, no later than 48 days after the award of a contract, publish the contract (without the data that is not deemed to be public information). All contracts and their later amendments must be published on the public procurement portal.

^[2] As appointed by the European Commission, https://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/thresholds_en

Due to even bigger transparency ZJN-3 has also established a new obligation for contracts with a value estimated to be less than the thresholds for the application of ZJN-3 (Article 21 of ZJN-3, see footnote n.1). Even in these cases the contracting authority is obliged to comply with the principles of economy, efficiency and effectiveness and the principle of transparency. The contracting authority must annually publish on its website or on the public procurement portal a list of public contracts awarded in the previous year with a value equal to or greater than EUR 10.000 net of VAT, describing the subject-matter and indicating the type of subject-matter, the value of the awarded contract and the name of the economic operator which was awarded the contract.

Higher transparency in public procurement is also guaranteed through an important project: the IT solution named STATIST, widely available from the end of January 2016. It ensures an integrated, direct and modified publication of information on public contracts awarded in the Republic of Slovenia. STATIST contains all information on public contracts awarded since January 1, 2013; each user can examine the data using various filters. The application displays, for the chosen timeframe, in terms of contract value, ten largest contracting entities and ten largest tenderers, most frequently awarded contracts, according to the subject and legal basis. The data can be exported in a .csv format, which enables its re-use.

It is worthwhile to mention that the Public Payments Administration of the Republic of Slovenia in accordance with the Slovenian Public Information Access Act is authorized for the publication of account transactions of persons subjected to public information. They prepared an online application which offers an insight into the public information on transactions carried out by public economic institutions, public corporations, business entities 100% owned by public sector entities and other users of budget resources registered in the Public Sector Authorities Register managed by The Agency of the Republic of Slovenia for Public Legal Records and Related Services. The Public Payments Administration acquires transaction data from its own records; transaction data of other entities is acquired from commercial banks which manage their current accounts.

The above mentioned obligatory use of public procurement portal, the widely used e-procurement solutions, public publications of documents and contracts made during the public procurement procedure, the technical solutions made to monitor public spending, etc, are all meant to empower the media, civil society organizations and the wider public. They are encouraged to use the data and scrutinize public procurement.

2.5

Aiming to reduce corruption risks ZJN-3 provides that contracting authorities must effectively prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures so as to avoid any distortion of competition and to ensure equal treatment of all economic operators.

ZJN-3 is stricter concerning provisions regulating the prevention of conflict of interests. Before awarding the contract, the person conducting the procurement procedure must notify in writing all persons involved in the preparation of the procurement documents or in the decision-making at any stage of the procurement procedure of which tenderer is to be awarded the contract. When the person is directly or indirectly associated with the selected tenderer in such a way that this person's relationship with the successful tenderer or its private, financial or economic interests could affect the impartial and objective performance of his or her contract-related tasks or cast doubt on his or her objectivity and impartiality, he or she must, as soon as circumstances allow but no later than before the contract is awarded, notify in writing his or her superior or the contracting authority for which he or she performs activities or in any other way participates in the procurement.

Before launching a procurement procedure, contracting authorities may conduct market consultations with a view to preparing the procurement and informing economic operators of their procurement plans and requirements. For this purpose, contracting authorities may conduct a technical dialogue to seek or accept advice which may be used in the preparation of the procurement documents, if such advice or recommendations do not have the effect of preventing or restricting competition and do not result in a violation of the principles of equal treatment of tenderers or the transparency of public procurement. Where a candidate or tenderer or an undertaking related to a candidate or tenderer has advised the contracting authority or has otherwise been involved in the preparation of the procurement procedure, the contracting authority must take appropriate measures to ensure that competition is not distorted by the participation of that candidate or tenderer. These measures include dissemination of such information to other tenderers and application of appropriate time limits for the receipt of tenders.

Besides the above mentioned ZJN-3 also defines exclusion grounds. Contracting authorities must exclude an economic operator from participation in a procurement procedure where they have established or are otherwise aware, that that economic operator or a person who is a member of the administrative, management or supervisory body of that economic operator or has powers of representation, decision or control

therein has been the subject of a conviction by a final judgment containing elements of several criminal offences. Furthermore, the economic operator may be excluded also if the economic operator has been guilty of serious misrepresentation in supplying the information required for the verification of the existence of grounds for exclusion or of the fulfilment of the selection criteria, has withheld such information, or if the economic operator has undertaken to unduly influence the decision-making process of the contracting authority, to obtain confidential information that may confer upon it undue advantages in the procurement procedure, or to negligently provide misleading information that may have a material influence on decisions concerning exclusion, selection or awarding. They may exclude an economic operator regardless of whether such exclusion was provided for in the procurement documents.

The Ministry of Public Administration, the Public Procurement Directorate for the purposes of joint procurements and procurements on the behalf of the authorities of the Republic of Slovenia carries out joint public procurements of the Government in accordance with the act on public procurement, as well as other procurements for which the Government authorised the Ministry of Public Administration. It also gathers the needs of the authorities of the Republic of Slovenia and proposes to the Government joint public procurements, as well as manages the information system which, in line with the contract or framework agreement, enables the awarding of an individual contract. Ministry of Public Administration also carries out joint public procurement in the health sector (procurement of medication, diapers, gloves, needles, supplies, dilation material and catheters, etc).

Following the Integrity and Prevention of Corruption Act persons responsible for public procurement have an obligation to declare their assets to the Commission for the Prevention of Corruption. Persons responsible for public procurement must communicate the information on their assets to the Commission once a year by January 31 of the current year for the previous year if in the previous year they participated in a public procurement procedure.

In order to ensure transparency and to mitigate corruption risks any public-sector body or organisation which is subject to the obligation to carry out public procurement procedures must prior to the conclusion of contract exceeding the value of EUR 10.000 (net of VAT) obtain a statement or information on the participation of natural and legal persons in tenderer's assets, including the participation of economic operators which are considered to be companies affiliated to the tenderer under the provisions of the Companies Act. The public-sector body or organization must

submit this statement or information to the Commission at the latter's request. In the event that the tenderer submits a false statement or provides false information on the facts stated, the contract is null and void.

An important part of fraud detection is also the protection of whistleblowers. The Integrity and Prevention of Corruption Act states that the identity of a whistleblower, i.e. the person who reports instances of corruption, must not be disclosed. In connection with the report of corruption the conditions for the protection of the reporting persons and his family members can be fulfilled also under the law on witness protection. If as a consequence of filing the report the reporting persons have been subjected to retaliatory measures, they have the right to claim compensation.

Under the Integrity and Prevention of Corruption Act an official must also not act as a representative of a business entity that has established or is about to establish business contacts with the body in which the official held office until two years have elapsed from the termination of his office. The body in which the official held office must not do business with the entity in which the former official has a minimum 5% participation in the founders' rights, management or capital, either by direct participation or through the participation of other legal persons until one year has elapsed from the termination of the office.

2.6

The monitoring of the system is greatly based on our e-procurement system which is built with different levels of interoperability in mind. Through e-procurement the ministry, as well as media and wider public, can see documents and contracts connected with public procurement procedures. The ministry uses the data for its overview and monitoring. The data on the contracts awarded in the previous year and communicated by contracting authorities to the public procurement portal is processed. The ministry responsible for public procurement must, not later than by September 30 of the current year, prepare a statistical report on contracts awarded in the Republic of Slovenia using the data on contracts awarded in the previous year. A statistical report includes contracts as a share of GDP and expenditure in the national budget and, at least, data on the number and value of the contracts awarded. Where possible, the data is divided into the following categories:

- category, activity and size of the contracting authority;
- public procurement procedures applied by contracting authorities;
- techniques and instruments for electronic and aggregated procurement;

- subject-matter of the contract and categories of the CPV nomenclature;
- any social, ethical and environmental aspects taken into account in the award of the contract;
- head office and size of the economic operator to which the contract was awarded;
- contracts that were subcontracted;
- contracts co-financed by European Union funds.

Better monitoring is provided also for the contracts whose value is estimated to be less than the thresholds for the application of ZJN-3 (see footnote n.1). Even in these cases the contracting authority must annually publish on its website or on the public procurement portal a list of public contracts awarded in the previous year with a value equal to or greater than EUR 10,000 net of VAT, describing the subject-matter and indicating the type of subject-matter, the value of the awarded contract net of VAT and the name of the economic operator which was awarded the contract. Information on these contracts is also included in the yearly statistical report, described in the previous paragraph.

More means of monitoring are available through the IT solution named STATIST that ensures an integrated, direct and modified publication of information on public contracts awarded in the Republic of Slovenia. STATIST contains all information on public contracts awarded since January 1, 2013; each user can examine the data using various filters. The application displays, for the chosen timeframe, in terms of contract value, ten largest contracting entities and ten largest tenderers, most frequently awarded contracts, according to the subject and legal basis.

Ministry of Public Administration, Public Procurement Directorate also carries out tasks of providing general non-binding written interpretations of the Slovenian Public Procurement Act, ensuring the publication of useful information on public procurement and preparation of recommendations, guidelines and manuals for procurement practitioners in different areas (such as construction, engineering services and IT services) and preparation of sample tender documentations, etc. Furthermore, Ministry of Public Administration is operating a telephone consultation service for public procurement practitioners twice a week. Telephone consultations are available and primarily aim to support contracting authorities throughout the whole procurement procedure, from preparation of tender documentation to publication and execution of the contract. As this initiative proved to be useful for contracting authorities, the Slovenian government decided to strengthen it with the development of an enhanced helpdesk. Helpdesk enables contracting authorities to receive advice in the preparation of tender documentation and

implementation of public procurement procedure or the performance of contractual provisions. This will enhance professionalisation in public procurement and ensure administrative capacity for implementation and application of EU rules on public procurement. The Ministry of Public Administration, Public Procurement Directorate, also carries out free presentations of public procurement legislation and good practices on different locations across Slovenia. All mentioned measures help us monitor both the troubles and the needs of contracting authorities and economic operators in public procurement procedures.

2.7 - YES

2.8

Regarding the provision of e-procurement we would like to clarify that the Ministry of Public Administration, as the ministry responsible for public procurement system in Slovenia, developed a public »state-developed« system called »eJN« (elektronsko javno naročanje) that fulfils all requirements of applicable directives and is free of charge. However, usage of system »eJN« is not mandated to be used in e-procurement procedures in Slovenia (i.e. also systems that were developed by private sector can be used).

Current version of »eJN« contains five modules (eSubmissions, eAuctions, eDodssier, eCatalogue and eInternal procedures for public authorities). Individual modules were built on different platforms by three different contractors.

In 2017 the Ministry carried out a public procurement procedure for the selection of a contractor for technological renewal and maintenance of the »eJN« system and signed a contract with the selected bidder. Within the framework of the technological renewal of the system, individual modules will be integrated into a comprehensive system on a single platform. At the end of 2017 the contractor started with development for renewal of module eSubmission and it is planned that it will be available to all users of the system (public authorities and economic operators) in the beginning of April 2018.

2.9

As mentioned above we developed an IT tool named "STATIST". Its purpose is to provide a higher form of transparency in the field of public procurement. The application is in use since January 2016 and enables a complete and thorough overview over public contracts, awarded via

public procurement in Republic of Slovenia. STATIST contains all information on public contracts awarded since January 1, 2013. Each user can examine the data using various filters. The data can be exported in a .csv format, which enables its re-use.

The application is published ([link](#)) on the site of electronic public procurement, owned by the Ministry of Public Administration and its use is free of charge. The tool is designed to empower the media, civil society organizations and the wider public in their scrutiny of public procurement. The application, when launched, was well received and helps media prepare their reports. We noticed that since its launch we have fewer questions, posed by the media, since they can find the answers for themselves.

The application automatically displays, for the chosen timeframe, in terms of contract value, ten largest contracting entities and ten largest tenderers, most frequently awarded contracts, according to the subject and legal basis. Each user can use the tool according to its needs using various filters, i.e. search parameters like the contracting authority (name, region of registered seat of the company), procedure (type of procedure, legal basis, CPV) and tenderer (name, country and region of registered seat of the company). Users can easily add and remove various filters and thus limit or wider the search according to their needs. The data is updated once a day.

Secondly, we would like to share the good practice of preparing and publishing Guidelines for procurement practitioners in different areas. After the new ZJN-3 entered into force in April 2016 Slovenia decided to raise awareness and help practitioners with using the new rules. Guidelines are part of soft law, their use is not mandatory, but well recommended. We started the preparation of first guidelines slowly and thoroughly. We invited the ministries and several Chambers of commerce (who are in jurisdiction in appropriate subject fields) to participate with recommendations, solutions and exposing of practical problems. The first (Guidelines on ordering architectural and engineering services) were launched in June 2016. They were followed by Guidelines on public procurement in construction in December 2016 and Guidelines on IT solution services in January 2017. Shortly Guidelines on private security services and Guidelines on cleaning services will also be published.

