



EUROPEAN  
PUBLIC  
PROSECUTOR'S  
OFFICE



# **EUROPEAN PUBLIC PROSECUTOR'S OFFICE**

## **Consolidated annual activity report**

**Financial year 2021**

*Report pursuant to Article 48 of the EPPO's Financial Rules*

## Contents

<b>List of abbreviations .....</b>	<b>4</b>
<b>College of the EPPO's analysis and assessment .....</b>	<b>5</b>
<b>Executive summary .....</b>	<b>6</b>
<b>Part I: Achievements of the year .....</b>	<b>7</b>
<b>Part IIa: Management.....</b>	<b>16</b>
2.1: College of the EPPO .....	16
2.2: Major developments.....	16
2.3: Budgetary and financial management.....	16
2.4: Delegation and sub-delegation .....	19
2.5: Human Resources management .....	19
2.5.1: Recruitment of statutory staff.....	19
2.5.2: Recruitment of European Delegated Prosecutors.....	19
2.5.3: Recruitment of Seconded National Experts.....	20
2.5.4: Implementing rules and policies .....	20
2.5.5: Screening/benchmarking exercise .....	20
2.6: Strategy for efficiency gains .....	20
2.7: Assessment of audit and ex-post evaluation results during the reporting year .....	21
2.7.1: Internal Audit Service (IAS).....	21
2.7.2: European Court of Auditors (ECA).....	21
2.8a: Follow-up of recommendations and action plans for audits and evaluations.....	21
2.8b: Follow-up of recommendations issued following investigations by OLAF.....	21
2.9: Follow-up of observations from the discharge authority .....	21
2.10: Environmental management .....	21
2.11: Assessment by management .....	22
<b>Part IIb: External evaluations .....</b>	<b>22</b>
<b>Part III: Assessment of the effectiveness of the internal control systems .....</b>	<b>23</b>
3.1: Effectiveness of internal control systems.....	23
3.2: Conclusions of the assessment of internal control systems.....	23
3.3: Statement of the manager in charge of risk management and internal control .....	24
<b>Part IV: Management assurance .....</b>	<b>25</b>
4.1: Review of the elements supporting assurance.....	25
4.2: Reservations.....	25
<b>Part V: Declaration of assurance .....</b>	<b>26</b>

<b>Annexes.....</b>	<b>27</b>
Annex I: Core business statistics, 2021 .....	27
Annex II: Statistics on financial management, 2021 .....	28
Annex III: Organisational chart .....	29
Annex IV: Additional information on Human Resources management .....	29
Annex V: Human and financial resources by activity .....	33
Annex VI: Contribution, grant and Service Level Agreements. Financial framework partnership agreements .....	33
Annex VII: Environmental management .....	34
Annex VIII: Final annual accounts .....	34

## List of abbreviations

**AWP:** Annual Work Programme

**CA:** Contract Agent

**CEOS:** Conditions of Employment of Other Servants of the EU

**CMS:** Case Management System

**CNA:** Competent National Authority

**ECA:** European Court of Auditors

**ECR:** EPPO Crime Report

**EDP:** European Delegated Prosecutor

**EP:** European Prosecutor

**IAS:** Internal Audit Service

**IBOAs:** institutions, bodies, offices and agencies of the European Union

**ICF:** Internal Control Framework

**ICT:** information and communications technology

**IO:** international organisation

**KPI:** Key Performance Indicator

**MS:** Member State

**PAE:** Pre-Assessment Environment

**RMP:** Risk Management Policy

**SFTP:** Secure File Transfer Protocol

**SIAP:** Strategic Internal Audit Plan

**SPD:** Single Programming Document

**TA:** Temporary Agent

**PIF:** Protection of the financial interests (*Protection des intérêts financiers*)

**WA:** Working Arrangement

## College of the EPPO's analysis and assessment

The College of the EPPO takes note of the Administrative Director's Consolidated Annual Activity Report (CAAR) 2021, including the EPPO's Final Accounts 2021. The College takes note of the Administrative Director's Declaration of Assurance thereto.

In assessing the CAAR 2021, the College of the EPPO makes the following observations:

- The preparation work and efforts accomplished during the build-up phase of the organisation have allowed the EPPO to start operations at full speed from day one, which the College considers a major achievement – particularly since 51 European Delegated Prosecutors could only be on-boarded around the operational start date.
- The EPPO successfully started its operations on 1 June 2021 and acquired financial management autonomy from the European Commission on 24 June 2021.
- The staffing level granted to the EPPO for 2021 was below the EPPO's estimated needs, which required the EPPO to focus available posts on the most urgent short-term needs, while maintaining dependency on third party support (commercial or inter-institutional). This might have represented limits, in some instances, to the EPPO's independence.
- No critical issues were highlighted by external audits on the annual accounts for the financial year 2021.
- The EPPO achieved a rate of 97% of budget execution over the final 2021 budget.

The College notes that the Administrative Director has no major issues that would merit a reservation of the presentation of the annual accounts for the financial year 2021 to the Discharge Authority.

Based on the above observations, and in accordance with Article 48 of the Financial Regulation applicable to the EPPO, the College of the EPPO takes note of the Administrative Director's CAAR 2021. The CAAR 2021, together with the College assessment and its enclosed documents, shall be sent to the European Parliament, the European Council, the European Commission and the European Court of Auditors.

Luxembourg, 29 June 2022

Laura Kövesi,

Chair of the College of the EPPO



EUROPEAN  
PUBLIC  
PROSECUTORS  
OFFICE

## Executive summary

The year 2021 saw the European Public Prosecutor's office starting, from 1 June, its prosecution and investigative activities, effectively delivering on the mission for which it was created.

A dedicated [Annual Report](#) by the European Public Prosecutor's Office, highlighting the main features of that initial period of operations, has been published in accordance with Article 7 of the EPPO Regulation<sup>1</sup>. This Consolidated Annual Activity Report (CAAR) expands beyond the elements the EPPO Annual Report, in CAAR-standardised format, on the specific aspects of resources management.

As well as being an initial period of operations, 2021 has been a learning period, enabling the operating model characteristics to become more precisely defined, and to compare them with the planning assumptions that had been made at the initial budgeting stage, and defended to the EU Budgetary Authority. This period of specification of the EPPO's operational model, in the absence of a pre-existing model relevant at EU level, is expected to persist beyond the 2021 period.

The 2021 activities deployment remained, in addition, significantly affected by the Covid-19 pandemic – in terms of the capacity to effectively recruit staff, with a reduced readiness of candidates to expatriate during such a period, as well as significant disruption in the market for goods and services. This led to the slow implementation of construction work, in particular (for example in completing the long-term premises of the EPPO's Central Office).

In terms of budget implementation, while the EU Budgetary Authority granted additional financial means matching the EPPO's budgetary demands, one of the main purposes for which such a budget was requested – the early hiring of staff to cover all essential functions – was not authorised, leading to limits on the budgetary absorption capacity for that year. Partial alternatives were implemented through the service purchase, as a short-term alternative to hiring – without, however, the means of developing a sustainable EU structure.

---

<sup>1</sup> Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO')

## Part I: Achievements of the year

Setting up the minimal conditions essential to the start of the EPPO's operations has been a major drive behind the strategic and managerial priorities of 2021, focusing resources – as they became available – on establishing requirements for the effective implementation of the EPPO's prosecutorial and investigative activities. This led, in particular, to a focus on the recruitment and onboarding of both Central Office staff and the European Delegated Prosecutors in participating Member States.

In the context of the constrained human resources the EPPO was allowed to hire, compared to the EPPO's estimated needs, scope limitations on less-immediately-essential-to-operations functions were accepted. This was partly overcome by continuing and broadening reliance on other EU institutions and EU bodies services (through Service Level Agreements), and on purchasing services from market operators where relevant contractual frameworks could be accessed.

In operational terms, 2021's activities are described in greater detail in the EPPO's 2021 Annual Report. Regarding operational and non-operational specific strategic objectives for 2021, as per the Single Programming Document 2021-2023, a summary of the key features is reported below. It is to be noted that, being an initial period of activity, for most of these strategic objectives, the period is used to measure basic output indicators, to be used as a baseline for capturing development dynamics in future years.

Being the initial period of operations of a novel EU policy instrument, the period represents the first opportunity to establish benchmark and structural indicators adapted to the mission. Per Action Area, the progress can be summarised in greater detail as follows.

### Action area: Prosecution casework

<b>Strategic objective 1</b>	<b>Achieve a smooth and effective transition from start-up to normal phase of operations</b>
<b>Indicator</b>	<b>Information on crimes received by the Office in accordance with Article 24 of the Regulation are handled in an effective and timely manner</b>
Data source	Annual statistics
Baseline	n/a
Target 2021–2023	Incoming information is processed within the statutory details stipulated in the EPPO Regulation. Backlog of cases reported by competent authorities of the Member States is progressively cleared.

One of the main objectives, in preparing for the start of operations, was establishing effective mechanisms to ensure the proper reporting and processing of information received from the competent national authorities, EU institutions, bodies, offices and agencies (IBOAs), private parties and other relevant stakeholders – including non-participating Member States, third countries and international organisations (IOs). The EPPO established direct communication channels with the reporting entities. A uniform reporting template, the EPPO Crime Report (ECR), was created and translated into all participating Member States' languages, and was disseminated to all relevant reporting authorities. A dedicated operational environment for the pre-assessment of complaints by private parties, in compliance with the applicable provisions on the protection of personal data, was established. Specific guidance, training materials and over **one hundred** awareness sessions on the reporting workflows and tools were provided, online or on-site, to the competent national authorities in the participating EU Member States and relevant IBOAs.

Between June and December 2021, the EPPO received **1 541** crime reports; of these, 1 351 were from the competent national authorities of the participating Member States and 190 were from the IBOAs. Nine fraud cases were registered ex officio.

**1 026** of the reported cases were already being investigated by the national judicial or law enforcement authorities, and were sent to the EPPO on the basis of Article 24, second paragraph of the EPPO Regulation. Thus, the European Delegated Prosecutors had to analyse and decide, in a short time, whether or not the EPPO would evoke those investigations.

By the end of the reporting period, all backlog cases reported to the EPPO by national authorities were processed within the deadlines foreseen by the EPPO Regulation and Internal Rules of Procedure. The reporting of information is done via a direct, secure connection (EPPOBox<sup>2</sup>), established between the Central Office and the EDP offices in the participating Member States, as well as the reporting authorities and IBOAs, with **a global network** total of **337 EPPOBox users**. The process of refining and enlarging the EPPO's reporting network is ongoing.

The EPPO has also developed a dedicated 'Report a Crime' [web-form](#), accessible via the EPPO website, where any natural and legal person can report a crime to the EPPO in all the languages of the participating Member States. **1 282** complaints were received from private parties, of which **557** were duplicates<sup>3</sup>. On this basis, **734** unique registrations were opened, of which **60** were registered in the EPPO's Case Management System (CMS)<sup>4</sup> for verification, while the rest

---

<sup>2</sup> The EPPOBox is the channel for securely transferring operational information developed by the EPPO and based on the Secure File Transfer Protocol (SFTP). The reporting takes place via a dedicated web portal or through an SFTP client.

<sup>3</sup> Private parties submitted the same report via several reporting channels, or they have sent the same complaint multiple times.

<sup>4</sup> The CMS is the core business system of the EPPO, allowing European Prosecutors, European Delegated Prosecutors and designated EPPO staff to perform all the casework, investigative and analysis related functions, at every stage of the case lifecycle, from initiation to investigation, prosecution and closure.