We find the process and preparation of Guidelines itself an example of good practice for professionalization of public buyers. All Guidelines contain references and examples on how should a typical public procurement procedure in the subject field under consideration go about. They address the whole “life circle” of the procedure using several tools, enabled by ZJN-3, with the goals of enabling wide competition and getting

	the most for public money. They include several examples of good practices.
SK	2.1 - YES
	2.2 - YES
	2.3 - YES
	2.4 The Public Procurement Office (hereinafter as “PPO”) has implemented systematically since 2014 measures to enhance transparency and integrity like electronic profile of contracting authorities, registry of persons banned on participation in public procurement, registry of beneficial owners (invented by the PPO and in February 2017 updated by the Slovak Ministry of Justice), compulsory disclosure of all remedies decisions. All information about the public procurement procedure are updated, public available and free of charge
	2.5 The above mentioned measures not only helped to enhance transparency & integrity, but also helped to prevent and detect a fraud or corruption. All these measures are a very useful tools for the public control. In 2017 the PPO was an active member in working group of Member States' experts, directed and coordinated by the Fraud Prevention, Reporting and Analysis unit in the European Anti-Fraud Office (OLAF) which has created a handbook “Fraud in Public Procurement, A collection of Red Flags and Best Practices.”
	2.6 For better monitoring of secondary policies (social aspects, innovation and green public procurement) PPO has added a voluntary field into the template of contract notice. These measures shall help the state entities by the monitoring of the use of secondary policies in public procurement. According to the upcoming electronization of all procedures in public procurement with the use of electronic systems, all procedures will be recorded and automatically stored. This will help the state entities by the detection of fraud, corruption or irregularities in the public procurement procedure.
	2.7 - YES
	2.8. PPO has done the first step to fully electronisation and had cooperated on the development of the national e-procurement strategy with the OECD. On the national level PPO closely cooperates with the Deputy Prime Minister’s Office.
	2.9

	<p>PPO has good experiences with the Registry of beneficial owners. The aim of the registry of beneficial owners is to enhance the transparency of the public sources management in public procurement. The main reason for this is to ensure that the public procurement contract is concluded only with economic operators that have a known ownership structure up to the level of natural persons. Since 1 February 2017, a new act on registry of partners of the public sector (before known as “Registry of beneficial owners”) entered into force that covers all contracts financed from public sources. The registry of partners of the public sector is after the stricter regulation managed no longer by PPO, but by the Slovak Ministry of Justice. Pursuant the new act the identification and verification of the beneficial owner is carried out by an authorized person, such as by a lawyer, a notary, a bank, an auditor or a tax advisor. The registry is public available and free of charge.</p>
FI	2.1 - YES
	2.2 - YES
	2.3 - YES
	2.4
	<p>i) All call for bids (over threshold) are published in single website ii) Planned purchase and preliminary schedule for purchase published in a single website at the beginning of year for the government's contracting authorities iii) Data for state spending available to all interested. (Based on invoices, allows to monitor from who the state or individual agency is buying, who are the biggest suppliers etc.) The information is published as open data and in web service www.tutkihankintoja.fi iv) In accordance with Act on the Openness of Government Activities all official documents are freely available for anyone asking once the confidential information is removed.</p>
	2.5
<p>i) Supervising authority for public procurement established</p>	
2.6	
<p>i) Data for state spending available to all interested. (Based on invoices, allows to monitor from who the state or individual agency is buying, who are the biggest suppliers etc.) The information is published as open data. www.tutkihankintoja.fi ii) Similar information is available for the big cities/municipalities. iii) Finnish Competition and Consumer Agency is monitoring the public procurement. FCCA’s monitoring action concentrates especially on</p>	

	illegal direct award
	2.7 - YES
	2.8 i) e-Tendering process available to all procurement units and all bidders ii) The automatic (thru e-procurement system) check of bidders acceptability available for all purchasing units. (information on criminal records not yet available)
	2.9 N/A
SE	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	2.4 Public access to official records is a fundamental principle in the Swedish legal culture. The principle is codified in the three national public procurement laws as part of the principle of transparency.
	2.5 The National Agency for Public Procurement has the governmental task of supporting contracting authorities in carrying out public procurement according to existing legal obligations. Also, the Swedish Competition Authority has the governmental task of monitoring public procurement carried out in Sweden with the mandate of imposing financial sanctions.
	2.6 In addition to the work carried out by the Swedish Competition Authority (see reply to question 2.5) the National Agency for Public Procurement conducts yearly inquiries among contracting authorities.
	2.7 <input checked="" type="checkbox"/> YES
	2.8 In Sweden all contracting authorities are required to conduct their procurement by use of electronic means. However, Sweden for example does

	not yet have a common electronic platform for all public procurement.
	<p>2.9</p> <p>In the National Public Procurement Strategy the Swedish government manifests how public procurement can be used as an efficient tool to ensure sustainable development (http://www.government.se/4aba88/contentassets/9ec42c71c00442a39d67169d3c25faed/national-public-procurement-strategy.pdf).</p>
UK	2.1 <input checked="" type="checkbox"/> YES
	2.2 <input checked="" type="checkbox"/> YES
	2.3 <input checked="" type="checkbox"/> YES
	<p>2.4</p> <p>In order to ensure that documents related to public procurement are published and made accessible, Central Government buyers must publish all tender documents and contracts with a contract value of over £10,000 on the Contracts Finder website, wider public sector bodies (e.g. local government buyers) have to publish all contracts worth over £25,000. Guidance for buyers is available on the gov.uk website. Central government departments also proactively release information in line with the above commitments during the life of the contract.</p> <p>As part of the Government's transparency policies, all beneficiaries of EAGF and EAFRD aid are published on a public UK website managed by the UK Co-ordinating Body on behalf of the four paying agencies. In the UK the main CAP schemes that involve procurement are financed under EAFRD and primarily involve capital-build projects. Scheme rules require the work to be tendered on national procurement websites and the EU Official Journal depending on the value of the contract. The monitoring my managing authority and paying agency officials of project applications focuses on procurement as being a key control. All paying agencies have independent and dedicated staff specifically qualified to undertake public procurement duties.</p>
	<p>2.5</p> <p>Business areas within Government departments are required to perform risk assessments of all financial programmes to ensure they build-in good controls to manage the risk of fraud where there are vulnerabilities or by designing them to be inherently less vulnerable to fraud. For example, paying agencies</p>

undertake a number of checks throughout the procurement process designed to prevent and detect potential corruption and fraud. The checks include internal checks by senior management, internal audit departments and human resource sections. The system of checks also includes sharing information with external government departments and agencies including undertaking checks designed for specific schemes to avoid duplicate funding. Checks are carried out on staff to ensure there are no conflict of interests and staff rotation takes place where there are sensitive posts.

2.6

The UK government has ensured that there are a range of reviews to monitor the public procurement system. For example, the Crown Commercial Service provides a Mystery Shopper Service which allows government suppliers and potential government suppliers to raise concerns anonymously about potentially poor public sector procurement practice. This ensures that concerns can be raised and will be followed up on to ensure that public procurements do not impose unnecessary barriers, particularly to small businesses, when bidding for public contracts.

For shared management programmes, internal and external reviews are regularly undertaken to ensure there is compliance with the rules of public procurement. In particular, the rural development programmes have robust systems in place to verify the authenticity and reasonableness of quotes submitted by applicants.

2.7 **YES**

2.8 The Crown Commercial Service has published guidance on electronic procurement and electronic communication on the gov.uk website. UK policy for e-communication is included in our overarching policies such as the Open Standards Principles (<https://www.gov.uk/government/publications/open-standards-principles/open-standards-principles>), which were updated in April 2018, and the UK Digital Strategy (<https://www.gov.uk/government/publications/uk-digital-strategy>)

For paying agencies, procurements are approved via a work-flow process embedded within on-line finance systems. This operates within set paying agency financial delegations ensuring control, assurance and availability of audit trails.

2.9 We do not have any practices which we are ready to share at this stage.

Looking at the detections reported by national authorities over the last five years for the main expenditure sectors, there is no significant divergence from known patterns. There are small variations in annual programmes, such as those financed by the EAGF, from one year to another. Multiannual programmes follow a different pattern, linked to the programming cycle, with a low number in the first years of the programme increasing towards its closure.

This year's analysis has been further deepened and refined to enable better targeting of specific areas at risk. This was possible because of the quality of the reported data, which is progressively improving. However, more improvements could be made.

Recommendation 3

- **When reporting irregularities (fraudulent and non-fraudulent), all competent authorities are asked to provide information about the location and, for cohesion and fisheries policies, the priority area of the measures/projects affected.**
- **When updating irregularities previously reported Member States are also asked to provide this information if they have not done so already.**

Questions (Recommendation 3):

3.1 *Did you take measures to enhance the quality of reporting by providing information about the location and for cohesion and fisheries policies the priority area of the measures/projects affected? (if yes, next question is 3.2.a) (if no, question is 3.2.b)*

3.2.a *What kind of measures did you take to enhance the quality of reporting? Please explain*

3.2.b *Why didn't you take any measure to improve data quality?*

3.3 *Did you update already reported irregularities with the required information? YES / YES partially (Please explain)/ NO (Please explain)*

3.4 *Do you have any successful practice that you would be ready to share with other Member States? Please explain.*

BE	3.1 <input checked="" type="checkbox"/> NO (if no, question is 3.2.b)
	<u>Contribution VO Department of Agriculture and Fisheries:</u>

	To date, no irregularities have been reported to OLAF (> EUR 10 000) in respect of the Flemish Fisheries Fund.
	3.2.a N/A
	3.2.b
	<u>CONTRIBUTION VO Department of Agriculture and Fisheries:</u> Should irregularities/fraud be reported in the future, the Department will pay due attention to the quality of the data provided.
	3.3 <input checked="" type="checkbox"/> NO
	3.4 N/A
BG	<p>With regard to the statement of expenditure, when reporting irregularities to the European Anti-Fraud Office (OLAF), the managing authorities of all operational programmes adhere strictly to the requirements of the national legislation in the area of managing and reporting irregularities, as well as to the OLAF guidelines concerning the input of information in the Irregularities Management System (IMS).</p> <p>Each managing authority (MA) has adopted a management manual for the respective operational programme, in which the principles and procedures for managing irregularities are specified in detail. The managing authorities maintain a transparent and traceable system for the registration and storage of documentation, in accordance with the respective record-keeping system, including in an electronic format in the modules of the Information System for the Management and Monitoring of EU Structural Instruments in Bulgaria (ISUN) for the 2007-2013 programming period, the Information System for the Management and Monitoring of EU Funds for the 2014-2020 period (ISUN 2020), and the IMS for cases pursuant to Article 122(2) of Regulation (EU) No 1303/2014. Each MA has appointed irregularities officers who are responsible for applying the procedures for managing irregularities, including entering information in the electronic systems.</p> <p>At national level, measures have been put in place so that for each irregularity reported, information on the location of project implementation is included.</p> <p>The AFCOS directorate carries out quality controls of the irregularities that are to be reported to OLAF through the IMS system, checking whether the NUTS (Nomenclature of territorial units for statistics, as per Regulation (EU) No 1059/2003) fields are filled in in the section</p>

	<p>‘Territorial unit where the operation is carried out’. If information is found to be missing, the respective irregularity is sent back to the managing authorities with instructions to fill it in. In addition, the AFCOS directorate regularly conducts training courses for the irregularities officers of the managing authorities, which emphasise the need to fill in the information in the section ‘Territorial unit where the operation is carried out’ and give a technical demonstration of how to fill in the dropdown forms.</p> <p>In the national ISUN system for the 2007-2013 programming period, the information on the location of contract implementation can be found in the attached files in the module ‘Contract information’. For the 2014-2020 programming period, in the national system ISUN 2020, the information on the location of project implementation can be found in the application form, which forms part of the administrative contract with a given beneficiary. This allows direct access to this information and minimises the risk of incorrect information being entered.</p> <p>When carrying out quality control of the reporting of irregularities to OLAF, the AFCOS directorate requires that the information in section ‘territorial unit where the operation is carried out’ be filled in in any follow-up notifications concerning already reported irregularities. It is possible for this information to be missing only in isolated cases, due to technical reasons. (in approximately 16 cases out of 938).</p> <p>The AFCOS directorate carries out training courses for staff working with IMS, following the "training for trainers" courses conducted by OLAF. In 2017, four courses were held, training 42 staff members of the competent authorities.</p>
CZ	3.1 <input checked="" type="checkbox"/> NO (if no, question is 3.2.b)
	3.2.a N/A
	<p>3.2.b</p> <p>We have had no irregularities in the Operational Programme for Fisheries 2014-2020. During the last programming period, the information about the location and priority area was provided through AFCOS. Now it will be the same.</p>
	<p>3.3 <input checked="" type="checkbox"/> NO</p> <p>We have had no irregularities in the Operational Programme for Fisheries 2014-2020. During the last programming period, the information about the location and priority area was provided through AFCOS. Now it will be the same.</p>

	<p>3.4</p> <p>We have had no irregularities in the Operational Programme for Fisheries 2014-2020. The recovery of the funds in the Czech Republic is provided through the Managing Authorities. In case of a breach of budgetary discipline the recovery is provided through the Tax Authorities. As the Tax Authorities are bodies outside the implementation structure, the independency is secured. Cooperation proceeded without any major problems.</p>
DK	<p>3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)</p>
	<p>3.2.a</p> <p>There is continued emphasis in the area of the structural funds on improving the internal procedures for reporting irregularities, including the information transmitted via IMS.</p> <p>The staff members responsible for reporting on the agricultural funds have received additional guidance on where they can find the relevant information in our case systems, and the importance of including the information has been emphasised.</p> <p>We have also used the current examples from OLAF's e-mails or COCOLAF meetings concerning data quality in order to identify which IMS fields we should check with regard to data quality in connection with the original reporting for the agricultural funds.</p> <p>So as to ensure compliance with the deadlines for OWNRES reports, the relevant staff members are notified well in advance, thus ensuring that the reports are submitted on time. Well-established, good cooperation exists between staff in the customs department and the accounts department. The OWNRES cases are drawn up and submitted in accordance with the applicable rules, and it is ensured that there is a connection between the B account and the OWNRES reports.</p> <p>Internal guidelines have been drawn up to ensure that SKAT correctly settles the European Union's own resources relating to customs duty in accordance with the applicable regulation. Those guidelines provide an overview of the rules and procedures for all settlements of the EU's own resources relating to customs duty. The guidelines also lay down rules for OWNRES reporting. They are updated regularly. Finally, please note that the area is subject to SKAT's internal quality assurance procedures.</p>
	<p>3.2.b N/A</p>
	<p>3.3 <input checked="" type="checkbox"/> YES partially (Please explain)</p>

	<p>We ensure that open cases relating to structural funds contain information on the area and the priority. In the area of agriculture, existing reports are also updated with that information in the context of any new developments in the case.</p> <p>3.4 N/A</p>
DE	<p>3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)</p>
	<p>3.2.a To supplement OLAF's IMS-5 manual, a working document (guidance) was drawn up in cooperation with the reporting authorities in the Federal <i>Länder</i> to support and improve the reporting of irregularities. Department E A 6 of the Federal Finance Ministry, responsible for coordinating reports, has set up a permanent Federation-<i>Länder</i> working party on 'Irregularities', to share experiences and information, and also serves as a national helpdesk to ensure uniform and compliant reporting practice, including information on the place in which an irregularity was committed and on the priority axis of the measures/projects concerned in the fields of cohesion and fisheries policy. The Country Officers of Department E A 6 also conduct quality checks on every individual IMS report (request) and, where clarification is needed, check with the competent reporting authority before forwarding the report to OLAF.</p>
	<p>3.2.b N/A</p>
	<p>3.3 <input checked="" type="checkbox"/> YES fully</p>
	<p>3.4 See comments in Box 3.2a</p>
EE	<p>The Agricultural Register and Information Board reports the irregularities of fisheries policies. The priority area of the measures / projects affected (IMS fields 3.11, 3.12) is always keyed in.</p>
	<p>3.1 YES (if yes, next question is 3.2.a)</p>
	<p>3.2.a The officials of the Responsible Authority for the AMIF and ISF (the Estonian Ministry of the Interior) were trained and started to use the IMS.</p>

	<p>Previously a Word file was used for submitting the report to the Ministry of Finance.</p> <p>3.2.b</p> <p>The Managing Authority for Cohesion have not added any priority information so far, because the OLAF priority axis list in field number 3.11 and the Estonian national priority axis do not match. We cannot choose right priority at the moment, so we leave this box blank. We can improve it after our national priority axis in the IMS has been added. There is a problem in the IMS field number 3.12 “theme” as well – we cannot choose the right theme names either.</p> <p>We do not have any problem in the location information – when we report the irregularities, we import the data from our national Managing Information System (we get the location information automatically from our business register there).</p> <p>3.3 NO See the previous answer.</p> <p>3.4 N/A</p>
IE	<p>3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)</p> <p>3.2.a</p> <p>When reporting irregularities we made every effort to provide detailed information and where possible we included information on the location and priority area of the project.</p> <p>3.2.b N/A</p> <p>3.3 <input checked="" type="checkbox"/> YES partially (Please explain)</p> <p>This process commenced as part of the closure of the existing programmes and is ongoing at present.</p> <p>3.4 Do you have any successful practice that you would be ready to share with other Member States? Please explain.</p> <p>Only those that are set out in the above paragraphs.</p>
EL	<p>3.1 <input checked="" type="checkbox"/> NO (if no, question is 3.2.b)</p> <p>3.2.b</p>

	The handbook issued by OLAF is used and applied, so there has been no need for any additional measures.
	3.3 <input checked="" type="checkbox"/> YES fully
	3.4 The handbook issued by OLAF is applied.
ES	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)
	3.2.a In 2017, a number of seminars were organised on the reporting of irregularities in accordance with the obligations laid down in relevant EU legislation. The seminars were designed for staff working for the managing authorities, who are responsible for filling in the fields with the various items that must be communicated using the IMS application. The seminars involved a very practical component, whereby the participants were instructed how to fill in the most important fields, including the two mentioned in this recommendation, emphasising the need to complete all the fields.
	3.2.b N/A
	3.3 <input checked="" type="checkbox"/> NO
	We will assess whether additional measures are needed to ensure that the fields relating to location and priority area are completed correctly.
	3.4 N/A
FR	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)
	3.2.a Regarding the EU agricultural funds (EAGF/EAFRD), the irregularities reported to OLAF are verified and corrected by the Secretariat of the Inter-ministerial Commission for the Coordination of Inspections (CCIC) for the EAGF ('Mission COSA' [checking of operations in the agricultural sector] of the General Economic and Financial Control and Auditing Body (CGEFI) (Ministry of the Economy and Finance), in cooperation with the paying agencies (ASP; FRANCEAGRIMER; ODEADOM; ODARC). This close cooperation takes place through telephone and digital communication between the liaison officer of the Secretariat of 'Mission COSA' and the official correspondents

	<p>(‘managers’) of the paying agencies. Regarding the European Structural and Investment Funds (ESIF), France is currently developing its information system (SIFA-SYNERGIE) to enable automated processing of alerts to OLAF.</p>
	3.2.b N/A
	3.3 <input checked="" type="checkbox"/> YES fully for the agricultural funds <input checked="" type="checkbox"/> YES partially for the ESIF (see above)
	3.4 N/A
HR	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)
	<p>3.2.a Employees of Croatian AFCOS Service perform quality checks of Irregularity Reports taking into account criteria stipulated in relevant regulations (e.g. Commission Delegated Regulation (EU) 2015/1970). If mistakes or omissions are identified during the quality check, Irregularity Reports are rejected and sent to their creators for correction. In addition, AFCOS Service keeps a list of the most common mistakes. This list is a useful tool for eventual new employees of the AFCOS Service who are supposed to perform Irregularity Report quality checks and it is consulted in preparation of trainings for Irregularity Reporting System bodies.</p>
	3.2.b N/A
	3.3 <input checked="" type="checkbox"/> NO
	<p>Since Employees of Croatian AFCOS Service perform quality checks of Irregularity Reports and send Irregularity Reports found to be incomplete to their creators for correction, there were no cases where already reported irregularities had to be updated with the required information.</p>
	3.4 N/A
IT	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)
	<p>3.2.a <u>Contribution of the Italian AFCOS (Anti-Fraud Coordination Service):</u> As the national ‘manager’ of the IMS (Irregularities Management System), the Italian AFCOS has, over time, issued all authorities reporting</p>

	<p>cases of irregularities/fraud, with specific provisions concerning the need to implement the parts of the system dedicated to the beneficiary's 'geolocation' and the place where the offence was committed.</p> <p><u>Contribution of the Agency for Territorial Cohesion:</u></p> <p>The Agency for Territorial Cohesion uses the Irregularities Management System as an instrument for drawing up and submitting irregularity reports (notifications) to the European Commission's Anti-Fraud Office (OLAF). This instrument consists in a series of fields that can be used to provide information on the location and priority areas of the measures / projects in question. For example, there are fields relating to territorial information (country, NUTS), both at the level of the personal data of people involved in the irregularities and at operational level. These fields are completed when a new report is opened, in order to comply with the abovementioned recommendation.</p>
	3.3 <input checked="" type="checkbox"/> YES fully
	<p>3.4</p> <p><u>Contribution of the Italian AFCOS (Anti-Fraud Coordination Service):</u></p> <p>Every year, the Italian AFCOS schedules and runs various training courses aimed at explaining to the users of the IMS system who may be interested (sub-managers, creators and observers) how the web platform for the reporting of irregularities/fraud works, and in the light of the changes related to the latest version of IMS (IMS4 and IMS5). This initiative, which has had considerable success, has become best practice and will be replicated in the future with more annual events, possibly also at regional level.</p>
CY	3.1 <input checked="" type="checkbox"/> NO (if no, question is 3.2.b)
	3.2.a N/A
	<p>3.2.b</p> <p>In the national system (MIS) for reporting irregularities, (common system used by all authorities involved in the management of the Funds) all information for the irregularity is reported and available to all, including its location, measure, priority, project, contract, invoices etc. For cases that need to be reported to OLAF (e.g. suspicion for fraud, irregularities above the set threshold etc) all the above information is included in the reports submitted to the AFIS system.</p>

	3.3 <input checked="" type="checkbox"/> YES fully
	3.4 N/A
LV	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)
	3.2.a Ministry of Finance (Managing authority of ERDF, ESF, CF) gave the information, that in the year 2017, there were no OLAF requests to check and ensure that all the information about the location and the priority area of the measures/projects affected is complete and correct in IMS, therefore they consider that the data quality regarding location and the priority area of the measures/projects affected is appropriate. As there were some OLAF e-mails regarding missing data in IMS, the Managing Authority of cohesion policy asked to national authorities involved in ESI funds administration to perform a quality control on open cases and, if necessary, till 27.11.2017 to update the information in all mandatory fields (including the location and the priority) on reported irregularities. Ministry of Agriculture (Managing authority of EAFRD and EMFF) gave the information that that all the necessary data were registered and confirmed in system.
	3.2.b N/A
	3.3 <input checked="" type="checkbox"/> YES fully (<i>information given by Ministry of Agriculture</i>) <input checked="" type="checkbox"/> YES partially (Please explain) (<i>information given by Ministry of Finance</i>) The reason for amending all open cases was to get a clear picture of the current situation and to avoid administrative burden to national authorities involved in ESI funds administration.
	3.4 N/A
LT	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)
	3.2.a The following measures have been taken: - internal legal acts have been improved and amended by the National Paying Agency under the Ministry of Agriculture – the last amendment

	<p>was made on 11/12/2017;</p> <ul style="list-style-type: none"> - European Maritime and Fisheries Fund (EMFF) was administered manually and now it is systemised (has been transposed to the Sub-system for Administration of the Measures of the Rural Development Programme for Lithuania 2007-2013 (KPPAIS2 sub-system)); - the list creation function was improved, EMFF programme was included and modification for including only those irregularities which exceed EUR 10 000 was introduced in the Oracle Accounting System. <p>When reporting the irregularities, the IMS is used and the relevant fields of IMS are filled. Before the IMS is filled, responsible employee of the Managing Authority (MA) checks the reports about the irregularities which after each quarter are sent by implementing agencies to the MA via national IT system for the EU funds (Structural Funds Management Information System (SFMIS)). The MA checks whether the information in SFMIS is correct and fills the check-list which helps to indicate which irregularities meet the requirements for reporting laid down in the EU regulations. After the check-list is filled, the employee of MA (IMS creator) enters the data of irregularity in IMS and fills-in all the relevant data fields. This information then is checked by other MA employee (IMS manager) and sent to OLAF.</p> <p><u>As it is not convenient to check the information in the IMS directly and these data fields (<i>the location and the priority area of the measures/projects affected</i>) are not mandatory (IMS does not show error messages if these fields are left empty), it is easy to skip the information and there is a high risk of technical errors. To mitigate this risk, before sending the reports to OLAF, their information will be exported from IMS to Excel file, where it will be easier to indicate the missing data and then to correct it in the IMS.</u></p>
	3.2.b N/A
	3.3 <input checked="" type="checkbox"/> YES partly
	The information of irregularity is updated in the IMS quarterly, if in that quarter the information of irregularity, about which the report was sent to OLAF before, was updated in national IT system for EU funds (SFMIS).
	3.4 Information update is made on a regular basis in accordance with the regulation provisions.
LU	3.1 No information
	3.2 No information
	3.3 No information
	3.4 No information

HU	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)
	3.2.a Irregularity reports affected by the recommendation were identified with regard to programming periods and funds affected under sectoral regulations. In a professional event and by a written guideline, the Hungarian AFCOS informed organisations participating in reporting about the importance of recording the indicated information, simultaneously requesting the proper implementation of the recommendation.
	3.2.b N/A
	3.3 <input checked="" type="checkbox"/> YES partly (Please explain) Yes, information was partially updated in irregularity reports. In the first reports, Hungarian organisations continue to pay special attention to the recording of data in line with the recommendation according to the usual practice. Besides, Hungary started to update reports prepared several years ago in the form of a retroactive data transmission in the framework of implementing the recommendation. We plan to send reports with complementary information to OLAF in every case by the reporting deadline for 2017.
	3.4 AFCOS, which is engaged in the coordination of irregularity reporting, provides a personal training course for all new users of IMS before using the system which, apart from the technical description of the application of the IMS, includes the presentation of information to be recorded in the report, too. According to this practice, all Hungarian staff members participating in reporting activities can start their work with proper skills in this area. With the participation of Hungarian organisations engaged in reporting activities, AFCOS established an expert level forum (Irregularity Reporting Task Force) which aims to fully comply with the irregularity reporting obligations of Member States imposed by sectoral EU Regulations in a uniform way and to promote the utilisation of the content of irregularity reports in order to prevent fraud/irregularities. The Task Force meets depending on actual reporting-related developments.
MT	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a) The Planning & Priorities Coordination Division (PPCD) and the Funds and Programmes Division (FPD) submitted the replies pertaining to Recommendations 3.1 & 3.2 and are being reproduced in this document.

3.2.

With respect to Cohesion policy, the reporting was improved by providing information on the investment priority of the measures/projects affected. The Maltese Authorities are of the opinion that there is limited use in further improving the reporting by including the location, in view of the limited size of Malta, which would lead to no relevance of such specific reporting requirement, as there is no added value.

Furthermore, for the 2014+ programming period, the Management Information System used to record and disseminate information on financial corrections has been further improved and now has enhanced capabilities to provide analysis on the irregularities reported. Such enhancements include the name of the Category of Intervention the operation in question falls within together with the Type and Category of irregularity determining the case being reported (which mirrors the data being captured on the IMS as managed by OLAF).

Such module, although managed by the MA, will also be available for viewing for the stakeholders including AFCOS - Malta. This measure is in line with Article 122(3) of the Common Provision Regulation stating that all exchanges of information between beneficiaries and a managing authority, a certifying authority, an audit authority and intermediate bodies can be carried out by means of electronic data exchange systems. Such initiative will help to improve the regular reporting activity, further minimise administrative burden and ensure timeliness of data reported by the different stakeholders.