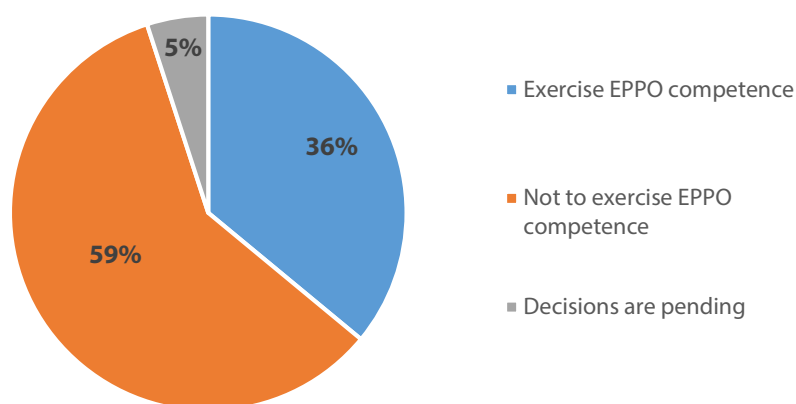


were assessed as manifestly outside of the EPPO's competence. These were referred to national authorities (**233**) or to IBOAs (**6**), deleted/destroyed (**376**) or returned to sender (**38**).

Strategic objective 2	Improve overall investigation and prosecution rates of offences affecting the EU's financial interests
Indicator	Number of investigations and prosecutions initiated by the EPPO in the reporting period
Data source	Annual statistics
Baseline	Statistics of investigations and prosecutions of PIF offences at national level
Target 2021–2023	5% increase yearly against baseline

After the verification of information reported to it, the EPPO decided to exercise its competence in **570** cases<sup>5</sup>, while in another **956** cases the decision was not to exercise it. In the remaining **84** cases, the decisions were still pending on 31<sup>st</sup> of December 2021.

#### EDPs' decisions on the exercise of EPPO competence

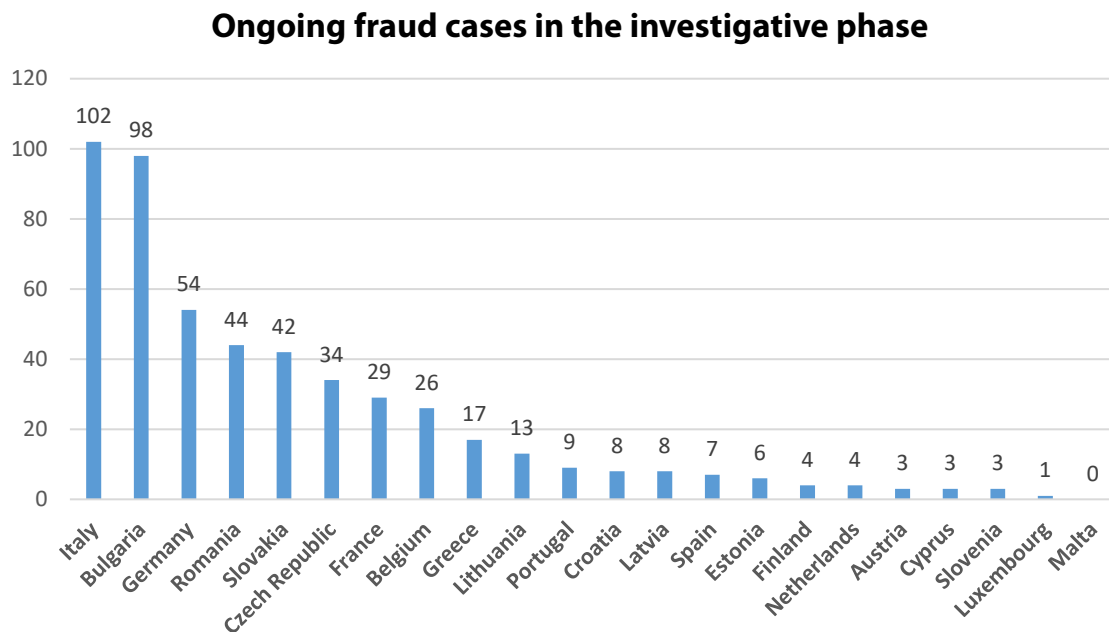


In the 570 cases in which the EPPO decided to exercise its competence, investigations were carried out at a sustained pace, and various procedural decisions were taken: indictments (**5 cases**); simplified prosecution procedure (**3 cases**); cases referred to national authorities (**31**<sup>6</sup>);

<sup>5</sup> 278 fraud cases were evoked, and 292 were new cases

<sup>6</sup> The grounds were: **EPPO not competent (9 cases)**; **conditions of Article 25(2) and (3) no longer met (4 cases)**; and **damages below €100,000, and lack of seriousness of the offence or complexity of the proceedings (18 cases)**.

cases split (6); cases merged (19); and cases dismissed (3<sup>7</sup>). At the end of 2021, the criminal investigations were continuing in **515** fraud cases.



The **five indictments** the EPPO issued in 2021 concern 10 suspects, investigated for crimes including corruption, non-procurement fraud, VAT and non-VAT revenue fraud, as well as participation in a PIF-focused criminal organisation. Court proceedings are ongoing in four participating Member States (Bulgaria, Germany, Italy and Lithuania). The estimated damages amount to a total of around **€33 million**.

On 22 November 2021, the EPPO secured **its first conviction verdict**, when the Special Penal Court of the Slovak Republic – following the application of a simplified prosecution procedure – convicted a former mayor of a municipality in Slovakia, who had pleaded guilty to having falsified documents, in order to illegally obtain financial support from the European Social Fund for the co-financing of local services. The defendant was sentenced to conditional imprisonment of three years, with a probation period and a five-year disqualification from holding public office.

<sup>7</sup> The grounds in all cases were the **lack of relevant evidence**.