With reference to Fisheries policy a considerable improvement in the current programming period (2014-2020) is that the irregularity report will be inputted directly in the management system which will then be at the disposal of AFCOS (Malta). The Funds and Programmes Division's (FPD) main unit in charge of reporting irregularities i.e. the Financial Control Unit (FCU), already includes the priority area of the measures/projects affected.

A further enhancement underway is the inclusion of the field 'location' referring to the place where the irregularity took place.

3.2 b Not applicable

3.3 X YES fully

AFCOS Malta submitted the replies pertaining to Recommendation 3.3 & 3.4 and are being reproduced in this document.

3.4 No successful practice to share other than the normal procedure.

NL	3.1 YES (if yes, next question is 3.2.a)
	3.2.a There is a general framework (covering all funds) which can be consulted by staff, in which the concepts are set out and defined and examples are given. The framework is partly based on instructions from OLAF. It is explained to staff. There is also an irregularities roadmap. Specifically for the EMFF, more detailed instructions can if necessary be provided by experts, with more in-depth focus on the location and details of the measure.
	3.2.b N/A
	3.3 YES fully
	3.4 In addition to OLAF's manual on IMS messages, there is a separate 'irregularities roadmap' with a direct link to the IMS user manual. This simplifies and standardises the reporting of IMS messages. It would be worth investigating whether it could be extended to other funds.
AT	3.1 N/A
	3.2.a N/A
	3.2.b N/A
	3.3 N/A
	3.4 N/A
PL	Poland makes every effort to meet its obligation to report irregularities to the Commission and pass on relevant notifications containing all the required information in a timely manner. To this end, it has developed and implemented an appropriate, uniform national procedure (coupled, where appropriate, with specific guidelines) for reporting irregularities for each financial perspective. As the authority supervising the process of reporting irregularities to the Commission in each reporting period, it continuously monitors and verifies the accuracy of reports submitted by the institutions at lower levels of the process. The quality of notifications is therefore consistent. The notifications contain detailed information, irrespective of the institution which draws up the operational programme or the fund where the irregularity was discovered. The format and content of the notifications transmitted to the Commission are determined by the relevant EU Regulations and the IMS form, which currently contains more than 100 fields to be filled in for each declaration. All notifications sent by Poland therefore contain information on the

	<p>address/activity/registration of the operator and the region or area where the operation was performed (using appropriate information such as the NUTS level), in accordance with Article 3(2)(b) and (c) of Regulation 2015/1970). Poland's interpretation of the Regulation is that it does not require Member States to provide information on the place where the irregularity was detected.</p> <p>Any shortcomings in the declarations are progressively resolved by a process of updating or closing cases in accordance with the Delegated Regulation. It should be noted, however, that these deficiencies are not always due to incomplete reporting by the institution concerned. Some of the data already present in the system were lost as a result of the Commission's database migrations in previous years, as well as harmonisation and alignment of data in previous separate modules (e.g. 1828, 1848, 498) in the common IMS 5 format.</p>
PT	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)
	3.2.a
	<p>For the 2014-2020 programming period, a new form for the communication of irregularities was defined by the Audit Authority which uses IMS (information management system) codes such as Subject, Priority, NUTS, etc.</p> <p>In the framework of the Cohesion Policy and FEAD, there are two levels of validation between the AD&C and the Audit Authority as regards the treatment of irregularities.</p> <p>It should be noted that an AUDIT 2020 Information System module is being developed which will allow for validation between different sources of information, such as the audit findings, information systems of the certifying authority and the paying agency, thus reducing the risks associated with establishing and analysing various cases of irregularity.</p>
	3.2.b N/A
	3.3 <input checked="" type="checkbox"/> YES fully
3.4 N/A	
RO	3.1 <input checked="" type="checkbox"/> NO (if no, question is 3.2.b)
	3.2.a N/A
	3.2.b

	<p>It was not necessary to take measures to improve the quality of data reporting by offering location information and, in the case of cohesion and fisheries policies, as regards the priority area of measures/projects affected since the data requested by the European Commission has already been reported by the responsible authorities in Romania, which completed all the boxes/fields indicated in the Irregularity Management System as per the existing requirements.</p> <p>3.3 <input checked="" type="checkbox"/> NO</p> <p>It was not necessary to take measures to improve the quality of data reporting by offering location information and, in the case of cohesion and fisheries policies, as regards the priority area of measures/projects affected since the data requested by the European Commission has already been reported by the responsible authorities in Romania, which completed all the boxes/fields indicated in the Irregularity Management System as per the existing requirements.</p> <p>3.4 N/A</p>
SI	<p>3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)</p> <p>3.2.a</p> <p>When MA is reviewing the report of irregularity the manager always checks the quality data including the information regarding the location and priority area of the measures/projects. However regarding the priority area of the measures/projects we have some difficulties when reporting in IMS, because the drop down list differs from the thematic objectives (as said in art.9 Reg.1303/2013). We suggest that this drop down list is unified with thematic objectives.</p> <p>3.2.b N/A</p> <p>3.3 YES partially (Please explain)</p> <p>Regarding the priority area of the measures/projects we have some difficulties when reporting in IMS, because the drop down list differs from the thematic objectives (as said in art.9 Reg.1303/2013). We suggest that this drop down list is unified with thematic objectives.</p> <p>3.4 N/A</p>
SK	<p>3.1 - NO (if no, question is 3.2.b)</p>

	3.2.a N/A
	3.2.b Information about location and priority area are available in national monitoring system ITMS2014+. These information are recorded on level of operation and operation is linked to concrete irregularity. You can open relevant operation right from irregularity.
	3.3 YES fully The Certification Authority carried out several changes in monitoring system in order to enhance quality of data provided to OLAF. For instance, automatic calculation of amount of irregularity in sum of expenditures which have already been declared in interim/final payments to the Commission or automatic initialization of some data fields based on data filled in other fields. Information about location and priority area are available in national monitoring system ITMS2014+ from the beginning of programming period 2014-2020.
	3.4 N/A
FI	3.1 YES (if yes, next question is 3.2.a)
	3.2.a We always check the location and the priority are from the audit report or recovery decision.
	3.2.b N/A
	3.3 <input checked="" type="checkbox"/> YES fully
	3.4 N/A
SE	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)
	3.2.a ERUF: In the computer system for data processing we have built in parameters to get the basis for reporting irregularities directly in the system.

	3.2.b N/A
	3.3 <input checked="" type="checkbox"/> YES fully
	3.4. Responsible authorities in Sweden for OLAF reporting have network meetings twice a year.
UK	3.1 <input checked="" type="checkbox"/> YES (if yes, next question is 3.2.a)
	3.2.a For EAGF and EAFRD all irregularity cases are reported to the Commission's Anti-fraud Information System (AFIS) which requires details of the location of the measures and projects affected. All irregularity cases reported in AFIS are input by a single dedicated team for the UK based at the UK Co-ordinating Body. Reports are reviewed for accuracy and quality before input and where further information is deemed necessary to ensure that as much information as possible is loaded to AFIS, the UK Co-ordinating Body liaises with the relevant members of the paying agencies.
	3.2.b N/A
	3.3 N/A
	3.4. We do not currently have any practices which we are ready to share.

Direct payments financed by the EAGF form a relatively low-risk policy area, in terms of fraud and irregularities detected and reported by Member States. Fraud detection in market support measures is higher than in any other policy areas.

For EAFRD programmes, the level of irregularities and fraud detection by the competent authorities is similar to that of other shared management areas.

For cohesion policy, analysis of the 2007-2013 programming period points to a higher detection rate for convergence objective programmes. An unusually low detection rate is found for ETC programmes. Specific priorities are identified as riskier.

The priorities areas with the highest fraud indicators are: 'Tourism', 'Research and technological development (R&TD)', 'Transport', 'Investment in social infrastructure' and 'Technical Assistance Fisheries'.

Recommendation 4

- **All Member States are invited to take into account the findings of this report in their fraud risk assessments for the programming period 2014-2020 and to pay particular attention to the priorities highlighted and to interventions which are similar in scope and nature.**
- **In view of the low detection results for ETC programmes and considering the increasing threat of transnational fraud, Member States are asked to increase their attention and cooperation.**
- **All Member States are asked to review their fraud risk assessments in relation to market support measures taking into account the information highlighted in this report.**

BE	4.1 <input checked="" type="checkbox"/> YES <u>VO Department of Agriculture and Fisheries + FPS Finances</u> <u>VO Department of Agriculture and Fisheries:</u> Every instrument offered by OLAF is taken into account in the risk management of the Paying Agency. In March 2017 a memo was submitted to the highest level of the organisation with a view to the further development of a structured anti-fraud policy. Two separate policy statements were drawn up, one for the Common Agricultural Policy (EAGF and EAFRD) and one for the Common Fisheries Policy (EMFF). These policy statements were issued in line with the guidelines provided by the European Commission for an anti-fraud policy in agricultural funds: <ul style="list-style-type: none"> - Guidance on anti-fraud measures as provided for in the context of accreditation requirements for paying agencies, - Assessment of the risk of fraud and other serious irregularities with CAP funds; Work is also underway at Flemish government level, with input from the Department of Agriculture and Fisheries, on a cooperation agreement between the federal and decentralised authorities on the basis of OLAF's General Guidelines on National Antifraud Strategy.
	4.2 <input checked="" type="checkbox"/> NO VO - Department of Agriculture and Fisheries VO – Department of Agriculture and Fisheries + FPS Finances <u>VO – Department of Agriculture and Fisheries:</u> Given the low risk and resources already committed previously, no direct results are visible as yet. But vigilance was reinforced in all areas.
	4.3 <input checked="" type="checkbox"/> NO (FPS Finances)
	4.4 N/A
	4.5 <input checked="" type="checkbox"/> NO (FPS Finances)
	4.6 N/A
	4.7 N/A
BG	With regard to the risk management procedure, the National Fund Directorate, in its capacity as Certifying Authority(CA) for the operational programmes funded by the European Social Fund, the European Regional Development Fund, the Cohesion Fund and the European Territorial

Cooperation (ETC) programmes, took into account the findings of the European Commission report, identifying a risk of omissions when determining errors and irregularities.

We have adopted measures for maintaining and improving the administrative capacity of the certifying authority through training courses, seminars and discussions with a view to improving the procedures so as to ensure reliable controls to detect and correct errors in the financial management and control system. In the checklists used to verify beneficiaries' reporting documentation and completed public procurement procedures under the programmes, the controls for checking fraud indicators (the so called red flags) have been optimised. The Certifying Authority uses the ARACHNE system in the performance of its control functions.

With regard to the European Territorial Cooperation programmes, the CA uses individual and/or joint checks with the managing authority or the joint Secretariat. The results of the checks are documented and any discrepancies detected are communicated to the Managing Authority.

All managing authorities of operational programmes carried out in Bulgaria have developed policies for combating fraud, which form part of the management and control system of the respective MA. They include policies on fraud prevention, procedure for identifying red flags during administrative and on-the-spot checks, risk assessment procedures and a risk register. The managing authorities of the operational programmes have developed procedures for managing cases concerning suspected and/or detected fraud.

In accordance with the Guidance Note on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures 2013, Ref. Ares (2013)3769073 - 19/12/2013 of DG Regional and Urban Policy of the European Commission, the manual of procedures for implementation and management of each operational programme describes the procedures for self-assessment of the internal controls for combating fraud risk. As per these procedures, the managing authorities of the operational programmes carry out annual self-assessments of the fraud risk.

As part of their control activities, the managing authorities have developed a Methodology for risk assessment at both operational programme and operation level. The risk assessment is carried out by a specially designated working group; the review and assessment of the risks is to be carried out at least once per year. The risk assessment is carried out in line with the Guidelines on assessing fraud risk and on effective and proportional measures for combatting fraud.

As part of the risk assessment, and while carrying out verifications of payment requests received, an analysis is performed concerning the presence of irregularities and fraud indicators related to the contracting procedures carried out by the beneficiaries (red flags). For each detected irregularity documented as per the instructions in point 1, the expert having detected the irregularity must also carry out an additional analysis for the presence of indicators of irregularities and fraud (red flags). The red flags and the methodology for performing the check are specified in the Manual of the Managing Authority. The obligation to carry out a check for the presence of fraud indicators may arise for each verification question in the checklists. If the expert detects one or more of the indicators in question, he/she must note this in the respective checklist and qualify them as fraud indicators.

Effective measures to tackle conflicts of interest have been introduced: at the national level, a specialised software tool for risk assessment (ARACHNE) will be used in order to assist the managing authorities in the identification of projects at high risk of fraud, conflict of interest and irregularities, including in public procurement.

In this connection, by order of the Deputy Prime Minister and Minister for EU Funds and Economic Policy a procedure was approved for managing access to the ARACHNE fraud and irregularities risk scoring tool of the European Commission. In all cases where indicators of conflict of interest exist, an additional check is performed of the circumstances, and the findings are sent to the respective competent authorities.

A specific example: A working group was formed at the Ministry of Regional Development and Public Works which successfully completed a procedure for assessing the fraud risk of the OPRD 2014-20202 by completing all steps specified in the Management and Implementation Manual of the OPRD, namely:

1. Identification of risks;
2. Valuation of the effectiveness of the current controls of the specific fraud risk (gross risk);
3. Assessment of the effectiveness of the current controls for lowering the gross risk;

4. Valuation of the net risk after accounting for the impact of the existing controls and their effectiveness, i.e. the situation as is (residual risk).
5. Definition of the target risk, i.e. the risk level considered acceptable by the Managing Authority of the OPRD.
6. Assessment of the planning of additional controls of the net (residual) risk.

The MA of the OPRD took into account the conclusions of the Commission's report; when identifying specific risks, it took as starting points the risks noted, even if only indicatively, in the European Commission's Guidelines for Member States and Bodies Responsible for the Operational Programmes. The work of the working group was accepted by the head of the managing authority of the OPRD on 11 January 2018; the additional restrictive measures are currently being applied to the identified target risks.