Strategic objective 3	Consistent use of asset recovery instruments available to prosecutors in relation to offences affecting the EU's financial interests
Indicator	Percentage of cases prosecuted or where simplified prosecution was applied in which assets were frozen
Data source	Annual statistics
Baseline	n/a
Target 2021–2023	50%

From the onset of the EPPO's operational activities, asset recovery has been an integral part of the investigations, following a proactive and effective policy to bring about a tangible impact on the recovery of proceeds deriving from damages caused to the financial interests of the EU.

In 2021, 80 recovery actions took place in 11 of the participating Member States (Italy, Belgium, Germany, Romania, Czechia, Hungary, Finland, Latvia, Luxembourg, Spain and Lithuania), as an essential part of the procedural activities planned and executed within the framework of EPPO investigations.

Freezing requests for the overall amount of **€160 230 389** were made, freezing orders for **€149 489 008.49** were granted, and in the course of these actions assets for the overall value of **€46 484 224** were ultimately seized. The single highest seizure was **€7 118 541** in monetary instruments. In four cases, a total of €7 403 016 was recovered before trial. Extended confiscation has already been requested in two instances, indicating the will and the ambition of the European Prosecutors to use the full extent of the law in order to seize assets towards which some protective measures have been taken by the criminals, in order to avoid confiscation. Value-based confiscation was largely requested as an instrument to enable recovery and derive the value of the proceeds of crime. Several confiscation requests, intended to additionally secure possible civil actions, have been made. For the reporting period, a final confiscation amounting to €22 000 took place.

The leading type of assets seized were bank accounts, followed by real estate properties, vehicles, motorboats as well as shares, cash and luxury items. Criminal merchandise has been seized and removed from the market, effectively depriving the criminals from deriving the benefit of their illicit activities. This includes an estimated market value of €17 000 000 worth of illicit tobacco and over €12 000 000 worth of food products, as well as imported merchandise, with which criminals were aiming to circumvent important protective EU policies such as anti-dumping duties. While the value of the assets seized unequivocally confirms the level of financial harm caused, and the high profitability of, the PIF offences, among the illegal items found during searches were also firearms – challenging the notion that criminals involved in these offences do not possess a level of threat and violence.

### Action area: Cooperation/policy work

<b>Strategic objective 4</b>	<b>Develop close cooperation and effective information exchange with key partners</b>
<b>Indicator</b>	<b>Timely implementation of agreed actions stemming from working arrangement concluded with EPPO partners</b>
Data source	Annual statistics
Baseline	n/a
Target 2021–2023	At least 90% of the agreed actions are implemented within agreed timelines

<b>Strategic objective 5</b>	<b>Contribute to shaping and harmonising the fight against fraud across the EU</b>
<b>Indicator</b>	<b>Establish a coherent system for investigation and prosecution of offences affecting the EU's financial interests</b>
Data source	Annual statistics, Annual Reports on the protection of the European Union's financial interests and fighting against fraud
Baseline	n/a
Target 2021–2023	n/a

The EPPO has been active in the technical implementation of the Working Arrangements (WAs) signed with other IBOAs (Eurojust, OLAF, Europol, EIB and ECA).

This entailed, *inter alia*: agreeing on operational templates and technical channels to be used for communication; putting in place a 'hit/no-hit' mechanism with OLAF; developing a dedicated tool for recording exchanges of information with operational partners; drafting guidance for IBOAs and EPPO staff, and organising reciprocal awareness sessions.

The operational implementation of the cooperation with the EPPO's other partners and stakeholders, including non-participating Member States, third countries and international organisations, is under development.

190 crime reports were received by the EPPO from 4 IBOAs.

## Action area: Management and organisational maturity

Strategic objective 6	Ensure effective organisational structure and processes, including professional, transparent and efficient management of the Office
Indicator	Internal Control Framework-related
Data source	Internal
Baseline	Best practices from similar EU bodies
Target 2021–2023	<ul style="list-style-type: none"> <li>• Key elements of the Internal Control Framework (including internal control standards) adopted by end 2021</li> <li>• Risk and fraud risk registered established from mid-2021</li> <li>• Inventory and mapping processes deployed over 2022/23</li> <li>• Staff Regulation's Implementing Rules adopted (and eventually adapted) by end 2021 for standard ones and end 2022 for EPPO-specific ones</li> <li>• Statutory social dialogue setup established by mid-2022 and social dialogue-driven HR process implemented by end 2022. Internal auditing active from 2022 onwards</li> </ul>

Recruitment, onboarding and deployment of 122 Central Office staff in Luxembourg and 95 European Delegated Prosecutors in the 22 participating Member States by year-end was achieved. This provided for swift growth in staffing deployed to reach an occupancy rate close to 94% of the EPPO's 2021 establishment plan by year-end, and enabled the delivery of essential capacity for the priority functions required for the start of operational activities. For the Central Office, this represents more than a doubling of the number of staff deployed over one year, while establishing over the same period most of the national offices' capacity.

Within the same logic of focusing on the essential requirements for carrying out the EPPO's mandate, the EPPO's Case Management System (CMS), run on a dedicated secure infrastructure, entered into production, enabling the capture and secure management of investigations and prosecution-related information, jointly between the Central Office and decentralised offices. A specific governance policy for optimising this tool and its further development has also been put in place, to steer the contribution of digital technologies to the EPPO's operational objectives.

The EPPO did not have, however, enough resources at its disposal to become autonomous from the European Commission in terms of non-operational IT systems, and has continued to operate through the services of the European Commission when it comes to hardware, software and services.

With regard to financial management, conditions were delivered for the EPPO to operate as an autonomous financial EU body, and the EPPO became financially autonomous from the European Commission from June 2021. The EPPO did, however, operate mostly with the purchase capacity of goods and services through Service Level Agreements with other IBOAs, and by accessing some of these EU partners' purchase capacities by joining inter-institutional contracts with varied market operators. The development of the EPPO's own purchase capacity, resulting from its own specifically run procurement processes, can only be a gradual process that will require an extended period, and for which development could only be initiated in 2021.

Long-term dedicated premises, gradually equipped and made available throughout the year by the Luxembourg authorities, became host to the EPPO's Central Office and to the minimal security features activated. This formed the basis on which further developments are expected to be necessary, to tailor the Central Office premises' capacity to serve emerging needs resulting from the operational model established by the EPPO.

In parallel, preparations to accompany further developments – for example, the setting up of a Seconded National Experts scheme – involved the launch of analytical and preparatory work to improve services, assurance and business continuity frameworks, which were initiated during 2021.

In terms of personal data protection, the early deployment of the Data Protection Officer (DPO) allowed the EPPO to achieve early adoption of the essential corpus of rules for management through operational and administrative processes of personal data. As concerns the processing of operational personal data, the compliant development of the Case Management System (CMS) was a central area of activity. This included, in the context of the CMS environment, the creation of the Pre-Assessment Environment (PAE) for reports from private parties, as well as the creation of a dedicated section for logging information exchanges. Apart from the technical aspects, this also involved ensuring that the appropriate training, guidance, and documentation was created and disseminated, as well as liaising with the EDPs in the context of mandatory consultations, where applicable. Following the start of operations, it also involved ensuring that the CMS functions as expected, e.g. from an auditing and auditability perspective and monitoring (especially initial) user activity in the CMS.

As relates to the processing of administrative personal data, the year focused on ensuring the existence and harmonisation of the required documentation and harmonisation of working practices and methodologies. Additional challenges stemmed from the Covid-19 pandemic, associated working practices (e.g. teleworking from various locations) on an unprecedented level, and consequentially the associated increase of risks of data breaches occurring.

<b>Strategic objective 7</b>	<b>Effectively communicate the EPPO's successes and added value to stakeholders and to the general public</b>
<b>Indicator</b>	<b>To be further developed</b>
Data source	Internal
Baseline	n/a
Target 2021–2023	To be further developed

Media interest in the EPPO was very high throughout 2021. In the run up to the start of operations, the European Chief Prosecutor and European Prosecutors gave more than 100 interviews to journalists from the EU and beyond.

The EPPO organised four press conferences: one on the start date of operations, and three during visits of the European Chief Prosecutor to Bulgaria, Malta and Slovenia. We published 68 news updates on the EPPO's website in 2021. Only a handful of visits from student groups could take place, due to the Covid-19 pandemic.

The corporate website [www.eppo.europa.eu](http://www.eppo.europa.eu) was launched in January 2021, under the europa.eu domain. It features as the central information hub with news updates, vacancies, College Decisions and Working Arrangements, as well as general information about the EPPO's mandate, structure and legal framework.

Anyone looking to reach out to the EPPO can do so through contact forms on the website for media requests, general queries and career enquiries, and the possibility to report a crime directly to the EPPO. Reporting a crime is possible via a web form available in 19 EU languages.

The EPPO has official social media accounts on Twitter, LinkedIn, Facebook and YouTube. These channels are used to amplify the news updates published on the website and to engage with the broadest possible public. The number of followers on all platforms combined quadrupled in 2021, reaching almost 20 000.

## Part IIa: Management

### 2.1: College of the EPPO

Setting up the EPPO's core governance structure, and its minimal underlying governance processes (as per the standards required of IBOAs) – including kick-starting risk-based programming and reporting cycles, as well as adopting an initial organisational model and an initial set of implementing provisions for the various regulations under which the EPPO operates – was the first set of deliverables adopted by the College. In particular, the College adopted internal control standards for the EPPO, to formalise a first-generation internal control/assurance framework capable of delivering on the legality, regularity and effectiveness of the controls implemented. This internal control framework, and the further strategic documents that completed it (such as the anti-fraud strategy), were introduced with the aim of contrasting, more clearly, two specific groups of risks – namely, the risks resulting from the lack of capacity/staff available during the reported period to cover all necessary functions, on the one hand, and the high exposure of the EPPO to reputational risks, in cases of non-regular use of its budget, on the other.

### 2.2: Major developments

The year 2021 remained affected by the specific conditions resulting from the Covid-19 pandemic, and with consequences on goods and service providers' capacity, in particular.

2021 was mostly a year of the establishment of the EPPO's essential operational and non-operational capacities, and of the basic services and assurance frameworks for the EPPO. As such, this period is highly atypical, both in that it is the initial period of operations, and in that it is deploying a mandate that has no precedent to be used as a reference point, in terms of its mission and operating conditions.

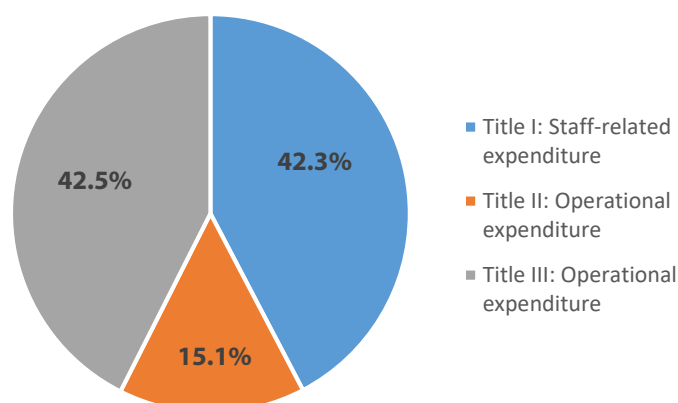
### 2.3: Budgetary and financial management

#### Overview

The EPPO's 2021 initial budget was adopted for an amount of €44.9 million, entirely covered by the EU subsidy. During the year, the budget was amended three times, resulting in a return of €9.5 million to the EU budget. Thus, the 2021 final budget equaled to **€35.5 million**. It is noted that since 2021 was the year that the EPPO gained financial autonomy, €9.2 million was consumed while the EPPO was under the European Commission, until 24/06/2021, and the other €26.3 million was consumed directly by the EPPO after financial autonomy.