With regard to cross-border programmes in which Bulgaria participates, the recommendations are strictly followed. For these programmes an instrument for self-assessment of the fraud risk (Annex 4 of the European Commission Guidelines on combating fraud) has been introduced. Self-assessment of fraud risk and development of effective and proportional measures to combat fraud are periodically carried out by a specially formed working group, established under an Order. The group is tasked with the identification of new types of fraud risks at the different stages of the project cycle: call for project proposals and selection of projects, implementation and verification of expenditure, certification of expenditure and payment/recovery of expenditure, technical assistance and sustainability/durability of operations. Specific measures for minimising and removing identified risks at programme level have been introduced, in accordance with the Action Plan, an integral part of the Instrument for self-assessment of fraud risk, Annex to the European Commission Guidelines on combating fraud. Future meetings of the working group are to include representatives of the national authorities, thereby improving cooperation in the fight against fraud.

For cross-border cooperation programmes concerning internal EU borders, employees of the Directorate take part in the discussion and adoption of working documents on risk assessment and play an active part in the performance of the actual self-assessment of fraud risk at programme level. If indications of an infringement with a possible cross-border impact have been detected, the Directorate actively

communicates with the competent authorities of the partner Member States, submitting the relevant information to them so that the payments under the project for which doubts exist may be suspended until such time as checks are carried out to confirm the existence/absence of irregularities

With regard to the prevention and fight against irregularities and fraud in respect of the Agricultural Funds: the criteria set for risk analysis, the operational experience of the Fraud Prevention Directorate of State Fund Agriculture and the capabilities of the IACS system contribute to the more effective detection of irregularities and fraud and to the prevention of abuse of EU funds and funds from the national budget under different support measures. With a view to exchanging good practices, workshops, roundtables and professional connections with counterpart services in other Member States are initiated.

With regard to the risk analysis of its operational activities, and as part of its "toolkit", State Fund Agriculture carries out - both in its annual planning and as part of its various auditing responsibilities - a risk analysis on the basis of predefined criteria, including an assessment of quality, good practices, the use of IT tools and specialised software (Arbutus), the capabilities of the monitoring system in place and the monitoring activities for detecting and preventing situations that give rise to irregularities and fraud.

A draft act amending the Act on Implementation of the Common Market Organisation of Agricultural Products of the European Union is currently being prepared, which lays down the rules on the implementation of market measures and on the functions of the competent implementing bodies and organisations for the respective measures, including the Measure 'Promotional programmes for agricultural products'. The Act is expected to be adopted in May 2018. Along with the amendments to the Act, an amendment will be made to Regulation No 8 of 5 May 2016 on the conditions and procedures for implementation and control of promotional programmes for agricultural and food products. This Regulation will contain a detailed description of the administrative checks which the competent authority must carry out before and after the procedure for the selection of the implementing organisation, and which will ensure the legality and regularity of the selection of implementing organisations in the future. The Regulation will specify in detail the criteria for 'competitive procedures', taking into account the economic importance of the promotional programmes while also guaranteeing the main principles of EU law: non-discrimination, equal treatment and full transparency in respect of the selection and awarding criteria applied. This will help minimise the risk of financial damage to

	the European Union and ensure best value for money. The Regulation is expected to be adopted in May 2018.
CZ	4.1 <input checked="" type="checkbox"/> NO No, because in ETC programme the rate of fraudulent is significantly lower than in other “convergence” programmes. Therefore there was no need to take extra effort or steps.
	4.2 <input checked="" type="checkbox"/> NO We had no fraudulent irregularities in period 2007-2013.
	4.3 <input checked="" type="checkbox"/> NO By far we had no issue with fraud in all CZ ETC programmes in the period of 2007-2013. Therefore we didn’t take any extra effort to reduce the risk of the fraud in ETC programmes.
	4.4 N/A
	4.5 <input checked="" type="checkbox"/> NO As a nature of ETC programmes it is for sure clear to cooperate with other member states, but in the “anti-fraud” area it is done separately. It is responsibility of each member state (different law etc.) to set the system which prevent frauds and we didn’t take any best practises form other member states involved in ETC programmes.
	4.6 N/A
	4.7 The Managing Authority shall train its staff and recipients in the fight against fraud.
DK	4.1 <input checked="" type="checkbox"/> YES The Danish Agricultural Agency has assessed its current anti-fraud operations in relation to the market support mechanisms. The conclusions of the PIF reports will also be incorporated in subsequent risk assessments. With regard to the 2016 PIF report, no significant changes concerning trends in the types of irregularities were identified compared with

	<p>previous years. Therefore, no new fraud risk analysis has been carried out since the publication of the 2016 PIF report, but a new risk analysis is scheduled for 2018.</p> <p>4.2 <input checked="" type="checkbox"/> YES All non-IACS measures are managed by the same administrative unit in the Danish Agricultural Agency. The unit focuses on red flags for project expenditure and other anti-fraud measures relating to the EAFRD, which is therefore also useful in the fight against fraud involving the market mechanisms.</p> <p>4.3 <input checked="" type="checkbox"/> YES</p> <p>4.4 In order to implement the recommendation we will take steps to ensure that the fraud issue will be on the agenda for a future programme meeting of the Monitoring Committee and of the group of auditors meeting of the ETC programme having managing authority in DK.</p> <p>4.5 <input checked="" type="checkbox"/> YES (if yes, 4.6)</p> <p>4.6 Representatives of all programme Member States are members of the Monitoring Committee and of the group of auditors.</p> <p>4.7 N/A</p>
DE	<p>4.1 <input checked="" type="checkbox"/> YES</p> <p><u>(a) Agricultural and fisheries funds:</u> In the field of fraud prevention in the agricultural sector, fraud risks are continuously assessed, including with reference to the PIF report. Should this assessment indicate that there is an increased fraud risk for certain measures (including market support measures), appropriate action is taken.</p> <p>4.2 <input checked="" type="checkbox"/> NO Findings not yet ready for presentation.</p> <p>4.1 <input checked="" type="checkbox"/> YES</p> <p><u>b) ERDF and ESF</u> Comprehensive approaches devised by the managing authorities with ‘measures to prevent, detect and correct fraud and corruption’ take</p>

<p>account of assessments and findings on combating and preventing fraud in the 2016 PIF report and earlier Commission annual reports. The managing authorities' strategies and measures to combat and minimise fraud basically follow the Commission Guidance Note on fraud risk assessment and effective and proportionate anti-fraud measures. They have four cornerstones: prevention, detection, correction and prosecution and/or recovery. Self-assessment teams have been set up with the participation of certifying authorities, managing authorities, intermediate bodies, contracting authorities and anti-corruption officials. The self-assessment instrument provided by the Commission with the Guidance Note is regularly reviewed and adjusted to the specific features of local situations. In addition, other risks are identified and taken into account.</p>
<p>4.2 <input checked="" type="checkbox"/> NO</p> <p>Findings not suitable for presentation.</p>
<p>4.1 <input checked="" type="checkbox"/> YES</p> <p>c) AMIF and ISF</p> <p>Comprehensive approaches devised by the managing authorities with 'measures to prevent, detect and correct fraud and corruption' take account of assessments and findings on combating and preventing fraud in the 2016 PIF report and earlier Commission annual reports.</p> <p>The managing authorities' strategies and measures to combat and minimise fraud basically follow the Commission Guidance Note on fraud risk assessment and effective and proportionate anti-fraud measures. They have four cornerstones: prevention, detection, correction and prosecution and/or recovery. Self-assessment teams have been set up with the participation of certifying authorities, managing authorities, intermediate bodies, contracting authorities and anti-corruption officials. The self-assessment instrument provided by the Commission with the Guidance Note is regularly reviewed and adjusted to the specific features of local situations. In addition, other risks are identified and taken into account.</p> <p>The risk assessment tool provided by the Commission as an annex to the Guidance Note on fraud risk assessment and effective and proportionate anti-fraud measures is used at regular intervals in the context of AMIF. Account is also taken of those findings in the PIF reports</p>

<p>that are relevant to AMIF.</p> <p>The ISF Competent Authority's management and control system has been updated and adjusted in line with EU requirements.</p>
<p>4.2 <input checked="" type="checkbox"/> NO</p> <p>No findings are available for presentation.</p>
<p>4.3 <input checked="" type="checkbox"/> YES</p> <p>As part of the designation audit, the auditing authorities check compliance with Article 125(4)(c) within the managing authority as regards fraud risk assessment and effective and proportionate anti-fraud measures in the period 2014-2020. Audits concluded so far have concluded that the procedures put in place by the managing authorities are adequate to ensure that, taking account of the risks detected, effective and appropriate fraud prevention measures can be taken. In addition, risk assessments are carried out following the principles of the Commission's Guidance Note (see above), as are <i>ad hoc</i> risk assessments when cases of fraud are detected; where appropriate, action plans are then developed to minimise risks.</p> <p>It should also be pointed out that the ETC programmes are more stringently controlled because of the cooperation with a number of Member States and the particular control structure (first- and second-level controls), and that, in particular, extremely rigorous training and control mechanisms contribute to the low error rate. It should moreover be stressed that in the case of ERDF funds, which are markedly lower, and for which additional consultation and agreement in the project consortium is required, the incentive for fraud is probably weaker than in the case of major investment measures. The fact that the majority of ETC project partners are public entities would also tend to suggest a certain respect for procedure and lawful conduct. The conclusion that a low rate of error can be traced back to insufficiently intensive auditing is therefore mistaken.</p>
<p>4.4 (see under 4.3)</p>
<p>4.5 <input checked="" type="checkbox"/> NO (see also under 4.3)</p>
<p>4.6 N/A</p>

	4.7 N/A
EE	4.1 NO
	The Agricultural Register and Information Board has developed its own risk assessment system, which was introduced in the OLAF working group meeting on 07.12.2017. The basic findings of the 2016 PIF reports are taken into account in our national risk assessment system of EAFRD, EAGF and Fishery policy.
	Managing Authority for the Cohesion did not take into account any specific findings from the 2016 PIF report during our fraud risk assessment. We carry out the fraud risk assessment every year together with the annual general risk assessment and during the assessment we take into account different information we have included in the fraud cases if there have been any of them.
	4.2 N/A
	4.3 YES
4.4	
	As regards the implementation of the ETC programmes in Estonia, several steps have been taken to tackle the issue of low detection:
	<u>Estonia - Latvia Programme:</u>
	<ul style="list-style-type: none"> – Regular meetings of the programme authorities, to discuss topical/important issues and exchange information; – Managing Authority carries out annual risk assessments where different programme authorities are involved, to have a systematic overview of the risks and problems the programme is facing; and the implementation of follow-up activities in accordance with the action plan is monitored. In addition, risk assessment is carried out when the implementation system is significantly modified. <p>If during the risk assessment the MA finds out that a certain type of problems may occur (e.g. in relation to public procurements), the Managing Authority may carry out a systemic check. The content of the Commission model tool (http://ec.europa.eu/regional_policy/en/information/publications/guidelines/2014/fraud-risk-assessment-and-effective-and-proportionate-anti-fraud-measures) is used for the exercise;</p> <ul style="list-style-type: none"> – To avoid any risk of double financing, several measures are undertaken. Cooperation and information exchange activities take place in

cooperation with other ETC programmes. During project assessment, data of the project applications is checked against the information received on the activities of the projects that have been financed on the level of the mainstream programmes. The Joint Secretariat checks the projects that are stored in the SFOS system (IT system of Structural Funds in Estonia). Where a project includes the activities in the field of agriculture, the Joint Secretariat carries out the checks with the Estonian Agricultural Registers and Information Board information. Similar procedures are carried out on the Latvian side through the National Sub-Committee.

- Pre-payments to projects are limited based on the previous experience and in agreement with the Member States. Projects may receive up to 50% of the total ERDF request of partner reports after all the project partners have submitted partner reports to the first level (financial) control bodies. The request cannot be submitted in case of the first and last reporting period;
- Close co-operation within the framework of the Managing Authorities of North-Eastern Europe, direct contacts with neighbouring ETC programmes to exchange best practices, information, co-operate in specific cases, etc.;
- Managing Authority may carry out on-the-spot visits and take other measures, if necessary.

Estonian first level (financial) control:

- Meetings with the first level (financial) controllers of other programmes;
- Meetings with the controllers of the same programme from other Member States;
- Sample-based control methodology that has been elaborated and will be used for the Estonia - Latvia Programme from 01.02.2018. Also, the application of the same methodology is considered for ENI Estonia – Russia Programme and Estonian partners of Central Baltic Programme;

Information analysis including the risk management analysis for making on-the-spot visits. Also, Estonian first level control is available for carrying out on-the-spot-visits by request of the lead partner of a project.

4.5 YES (if yes, 4.6)

4.6

As ETC programmes are about cooperation, all the described steps of the Estonia - Latvia Programme were carried out in co-operation between the programme authorities and representatives of the Member States.