**EPPO 2021 final budget by Title**



Under *Title I (Staff-related expenditure)*, €4.8 million was returned in total. Some of the assumptions made at the budget planning stage had not materialised, such as the amendment of the EPPO's establishment plan to allow the recruitment of 42 additional staff in the Central Office, due to the refusal of the European Commission. As a consequence of this non-clearance, the additional funds granted by the Budget Authority were not used for their main intended purpose.

Under *Title III (Operational expenditure)*, one third of the initial budget was returned (€6.8 million). A main reason for this was the slower-than-expected start of operational activities of the EPPO – anticipated at the start of 2021, and effective as of June 2021. Therefore, it generated a more modest spending pattern for expenditure relating to operational activities (e.g. translations and investigative costs) than the hypotheses retained at the time of the budget preparation. In addition, a slower-than-expected nomination by the participating Member States and appointment of EDPs in 2021 (95 instead of 140 initially foreseen) limited the spending capacity.

On the other hand, this enabled the reallocation of costs and increase of investment under *Title II (Infrastructure and other operating expenditure)* (+ €2.1 million). Some further initiatives were identified, particularly in the ICT infrastructure, such as: the further development of various CMS ecosystem components to build up capacity within the EPPO and the main data back-up centre; investments required to prepare to acquire IT autonomy from the European Commission; and access to commercial databases and financial data analytical software to strengthen investigative capacity.

### Budget transfer

During 2021, the European Chief Prosecutor authorised one budgetary transfer within Titles, as follows:

- Within Title I, due to savings in external services use, it was possible to allocate €10 000 to additional catering needs in the EDPs' workshops, and to missions for administrative staff
- Within Title III, the savings generated by the late nomination of EDPs reprioritised €80 000 to missions for operational purposes

No late payment interests were recorded.

The information provided below is from the date of the EPPO's financial autonomy on 24 June 2021.

### Implementation of consolidated authorised appropriations

Title	Final budget (EUR)	Committed (EUR)	Committed / final budget (%)	Paid (EUR)	Paid / committed (%)
Title I	8 826 332	8 602 486	97.46%	7 896 364	89.46%
Title II	4 248 338	3 961 054	93.24%	1 386 183	32.63%
Title III	13 179 114	12 781 410	96.98%	9 259 593	70.26%
<b>Total</b>	<b>26 253 784<sup>8</sup></b>	<b>25 344 950</b>	<b>96.54%</b>	<b>18 542 140</b>	<b>70.63%</b>

### Carryforward

The EPPO implemented 97% of its final budget in 2021. **€6.8 million** of commitment appropriations were carried forward to 2022 with the associated payments appropriations. This represented 26% of the overall budget:

- €700 000 concerned Title I, which was 8% of the total Title I budget
- €2.6 million concerned Title II, which was 60% of the total Title II budget
- €3.5 million concerned Title III, which was 27% of the total Title III budget

The reason for the high carried forward amounts in Titles II and III is the fact that many contracts were signed in the second half of 2021, when the EPPO was financially autonomous, with payments thus spilling over into 2022.

The appropriations carried forward from 2020 to 2021 came to a total of €1.2 million (C8), among which €0.93 million was paid. The final implementation rate of the carryforward from last year was 76.4%.

---

<sup>8</sup> The rest of the €9.2 million (adding to €35.5 million that was the EPPO's final budget in 2021) was consumed while the EPPO was still under the European Commission.

More information can be found in the EPPO's [Report on the budgetary and financial management 2021](#), which is enclosed.

### Procurement activities

Concerning procurement procedures for contracts above €15 000, no contract was signed in 2021. An open call for tender was launched in Q4-2021, and contracts are expected to be signed in 2022.

However, the EPPO signed specific contracts/orders awarded under framework contracts, including inter-institutional framework contracts.

## **2.4: Delegation and sub-delegation**

Not applicable since no delegations by the authorising officer were given in 2021.

## **2.5: Human Resources management**

### ***2.5.1: Recruitment of statutory staff***

In 2021, the EPPO focused on the recruitment of staff necessary to work with the first group of cases that it received. The majority of the recruited staff included financial investigators, case analysts and legal and policy officers. By 31 December 2021, the EPPO had recruited 66 statutory staff in addition to existing staff, bringing the total figure to 122 statutory staff members. This is translated to close to 94% occupancy of the Establishment Plan.

### ***2.5.2: Recruitment of European Delegated Prosecutors***

The European Delegated Prosecutors (EDPs) are a special category of EPPO staff. The EDPs act on behalf of the EPPO in their respective Member States, and have the same powers as national prosecutors in respect of investigations, prosecutions and bringing cases to judgment. In 2021, the EPPO recruited the first 95 EDPs (circ. 68%), out of a targeted 140 by end 2022.

### **2.5.3: Recruitment of Seconded National Experts**

At the end of 2021, the EPPO initiated the process for the recruitment of 29 Seconded National Experts (SNEs), who are included in the 2022 EPPO Establishment Plan. The SNEs bring to the EPPO their crucial knowledge and professional experience acquired in the national criminal systems and law enforcement authorities, and return with knowledge of EPPO-related issues, which they acquire during their secondment.

### **2.5.4: Implementing rules and policies**

Until 2021, the EPPO operated according to a number of implementing rules adopted by the interim Administrative Director. In 2021, the College of the EPPO adopted the Implementing Rules, which can be found in Annex IV.

### **2.5.5: Screening/benchmarking exercise**

Following the agencies' methodology, which is based on the one applied by the European Commission, the EPPO performed the screening and benchmarking of posts for the first year in 2021. The results of this exercise can be found in Annex IV.