	<p>In addition, the responsibility to avoid overlapping with other activities financed by other national or international financial sources (double-financing), as well as checking background information about potential project partners lies with the representatives of the Member States (National Responsible Authorities). They establish the necessary mechanisms for carrying out such tasks and share their information during MC meetings. As regards the Estonia - Latvia Programme, this activity goes hand-in-hand with the Joint Secretariat of the programme, as described above (see the answer to question 4.4).</p>
	<p>4.7</p> <p>When there is a doubt about any irregularity or fraud, first level controllers from different programmes co-operate. During the 2007-2013 period there was one case when the first level controllers suspected an irregularity or fraud related to one project partner who participated in several projects in the frames of different ETC programmes. The first level controllers (and other staff) from different programmes met to discuss the situation, compare the costs, invoices and time sheets the project partner had submitted with their reports. A thorough analysis was carried out to confirm the costs in different programmes correctly.</p>
IE	<p>4.1 <input checked="" type="checkbox"/> YES The priority areas with highest fraud indicators identified in the 2016 PIF Report were used as reference for focus of our fraud risk assessment.</p>
	<p>4.2 <input checked="" type="checkbox"/> NO No findings of any significance from significance.</p>
	<p>4.3 N/A</p>
	<p>4.4 N/A</p>
	<p>4.5 N/A</p>
	<p>4.6 N/A</p>
	<p>4.7 Only those that are set out in the above paragraphs.</p>

EL	4.1 <input checked="" type="checkbox"/> NO
	The Greek authorities use the Commission’s fraud risk assessment tool (EGESIF 14-0021-00 16-/06/2014), which has been adapted and improved in respect of all the existing control measures introduced by Greece in the 2014-2020 Handbook of Management and Control System Procedures, which help prevent and tackle fraud affecting structural measures (ex-ante checks on public contracts, management verifications etc.). This tool is applied systematically by all Managing Authorities. The added value of this tool is considerable, since the results from it are also used in the Internal Cooperation Network for the Strategy on Combating Fraud in Structural Actions (Article 52 of Law No 4314/2014), which is made up of the persons responsible for fraud matters in the 18 Managing Authorities and coordinated by the Special Service for Institutional Support.
	4.2 <input checked="" type="checkbox"/> NO
	4.3 <input checked="" type="checkbox"/> NO
	4.4 N/A
	4.5 N/A
	4.6 N/A
4.7 N/A	
ES	<p>4.1 <input checked="" type="checkbox"/> NO</p> <p>The 2016 PIF Report was approved and sent to the Member States at the end of July 2017, once the various managing authorities had carried out their fraud risk self-assessments.</p> <p>These self-assessments are reviewed regularly in accordance with the timetables and criteria set by each authority, in line with the recommendation in the European Commission's guidance on ‘Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures’ (EGESIF_14-0021-00). In paragraph 3.3, it recommends that, as a general rule, reviews should be carried out every year. If the level of risk</p>

<p>identified is very low and no instances of fraud were reported in the preceding year, the self-assessment may be reviewed every two years.</p> <p>Aside from the observations made in statistical reports such as the PIF report, the reviews should also take account of other issues, such as experience gained by the managing authorities themselves, regulatory or organisational changes that may have taken place the previous year and the instances of fraud detected by each authority. All of these factors should be borne in mind when reviewing the self-assessments, to ensure that the review is as thorough as possible.</p> <p>In the light of the above, the observations made in the PIF report will be taken into account in the next review of or update to the fraud risk self-assessment.</p>
<p>4.2 <input checked="" type="checkbox"/> NO</p>
<p>4.3 <input checked="" type="checkbox"/> YES</p>
<p>4.4</p> <p>A session on anti-fraud measures has always been included in the various seminars for beneficiaries and inspectors (FLC) of the European Territorial Cooperation (ETC) programmes; this session is delivered by the National Anti-Fraud Coordination Service (AFCOS).</p> <p>The Sub-Directorate General for European Territorial Cooperation, part of the Directorate-General for EU Funding, is the national coordinator for ETC programmes and has created a working group focusing specifically on ETC programmes. The aim of the working group is to agree on the criteria used for the management of fraud risk by the various people involved in managing these programmes.</p> <p>A centralised channel has been created by the AFCOS so that anyone can report incidents that could constitute fraud or an irregularity with a potential impact on EU funds. This channel has been presented at most of the training seminars for beneficiaries and inspectors of ETC programmes to make as many people as possible aware of its existence. Furthermore, a link to the channel has been included on the national EU Funding webpage, where information on the European Territorial Cooperation programmes can be found.</p>
<p>4.5 <input checked="" type="checkbox"/> YES (if yes, 4.6)</p>

	<p>4.6</p> <p>The main measures are adopted in cooperation with the competent authorities in the other countries involved in the territorial cooperation programme in question.</p>
	<p>4.7 N/A</p>
<p>FR</p>	<p>The French authorities wish to present their reply to the various questions of this recommendation in the form of a single text, OLAF having clarified in COCOLAF on 7 February 2017 that this is one of two possible ways of responding.</p> <p>To facilitate and safeguard the implementation of programmes co-financed by the ESIF, the General Commission for Territorial Equality (CGET) organises regular meetings for all the authorities responsible for European programmes, focusing on various topics including the fight against fraud:</p> <ul style="list-style-type: none"> - In 2013, the CGET set up an inter-fund working group on this subject in direct response to their request (internal inspection, conflict of interest, whistle-blowers, etc.) and has also prepared documents to which they can refer. For example, a special meeting on internal control was organised by the CGET in June of last year. This was an opportunity to stress the importance of the challenges linked to the introduction of such a mechanism for preventing and combating fraud. - Furthermore, in fortnightly meetings with the directors in charge of implementing the operational programme, the CGET gives regular briefings on the fight against fraud (through the follow-up of audit findings and the monitoring of related rules). - The CGET, acting as a cross-fund coordination authority, has also been working in the framework of the Working Group on Rules with a view to presenting the various checks for 2014-2020 (scope, objectives and main audit points). At network meetings on the subject of fighting fraud in the framework of the ESIF, the CGET regularly recalls the legal basis for internal control with reference to the European Commission's guidance of 19 December 2013 on preventing and combating fraud and the guidance on management checks on projects co-financed by EU funds. Within the Working Group on Rules, a number of supporting documents have been developed and made available to all managing authorities, including sample risk maps, which can be changed and adapted to suit the

	<p>particularities of each operational programme, and a note recommending use of the ARACHNE tool. There have also been regular exchanges with the European Commission about the ARACHNE information system and its content.</p> <p>The tools developed by OLAF and the National Anti-fraud Delegation (DNLF) for detecting fraud in connection with the ESIF are available on the CGET's digital platform, bringing together all actors involved in implementing the ESIF in France.</p> <p>Lastly, the 2014-2020 national technical assistance programme plans to fund training courses for programme management authorities, certifying authorities and audit authorities on different topics, including public procurement, taking particular account of the European Court of Auditors' Special Report on problems with public procurement in connection with the ESIF. A national-level working group has been set up to organise implementation of these training courses, which should start in March; the concept of conflict of interest in public procurement will be addressed in particular.</p>
HR	<p>4.1 <input checked="" type="checkbox"/> YES</p> <p>In 2017 Croatian AFCOS Service performed the irregularity and fraud risk assessment for European Regional Development Fund and Cohesion Fund, and European Social Fund. Activities which preceded risk assessment included consultation of papers issued by the Commission which are related to risk assessment and protection of the European Union's financial interests in general (<i>PIF Report, Annual report of the European Anti-Fraud Office, Compendium of Common Cases in the area of the Structural Actions, Identifying conflicts of interests in the Agricultural Sector - A practical guide for funds managers, etc.</i>), and statistics concerning detected irregularities and fraud presented in those papers was presented to participants of training organised prior to risk assessment exercise (risk managers). Finally, the Irregularity and Fraud Risk Management Methodology formulated by the AFCOS Service includes a recommendation to risk assessment team members to consult the abovementioned papers and it provides a list of references to those papers.</p>
	<p>4.2 <input checked="" type="checkbox"/> YES</p> <p>Results of statistical analysis of detected irregularities and fraud at the EU level are similar to that at the national level. Namely, with regard to irregularities, for cohesion policy, the most frequently detected modus operandi is infringement of public procurement rules. In order to ensure systematic analysis of public procurement irregularities and pinpoint weaknesses in management and control systems, more detailed typology of public procurement irregularities should be developed. With regard to fraud, the most frequently detected modus operandi is the use of false</p>

	or falsified supporting documentation.
	4.3 <input checked="" type="checkbox"/> YES
	4.4 The Croatian AFCOS Service issued Guidelines on Irregularity Management for ETC programmes. In addition, employees of Croatian management and control system of ETC programmes are invited to participate in trainings organised by Croatian AFCOS Service.
	4.5 <input checked="" type="checkbox"/> NO
	4.6 N/A
	4.7 N/A
IT	<p>4.1 <input checked="" type="checkbox"/> YES</p> <p style="text-align: center;"><i>Contribution of the Italian AFCOS (Anti-Fraud Coordination Service)</i></p> <p>In compliance with the Commission’s recommendations inviting Member States to devise a national anti-fraud strategy aimed, in particular (and pursuant to Article 125(4)(c) of EU Regulation No 1303/2013), at preventing illegal activities, through the timely scheduling of control activities based on risk analyses and with the support of suitable IT tools, the Italian AFCOS has introduced a range of initiatives and activities that have allowed major breakthroughs to be made in terms of reducing irregularities and fraud in European funds.</p> <p>Of particular importance in this context is the ongoing project to set up a ‘national anti-fraud platform’, which is shared between all management and auditing authorities and acts as a special ‘IT analysis tool’ for EU funding with the specific aim of preventing and combating fraud and irregularities.</p> <p>Pending the practical implementation of this tool, the national authorities have adopted the Commission’s Arachne system.</p> <p style="text-align: center;"><i>Contribution of the Agency for Territorial Cohesion</i></p> <p>Pursuant to Article 125(4)(c) of Common Provisions Regulation No 1303/2013 and in accordance with the management and control systems of</p>

the NOPs run by the Agency for Territorial Cohesion, the Fraud Risk Assessment Group ('Gruppo di Valutazione dei rischi di frode', GVRF) has been set up, for the self-assessment and monitoring of fraud risks.

To guarantee the required independence and objectivity of the self-assessments and ensure that this instrument is suited to the particular characteristics of each body, the GVRF has organised its activity so that each authority can perform independent and internal analyses, risk mapping and assessments of the fraud risk associated with the actions of the relevant NOPs. At the same time, however - given the complexity of the analyses to be carried out - the homogeneity and consistency with corresponding activities carried out by other operators/authorities forming part of the GVRF has been ensured through a series of technical meetings of the select work group, aimed at sharing working approaches and methods, the logic and interpretation of any doubts/uncertainties, and the process of building, developing and compiling individual assessment tools.

Moreover, with the aim of addressing specific requirements laid down in EU law, such as the creation of suitable anti-fraud measures (Article 72(1)(h) and Article 125(4)(c) of Regulation (EU) No 1303/2013, the Agency for Territorial Cohesion has activated the use of the Arachne system and, in liaison with the IGRUE, has launched a training plan on the use of the system targeting all authorities within various national and regional Operating Programmes.

4.2 **YES**

Contribution of the Italian AFCOS (Anti-Fraud Coordination Service)

The various initiatives launched by the Italian AFCOS in relation to coordination and 'anti-fraud training' for national and regional authorities, aimed at maximising the prevention stage of the improper or illegal use of EU funds, are recording significant gradual decreases in the 'error rate' in the use of such funds, leading to a substantial fall in the number of reported cases of irregularities/fraud, especially in relation to structural funds (-29% between 2015 and 2016), which are particularly vulnerable to fraud.

4.3 **YES**

Contribution of the Agency for Territorial Cohesion

Italy has decided to join the Arachne system. Access will be granted by the Ministry of Economic Affairs and Finance (IGRUE, Inspectorate General for Financial Relations with the EU) via the National Monitoring System, which also covers the CTE, ENI and IPA programmes. Various meetings have been held to allow the use of CTE data in the National Monitoring System and accordingly allow the use of Arachne, including as a preventive measure, i.e. at the project proposal evaluation phase.

With regard to the requirements laid down in EU Regulations for the 2014-2020 programming period, all CTE programmes, in order to ensure the successful implementation of the designation procedure, have identified specific anti-fraud measures in their own management and control systems. In particular, as suggested in the EU Guidelines, various programmes have also envisaged a specific fraud self-assessment working group.

4.4 Contribution of the Italian AFCOS (Anti-Fraud Coordination Service):

The Italian AFCOS' strategic lines of action have, for some time, included various actions in the field of training, information and cooperation with partners from other EU countries.

Specifically,

- in recent years, the Italian AFCOS has promoted a number of 'anti-fraud' partnership initiatives consisting in the exchange of experience and good practice, with partners from the following countries: Bulgaria, Poland, Greece, Latvia, Denmark, Serbia and Romania;
- moreover, between 2016 and 2017, the Italian AFCOS made its own contribution, in terms of providing information on the complex subject of anti-fraud measures, to the creation of the European Territorial Cooperation Programme in the IPC Adriatic CBC area, in which various countries took part, including: Albania, Bosnia-Herzegovina, Croatia, Montenegro and Slovenia;
- finally, in the same period (2016-2017), the Italian AFCOS carried out a major project entitled 'Cooperation Project in the anti-fraud sector' (co-financed by OLAF with funds from the Hercule II programme), following on from the main initiative implemented in the

recent (2014) 6-month Italian presidency of the Council of the EU's Anti-Fraud Group (AFG): namely, the proposal for new rules that enable 'mutual administrative assistance' between Member States in the now-transparent area of structural funds. Delegations from 15 countries took part in the project: Bulgaria, Croatia, Czech Republic, Cyprus, Estonia, France, Greece, Hungary, Latvia, Luxemburg, Malta, the Netherlands, Poland, Romania and Spain.

Given the success of all of the above initiatives, the Italian AFCOS, in cooperation with the General Headquarters of the Guardia di Finanza, has already devised a new, important and detailed project entitled 'Cooperation Project 2' (approved and co-financed by OLAF in December 2017 with funds from the Hercule III programme). This project follows on from the previous initiative from 2016/2017 (Cooperation Project in the Anti-Fraud Sector), the main objectives of which were to examine more deeply the issue of national and transnational fraudulent activities that impair the EU budget, consolidate relations between all AFCOS in EU countries and strengthen mechanisms for closer investigative cooperation aimed at bringing about a mutually-beneficial increase in the fraud 'response capability'.

Delegations from 27 countries (including EU Member States, pre-accession countries (candidate and potential candidate countries) and countries covered by the European Neighbourhood Policy) have already confirmed their participation in the project: Albania, Bosnia & Herzegovina, Bulgaria, Cyprus, Croatia, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Latvia, Luxembourg, Lithuania, Macedonia, Malta, Montenegro, the Netherlands, Poland, Portugal, Czech Republic, Romania, Serbia, Slovakia, Spain and Ukraine.

4.5 **YES (if yes, 4.6)**

4.6

Please refer to section 4.4 on cooperation with EU countries.

4.7

On 13 November 2017, an Italian anti-fraud delegation including the General Headquarters of the Guardia di Finanza and representatives from the national AFCOS attended a conference on anti-fraud activities at the European Parliament's Committee on Budgetary Control (CONT). The conference was also attended by the Chair of the Committee on Budgetary Control (CONT), the Chair of the Committee on Budgets (BUDG), and a number of MEPs from the REGI (Regional Development) and LIBE (Civil Liberties, Justice and Home Affairs) Committees. The debate focused on Italy's anti-fraud strategy (with particular reference to structural funds and European initiatives - including at legislative

	level - adopted by the Italian AFCOS in recent years). and the Guardia di Finanza's specific and unique know-how in combating fraud in EU funds, which is now considered veritable best practice at EU level and which Italy is prepared to share with all interested partners.
CY	4.1 <input checked="" type="checkbox"/> YES As regards the CMO measures the Paying Agency, CAPO is looking into the matter in order to assess the need to implement further measures over and above what has already been recently provided for in the Regulations. In case such a need arises, CAPO will proceed with such further measures. As regards Rural Development, CAPO has adopted the following measures: Update of the manuals of the new measures announced in the framework of the Rural Development Plan 2014 – 2020 to include check lists regarding public procurement. In investment actions a new obligation had been inserted so that the applicant/ beneficiary must submit for audit, their bank account statements, in order to verify any payments made for which they will apply subsidy. Organisation of presentations regarding control techniques to Paying Agency staff responsible for controls in investment measures and accredited advisors especially for invoices and other supporting documents for applications for aid.
	4.2 <input checked="" type="checkbox"/> NO
	4.3 <input checked="" type="checkbox"/> YES
	4.4 Additional trainings offered to first level controllers with emphasis on risk areas. Updating of verification checklists to be used by first level controllers.
	4.5 <input checked="" type="checkbox"/> YES (if yes, 4.6)
	4.6 <ul style="list-style-type: none"> • Joint fraud risk assessment undertaken for ETC programmes (e.g. Greece-Cyprus programme) • The areas identified as red flags during the fraud risk assessment will be incorporated in a seminar to be offered to controllers and bodies involved in the management of the funds.
	4.7 N/A
LV	4.1 <input checked="" type="checkbox"/> YES (please explain) Ministry of Agriculture - Methodological guidelines have been developed to identify warning signs or "red flags". A "red flag" indicates potential risk of fraud or corruption; conditions that are not in accordance with standard operation and need to be checked further. Warning

	<p>signs do not mean that fraud has occurred or is likely to take place, but that the situation needs to be carefully scrutinized. The evaluator marks a “red flag” on the event management check list.</p> <p><input checked="" type="checkbox"/> NO</p> <p>Ministry of Finance- Regarding the fraud and corruption risk assessment in the monitoring and control system of the Operational Programme for the Implementation of the European Structural and Investment funds, practical fraud risk self-assessment tool (based on Annex 1 of the Commission's guidance EGESIF of 16 June 2014 “Programming period 2014-2020 GUIDANCE NOTE ON FRAUD RISK ASSESSMENT AND EFFECTIVE AND PROPORTIONATE ANTI-FRAUD MEASURES”) is used.</p> <p>The fraud risk self-assessment tool targets the main situations where key processes in the implementation of the programme (selection of applicants; implementation and verification of the operations; certification and payments) could be most open to manipulation by fraudulent individuals or organisations.</p>
	4.2 <input checked="" type="checkbox"/> NO
	4.3 <input checked="" type="checkbox"/> YES
	<p>4.4</p> <p>All the procedures for financial controls bodies are put in place, regular meetings / communication for harmonisation of approaches among MS respective bodies take place in order to ensure the early detection of possible irregularities and take necessary steps.</p>
	4.5 <input checked="" type="checkbox"/> YES (if yes, 4.6)
	<p>4.6</p> <p>Irregularity procedures are set and approved by the respective MI. All implementing bodies are aware of their tasks and responsibilities, and notify MA without delay in case of risks.</p>
	4.7 N/A
LT	<p>4.1 <input checked="" type="checkbox"/> YES</p> <p>The 2016 PIF Report, together with other documents (reports by national anti-fraud and anti-corruption bodies, Transparency International, evaluation reports of the use of EU investments in various intervention sectors, audit reports, etc.) serve as a background to check the existent fraud and corruption mitigating measures or to indicate the fields or areas for improvement. For example, to strengthen the abilities of implementing agencies to evaluate the applications of projects in the field of “Research and technological development (R&TD)” and the</p>

results of such projects, and to lower the risk of possible fraud and corruption, the requirements and criteria of hiring the experts were set in the National Rules of Project Management and Financing.

Also, as the main source of irregularities and detected criminal cases in Lithuania are linked to public procurement, a wide range of trainings in this field was (and is) provided for the institutions of management and control system (MCS) and supporting institutions (National Audit Office, Competition Council, Public Procurement Office, Special Investigation Service (anti-corruption body), Financial Crime Investigation Service under the Ministry of the Interior (anti-fraud body). Also, Managing Authority (MA) and Public Procurement Office work closely to find the best ways on how to interconnect the managed IT systems – Structural Funds Management Information System (SFMIS) and the system of e-procurement and its risk evaluation abilities.

MA in 2017, aiming to strengthen the abilities of the institutions of MCS to detect possible corruption and fraud cases and to manage the conflicts of interests, has organised the seminars in cooperation with the Special Investigation Service and Financial Crime Investigation Service.

Legal acts have also been updated on a regular basis, e. g. Order No. 3D-80 of the Minister of Agriculture of the Republic of Lithuania of 5 February 2010 “On the Approval of the Rules for Administration of Legal Acts Infringements related with the Implementation of Measures of the European Agricultural Guarantee Fund, European Agricultural Fund for Rural Development and European Fisheries Fund” (updated version since 04/01/2017); amendments were adopted in order to accelerate the procedures for irregularities handling, e. g. the amount was increased for the irregularities to be sent from the National Paying Agency to the Ministry of Agriculture (former amount – EUR 28.962, current amount – EUR 50.000); types of irregularities were identified for not being sent by the National Paying Agency for re-handling to the Ministry of Agriculture; amendments were adopted to Order No. 3D-507 of the Minister of Agriculture of the Republic of Lithuania of 26 August 2014 “On the Approval of the Rules for Administration of the Rural Development Programme for Lithuania 2014-2020 (updated version since 14/10/2017).

4.2 **NO**

4.3 **YES**

4.4

Fraud risk assessment is performed in the ETC programme applying EC guidelines on fraud risk assessment and effective and proportionate anti-fraud measures and proposed risk assessment tools.

	4.5 <input checked="" type="checkbox"/> YES (if yes, 4.6)
	4.6 Close cooperation has been maintained with the ETC programme national authority, first level controllers and other responsible institutions in order to get necessary information for risk assessment, irregularities detection
	4.7 N/A
LU	4.1
	4.2
	4.3 <input checked="" type="checkbox"/> YES
	4.4 The anti-fraud measures adopted by the ETC programmes in Luxembourg (INTERREG Grande Région and ESPON 2020) have been defined in their management and control system descriptions. In particular, the ETC programmes INTERREG Grande Région and ESPON 2020 have put in place a number of measures aimed at preventing fraud. They include close monitoring and regular quality checks of the co-financed projects, targeted checks on public procurement procedures, training and awareness raising of staff from managing authorities as well as beneficiaries, partner authorities and first level controllers on the topics of fraud and conflict of interest, and use of electronic monitoring systems which help improve the traceability of expenditure. Also, the use of the ARACHNE tool will help detect risks of fraud, conflict of interest and irregularities. In addition, it should be noted that the implementation of ETC programmes in Europe has started with delay compared to mainstream regional and national programmes. The first payment applications to the European Commission for the ETC programmes INTERREG Grande Région and ESPON 2020 have been submitted in 2017 and the first audit campaigns have been launched in 2018. In consequence, no irregularities, and therefore no fraudulent irregularities could have been detected and reported so far by second-level auditors.

	<p>4.5 <input checked="" type="checkbox"/> YES (if yes, 4.6)</p>
	<p>4.6</p> <p>The anti-fraud measures are approved by the Monitoring Committee of each programme which is composed by the partner authorities from different Member and Partner States.</p> <p>In the context of the INTERREG Grande Région programme, specific checks are conducted before any project approval in cooperation with other ETC programmes also covering the Greater Region area (e.g. North West Europe, Europe, Rhin Supérieur, France-Wallonie-Vlaanderen, Euregio Maas-Rijn) in order to avoid any double-financing. In addition, the second-level audits are coordinated within a specific Group of Auditors which gathers representatives from all partners authorities (Germany, France, Belgium, Luxembourg).</p>
	<p>4.7</p> <p>The anti-fraud measures should be evaluated after several years of implementation. It is therefore too soon to draw conclusions on their efficiency and to share them with other Member States.</p>
HU	<p>4.1 <input checked="" type="checkbox"/> YES</p> <p>Risk assessment aspects were evaluated in the framework of a working group. The risk assessment of each area is being further developed. The draft instruction on the integrated risk management procedures of the organisation was completed at the end of 2017 and is expected to be adopted in the first quarter of 2018.</p>
	<p>4.2 <input checked="" type="checkbox"/> YES</p> <p>All parts of the organisation were involved in training courses on this topic. Staff members of various organisational units attended half-day training courses on 10 occasions.</p>
	<p>4.3 <input checked="" type="checkbox"/> YES</p>
	<p>4.4</p> <p>In this new period, ETC programmes pay special attention to anti-fraud measures. A specific anti-fraud strategy was developed for all programmes adopted jointly by the countries affected upon the launching of the programmes. The aim of these programme-specific documents is to organise the preparation and training of management organisations and to present the necessary anti-fraud channels and measures.</p>

	<p>Colleagues employed in programmes managed by Hungary attend anti-fraud training courses organised by the Commission, too, in order to ensure a higher quality in carrying out their tasks.</p> <p>Furthermore, the employee of the Managing Authority responsible for irregularities in ETC programmes is a member of the Irregularity Reporting Task Force organised by the OLAF Coordination Bureau in which experts engaged in irregularities of several operational programmes participate in order to share their experiences.</p> <p>A good practice was introduced in the HUSRB programme, according to which Member State experts engaged in irregularities participated in consultations in order to share experiences and to harmonise the detection and management of irregularities on national level.</p>
	<p>4.5 <input checked="" type="checkbox"/> YES (if yes, 4.6)</p>
	<p>4.6 Anti-fraud strategies developed jointly, and consultations. Similarly, the full irregularity system of programmes is developed together with the other Member State concerned in a coherent way, in accordance with EU Regulations as well.</p>
	<p>4.7 N/A</p>
<p>MT</p>	<p>The Funds and Programmes Division (FPD) submitted the replies pertaining to Recommendation 4 and are being reproduced in this document</p> <p>4.1 <input checked="" type="checkbox"/> YES</p> <p>Yes. One example is the enhancement of the system of reporting of irregularities; the system of drawing up irregularity reports and of the actual reporting has now been computerised. The fraud risk registers will be reviewed on a regular basis to address new emerging fraud risks. The drawing up of risk registers for each Unit within the Funds and Programmes Division (FPD) was another step in the same direction. It is pertinent to point out also that the FPD has a specific unit titled ‘Financial Control Unit’ which reports directly to the Director General (FPD) and its work is independent of the verifications undertaken by the project desk officers.</p> <p>Audit/control checklists are updated on a regular basis to remain abreast with developments, as new trends and patterns emerge in the ways in which fraud is committed.</p>

In the case of public procurement, in May 2017 the Department of Contracts (DoC) published a report titled ‘Addressing fraud and corruption in public procurement’. This report was generated with the intent to highlight the various measures being adopted by the DoC to combat fraudulent activities in public procurement. The DoC, as a regulator, has embarked on a mission to further enhance good governance, transparency and public accountability.

4.2 YES

Results may not be observed immediately, but the measures implemented so far (and other measures which we will encounter and implement in the future) will, to the extent possible, close all loopholes. A case in point is the FCU (referred to in answer 4.1) which is providing an added level of assurance to the Director General (FPD) as regards the financial management and control of funds.

4.3 YES

Yes. Rather than tackling the issue of the low detection of irregularities in the ETC programmes, it was more a question of building a robust system in place to prevent irregularities from happening. We have a decentralised system in place whereby the first level controllers perform 100% checks. Moreover (as per answer 4.1 above) an FCU unit has been set up reporting directly to the Head of the National Contact Point; its work is independent of the work of the first level controllers and it exercises checks on a sample basis. Having such structure in place, potential fraudsters are deterred from committing the crime.

The Head FCU attended a training held on the 12th and 13th of June 2007 for the Interreg Med First Level Control Networks.

4.4

Please refer to answer 4.3. As referred to, an FCU has been set up to conduct sample checks once the work of the first level controller has been completed. The FCU conducted also two training sessions on First Level Control; one on 14th November 2016 and one on 28th June 2017 and the presentations have been uploaded on the website, (vide <https://eufunds.sov.mt/en/EU%20Funds%20Programmes/Financial%20Control%20Unit/Pages/Links-and-Downloads.aspx>).