## **2.6: Strategy for efficiency gains**

In 2021, being an establishment period, focus has been on achieving effectiveness of essential functions. Scrutiny of efficiency has been introduced through different methods:

1. Ex ante assessment of all non-routine expenses by the authorising officer, through a priori clearance of rationale and benefits expected, in addition to the introduction – since gaining financial autonomy from the European Commission – of a financing decision by the College for operational expenditures.
2. Use of contracts and Service Level Agreements established through competitive procedures (for the former) or with mature organisations (for the latter), driven to deliver efficiency.
3. Benchmarking on the use of human resources between different standardised activity pillars, as per the standard EU public administration methodology.

## **2.7: Assessment of audit and ex-post evaluation results during the reporting year**

### **2.7.1: Internal Audit Service (IAS)**

The elaboration of the EPPO's first Strategic Internal Audit Plan (SIAP) 2022–2024 was started by the IAS in 2021 but could not, due to Covid-19 pandemic in particular, be concluded within that year. The Audit Charter of the IAS was signed by the EPPO and the IAS, and the launch of the recruitment of the EPPO's own Internal Audit Officer, to establish the EPPO's internal audit capability, was made possible in 2021.

### **2.7.2: European Court of Auditors (ECA)**

At the time of preparation of the current report, the EPPO has not yet received the final comments from the ECA for the 2021 exercise, and has no conclusion on the 2020 period to follow up on having operated, in 2020, as a European Commission programme.

## **2.8a: Follow-up of recommendations and action plans for audits and evaluations**

Not applicable in 2021.

## **2.8b: Follow-up of recommendations issued following investigations by OLAF**

Not applicable in 2021.

## **2.9: Follow-up of observations from the discharge authority**

Not applicable in 2021.

## **2.10: Environmental management**

The EPPO's activities have – especially in the context of large recourse to remote working and virtual meetings – limited specific environmental impact, or are beyond the EPPO's control. The EPPO's Central Office premises are provided as a service by the Luxembourg authorities and are operated to limit environmental impact, and the EPPO follows general EU public administration policies, such as mission policies that are designed to limit recourse to means with disproportionally high environmental footprints. No dedicated function, however, for optimising environmental management could be made available in the setting-up phase of 2021.

### **2.11: Assessment by management**

The EPPO conducts and commits to running its operations in compliance with applicable laws and regulations, in an open and transparent manner and meeting the expected high level of professional and ethical standards.

### **Part IIb: External evaluations**

Not applicable in 2021.

## **Part III: Assessment of the effectiveness of the internal control systems**

### **3.1: Effectiveness of internal control systems**

On 24 March 2021, the College adopted the EPPO's Internal Control Framework (ICF) through Decision 2021/018; on 7 April 2021, the College adopted the EPPO's Anti-Fraud Strategy for 2021–22, through Decision 2021.020; and on 12 May 2021, the College adopted the EPPO's Risk Management Policy (RMP) through Decision 2021/043.

The EPPO conducts various activities with the purpose of assessing the level of implementation and effectiveness of the ICF and RMP. Namely, regular internal assessment of the implementation of the ICF and RMP took place in 2021 (on 30 June and 30 September), with subsequent reporting of the results to the College in November.

Since the approval of the ICF by the College, significant progress was made; several internal control principles were implemented. The main that are still outstanding relate to: the set-up of a business continuity plan; the recruitment of an internal control officer (expected in Q3-2022); the implementation of a document management system and the roll-out of the EPPO's intranet.

With regard to the internal control standards, KPIs were determined. The College was informed of these KPIs on 12 May 2021. The KPIs are monitored on an annual basis. Actions need to be taken, amongst others, in relation to: training participation and evaluation; a policy on the definition of sensitive job positions; business process mapping; as well as setting a devolution system giving, under the control of the authorising officer, autonomy and flexibility to the various units.

### **3.2: Conclusions of the assessment of internal control systems**

With the EPPO only starting operations as an autonomous EU body in mid-2021, and the internal control systems and related strategies only having been adopted and put in place in spring 2021, it is considered that the EPPO has achieved good progress in putting into force its internal control systems – including, amongst others, the establishment of processes for ex ante verification, and procedures for registering and implementing exceptions. Overall, taking into account that 2021 was the EPPO's first year of operations as an autonomous body, it is judged that the internal control systems are effective overall, with some improvements needed in the areas outlined in Section 3.1. As well as this, additional assurance will be acquired when the observations of the ECA for the 2021 accounts and the IAS (via its identification of audit topics for the future) are made known to the EPPO, as at that point, the EPPO will make sure to address those observations.

### **3.3: Statement of the manager in charge of risk management and internal control**

*I, the undersigned, Telemachos Telemachou*

*Internal Control Officer (ad interim) in charge of risk management and internal control within the EPPO,*

*In my capacity as manager in charge of risk management and internal control, I declare that in accordance with the EPPO's Internal Control Framework, I have reported my advice and recommendations on the overall state of internal control in the EPPO to the Administrative Director.*

*I hereby certify that the information provided in the present Consolidated Annual Activity Report and in its annexes is, to the best of my knowledge, accurate, reliable and complete.*

*Place : Luxembourg*

*Date: 29/06/2022*

*Telemachos TELEMACHOU*



*Ad interim Internal Control Officer*



## **Part IV: Management assurance**

### **4.1: Review of the elements supporting assurance**

2021 has seen a number of essential features of the EPPO's control environment established and undergo an initial deployment period over the second half of the year, in particular.

The European Commission granted financial autonomy to the EPPO, after positive assessment that it had the essential characteristics to operate as an autonomous EU body on financial matters. While risks inherent to a build-up phase were present (especially the lack of experienced staff for some of the control functions), the continued reliance on senior institutional partner organisations for essential functions – such as accounting officer services delivered by the European Commission – and the centralised financial management model, with one unique authorising officer during this initial financial autonomy period, created conditions sufficient to give reasonable assurance on the use of resources made available to the EPPO for the performance of its mission.