	<p>The FCU issues circulars on relevant topics to provide direction to stakeholders e.g. on procurement, on audit of accounts and on financial corrections. It is also to be noted that FCU officers participate in relevant training, to consolidate their knowledge and experience.</p>
	<p>4.5 <input checked="" type="checkbox"/> YES (if yes, 4.6)</p>
	<p>4.6 There is open communication and good relations between the National Contact Point and the Managing Authority and the Joint Technical Secretariat. Regular meetings are also held.</p>
	<p>4.7 The importance of training in particular in the ambit of combating fraud (e.g. how to detect red flags). The setup of an independent body (in our case referred to as the Financial Control Unit) to conduct independent checks from those performed by the first level controllers.</p>
NL	<p>4.1 YES Arachne has been examined and the provisional conclusion as far as the NL is concerned is that it could be further improved, for reasons to do with inter alia certain legal forms and the fact that the tool is not available online. In early March 2018 the European Commission will give a demonstration of Arachne to ERDF staff to show what Arachne can be used for. For the ESF, Arachne is in the testing phase.</p>
	<p>4.2 NO Nothing to communicate</p>
	<p>4.3 NO</p>
	<p>4.4 Nothing to explain</p>
	<p>4.5 NO</p>
	<p>4.6 N/A</p>
	<p>4.7 N/A</p>

AT	4.1 N/A
	4.2 N/A
	4.3 N/A
	4.4 N/A
	4.5 N/A
	4.6 N/A
	4.7 N/A
PL	<p>In accordance with the recommendation, the competent institutions responsible for implementing and controlling EU funds are obliged to take account of the findings of the Commission's report in successive fraud risk analyses and assessments, drawn up during the programming period 2014-20, with particular focus on priority areas under the cohesion policy, and agricultural market activities with the highest incidence of fraud.</p> <p>As part of the European Territorial Cooperation (ETC) programmes, targeted measures have been taken in support of cooperation and the fight against fraud. Among those measures are the adoption in a Memorandum of Understanding of provisions designed to improve the programme management and control system, rules for reporting irregularities, implementation of effective anti-corruption procedures, publishing anti-fraud manuals, warning signals (red flags) on Programme websites, and creation of a dedicated electronic mailbox to which whistleblowers can send information if they suspect fraud. Furthermore, the Managing Authority has a fraud risk self-assessment team whose main task is to perform risk analysis (at least once a year, and in cooperation with the relevant institutions). Regular meetings are held with the national auditors to disseminate information on audit recommendations, audit findings, project irregularities and the fight against fraud and corruption within ETC in the period from 2014 to 2020.</p>
PT	4.1 N/A
	4.2 N/A
	4.3 <input checked="" type="checkbox"/> YES

4.4

In relation to the European territorial cooperation programmes covering Portuguese territory, we will refer only to the European cooperation programme, INTERREG Atlantic Area 2014-2020 (www.atlanticarea.eu), for which the IGF (Inspectorate-General for Finances) is the Audit Authority, and the Managing and Certifying Authorities and the Joint Secretariat are also located in Portugal.

In previous programming periods, this and other territorial cooperation programmes recorded error rates below the materiality level. That may result from the combined impact of the various parties involved in the analysis of expenditure (*chef de file*, first level controller and national correspondent) and from confirmation of the corresponding actions/tasks carried out by partners prior to the submission of payment applications for validation by management.

- In the ‘Atlantic Area 2014-2020’ programme, risk assessment and the adoption of anti-fraud measures by the MS are covered:
- by the audit strategy, approved in June 2016 (prior to the designation of the managing and certifying authorities on 27 October 2017), that provides an approach for reducing audit risk to an acceptably low level. This involves establishing the appropriate scope of the audits to be carried out, and also the possibility of additional audits (matters to be examined horizontally and/or verified in connection with further random samples);
- by the anti-fraud strategy, the Managing Authority’s initiative (set/2017), and also
- in the description of the Management and Control Systems (the MA will conduct the first fraud risk assessment within 6 months of approval of the proposed designation).
- The quality and experience of the external auditors to be hired, the methodologies to be adopted and the supervision of the work by the AA are key factors in ensuring that the final audit findings minimise audit risk.

4.5 YES (if yes, 4.6)

4.6

In the cooperation programmes, effective cooperation between the members of the group of auditors from different Member States is extremely significant, especially at the stage of review of the preliminary reports and analysis of allegations, in conjunction with the related external auditors. Indeed, the existence of different legislative frameworks in each of the Member States makes it more complicated to make a fair assessment of legality/eligibility and a proactive approach is desirable, in particular from when the audits are carried out until the final reports are issued. Under the approved operational rules of the group of auditors, it is up to the Member State where the audited beneficiary is

	located to provide the factual elements to enable the AA to conduct the assessment.
	4.7 N/A
RO	<p>4.1 <input checked="" type="checkbox"/> YES</p> <p>Most of the managing authorities took into consideration the conclusions of the Report on the protection of the EU's financial interests for 2016 by adopting internal operational procedures for the assessment of fraud risks, and by taking the following measures in order to detect and report fraud suspicions/frauds:</p> <ul style="list-style-type: none"> a) using information systems to identify non-compliances/fraud patterns (ARACHNE, SMIS/MySMIS, the ONRC database, the ANAF database etc.); b) analysing the results of fraud risk assessments; c) improving the procedure for verification of fraud/conflict of interests indicators based on the experience gained; d) preparing the fraud case document at the level of the operational programme managed; e) reporting immediately fraud notifications to DLAF. <p>The results of the assessments become the object of action plans and are taken into account when updating the managing authorities update their operational procedures.</p> <p>At the end of 2017, according to the EC recommendations on the frequency of self-assessments, the second fraud risk self-assessment was completed based on the existing controls/checks applicable to the managing authority.</p> <p>- As regards the level of competence of the Paying and Intervention Agency for Agriculture (Agenția de Plăți și Intervenție pentru Agricultură), the occurrence of fraud cases in Romania, in the case of market measures, is low. Frauds are approached on the basis of the prevention principle. The financial aid is paid only after the administrative and on-the-spot checks have been completed. In most cases,</p>

administrative checks are completed by on-the-spot checks to a rate of 100 %. Where the on-the-spot check is based on the risk assessment, among the risk criteria the history of previous controls and the aid value are also taken into account.

The manuals of procedures are constantly updated according to the cases encountered and the types of checks to be performed and the documents to be checked are extended.

As regards the reporting of fraud indications, in order to provide immediate information to the internal specialised department, all the manuals of procedures contain clear specifications on the obligations pertaining to the management of such situations.

- the Audit Authority encourages external public auditors to consult all the potential external sources with regard to indications of fraud and the fight against fraud. Cases of suspicions of fraud were identified in the reference period, being referred to DLAF for investigation. Fraud suspicions are reported to the European Commission in the annual control reports issued by this institution, along with the nature of the fraud suspicion and the systemic nature thereof, where applicable.

4.2 YES

The implementation of the ISO 37001:2016 – ANTI-MITA Management System at AFIR (Rural Investment Financing Agency) is at the stage of procurement. The ISO 37001 Standard is designed to be integrated with the existing management systems and controls.

The anticorruption management system is based on a series of control measures and means, including supporting guidelines, indicating requirements on the following aspects:

- adopting a policy and procedures for combating corruption;
- designating a person to supervise conformity with this policy;
- the management proving its leadership and commitment;
- training in the spirit of combating corruption;
- assessing corruption risks;
- checking history (*due diligence*) with regard to associates, staff, projects or business partners;
- implementing means of financial or non-financial, commercial, contractual and procurement control;

	<ul style="list-style-type: none"> - initiating reporting, monitoring, investigation and audit procedures; - taking corrective and ongoing improvement actions. <p>The implementation of the standard helps the organisation by providing:</p> <ul style="list-style-type: none"> - insurance for management, investors, employees, clients and other interested parties that an organisation has taken reasonable measures to prevent corruption; - proof that the organisation has taken reasonable measures to prevent corruption in the case of an investigation; - a basis for benchmarking the anticorruption management system with those of other organisations with similar systems. <p>The standard is structured as per the applicable SL Annex and the other management standards (e.g. ISO 9001 or ISO 27001). The standard aims to ensure the high-level common structure for the ISO management system standards in order to ensure, when required, easy integration with the other systems of the organisation.</p> <p>The purpose of ISO 37001 is to support the creation of a worldwide culture combatting corruption and enhancing trust in the business world and in institutions.</p> <p>Thus, the prevention of corruption becomes a global initiative starting from the individual awareness raising thereof among organisations. This objective can only be achieved by commitment, transparency and compliance with the anticorruption management system framework established under this standard.</p>
	4.3 N/A
	4.4 N/A
	4.5 N/A
	4.6 N/A
	4.7 N/A
SI	4.1 YES The MA and IB have up-dated in 2016 prepared fraud risk self-assessment. Strategy MA for the development of an anti-fraud on the area of

	<p>cohesion policy was adopted already in 2016, but training of the members of MA and other participant included in European cohesion policy on the area of fraud is on-going task, also in 2017.</p> <p>For the purpose of on the spot verifications the MA has up-dated in 2016 prepared risk analysis, based on a different indicators (depending on found, on beneficiary...) which could be amended, changed in a later stages, according to the findings of the management verifications, audits...</p> <p>Slovenia has in 2017 also adopted Arachne IT tool.</p>
	<p>4.2 NO</p> <p>At the moment we not perceive any specifics.</p>
	<p>4.3 NO</p>
	<p>4.4 N/A</p>
	<p>4.5 YES (if yes, 4.6)</p>
	<p>4.6</p> <p>For ETS programmes where Slovenia is taking the role of MA.</p> <p>Continuation of:</p> <ul style="list-style-type: none"> - 100% administrative verification performed by national controllers at the level of CBC programmes - workshops for potential applicants and for reporting performed by MA and JS in cooperation with national controllers - regular bilateral working group meetings on reporting and eligibility, with the participation of all relevant programme bodie - frequently updating the question and answers concerning eligibility of expenditure on the programme website - and extension of use of Arachne at the level of FLC .
	<p>4.7 N/A</p>
SK	<p>4.1 YES</p> <p>The Ministry of Transport and Construction of the SR as MA for OP Integrated Infrastructure set up the system of the self-evaluation of risks of the fraud occurrence.</p>

	<p>In the framework of the risks assessment, The Ministry of Environment of the SR added into the risks analysis of the OP Quality of Environment following risk factors: fraudulent behaviour, conflict of interests, incl. tools used for the identification of mentioned risk factors. One of considered tools is the ARACHNE (EC). Based on the assessment of these risks a list of the most serious risks will be generated to be system-solved. This area is covered by the Working Group for the Risks Management of the OP Quality of Environment, where the members are: representatives of the Managing Authority, Intermediary Bodies, incl. departments for control and audit.</p> <p>The Ministry of Health of the SR has in internal manual section called risk management system that contains for example whistle blowers, fraud prevention, creating task force for risk management - the annex of internal manual is risk catalogue.</p> <p>The Ministry of Labour, Social Affairs and Family of the SR reported that the Risk Management Working Group of the Operational Program Human Resources would meet in March 2018 and the findings from this report would be taken into account.</p>
	4.2 NO
	4.3 YES
	<p>4.4</p> <p>MA for Interreg V-A has established a Public Procurement Unit to help detect unlawful practices in the Public Procurement process before and after its implementation. MA will use the ARACHNE system to identify possible frauds.</p>
	4.5 YES (if yes, 4.6)
	<p>4.6</p> <p>In risk assessment group there is a representative of other Member State. Audit authorities of cooperating Member States collaborate and exchange experiences.</p>
	4.7 N/A
FI	4.1 <input checked="" type="checkbox"/> YES
	<p>4.2 <input checked="" type="checkbox"/> YES</p> <p>Training will be organized on the basis of the new plan.</p>
	4.3 - NO

	4.4 N/A
	4.5 - NO
	4.6 N/A
	4.7 N/A
SE	4.1 <input checked="" type="checkbox"/> YES ERUF: The Risk Assessment team has reviewed the processing process from a fraud perspective and see the need to train both management and administrators/economists in public procurement.
	4.2 <input checked="" type="checkbox"/> YES ERUF: Risk assessment within the Risk Assessment team has found that most errors concern public procurement. Trainings including public procurement are planned in spring 2018.
	4.3 <input checked="" type="checkbox"/> YES
	4.4 First Level Controllers in Sweden act as contact persons for Managing Authorities in other Member States in their respective programmes.
	4.5 <input checked="" type="checkbox"/> YES (if yes, 4.6)
	4.6 The rapporteurs have primary contact with first Level Controllers in Sweden, but if necessary they have direct contact with Secretariat/Managing Authority/Certifying Authority in other Member States.
	4.7 Networking with participants from different programs.
UK	4.1 <input checked="" type="checkbox"/> YES The UK Co-ordinating Body acts as the dedicated conduit for sharing information with paying agencies with regard to OLAF/COCOLAF reports. The 2016 PIF report was circulated to paying agencies for their information. Respective paying agencies undertake regular reviews of the individual risk assessment and take into account a number of factors at local, national and EU level to best inform their risk assessments.

4.2 <input checked="" type="checkbox"/> YES
No – we did not obtain any results which are suitable for sharing at this stage.
4.3 <input checked="" type="checkbox"/> YES
NA – Measures like this are coordinated between member states, by ETC programme Managing Authorities (and where necessary Audit Authorities). Further information could be set out by the Managing Authorities themselves.
4.4
NA – Measures like this are coordinated between member states, by ETC programme Managing Authorities (and where necessary Audit Authorities). Further information could be set out by the Managing Authorities themselves.
4.5
NA - The specific steps were undertaken at the programme level, under the coordination of the Managing Authorities, who – as above – could set out further details.
4.6
NA - The specific steps were undertaken at the programme level, under the coordination of the Managing Authorities, who – as above – could set out further details.
4.7
N/A