### **4.2: Reservations**

No reservations are made by the Authorising Officer.

## **Part V: Declaration of assurance**

### **Declaration of assurance**

*I, the undersigned, Olivier Ramsayer,*

*Administrative Director of the EPPO,*

*In my capacity as Authorising Officer,*

*Declare that the information contained in this report gives a true and fair view. State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.*

*This reasonable assurance is based on my own judgment and on the information at my disposal, such as the results of the self-assessment, and the lessons learnt from the interactions with the European Court of Auditors' staff. I confirm that I am not aware of anything not reported here which could harm the interests of the EPPO.*

*Place: Luxembourg      Date: 29/06/2022*



*Olivier Ramsayer*

*Administrative Director*

## Annexes

### Annex I: Core business statistics, 2021

Source: as published in the [EPPO Annual Report 2021](#)

#### Operational activity



#### Received reports/complaints

From national authorities	1351
From EU institutions, bodies, organisations and agencies	190
From private parties	1282
Ex officio	9
<b>TOTAL</b>	<b>2832</b>

#### Opened investigations

Initiate investigation (new case)	298
Evoke investigation (old case)	278
<b>TOTAL</b>	<b>576</b>

#### Exercise of competence

Decision pending	84
Decision to exercise competence	570
Decision not to exercise competence	956
Referral to national authorities (where competence was exercised)	31

#### Dismissed cases<sup>4</sup>

Death or winding up	0
Insanity	0
Amnesty	0
Immunity	0
Expiry of statutory limitation to prosecute	0
Case has already been finally disposed of	0
Lack of relevant evidence	3
<b>TOTAL</b>	<b>3</b>

### Judicial activity in criminal cases

	Ongoing cases in the trial phase	5
	Cases where simplified prosecution procedures were applied	3
	Number of first court decisions	0
	Number of appeals against first court decisions	0
	Number of ongoing cases in the appeal phase	0
	Number of final court decisions	1
	Number of extraordinary legal remedies against court decisions	0
	Convictions	1
	Acquittals	0
	Confiscations	€22 000

### Typologies identified in EPPO cases

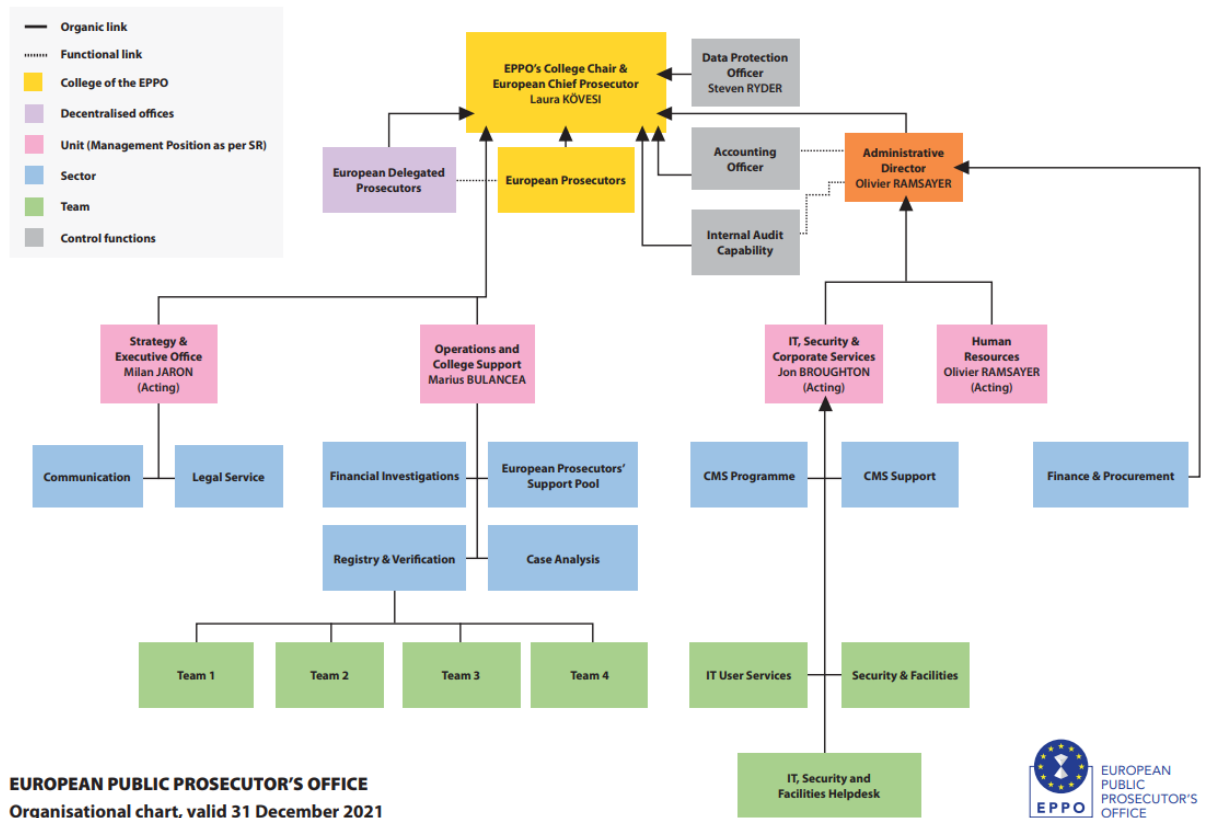
Number of investigated offences broken down by type

	Non-procurement expenditure fraud	313
	Procurement expenditure fraud	110
	Non-VAT revenue fraud	132
	VAT revenue fraud	173
	Participation in a PIF-focused criminal organisation	30
	Corruption	40
	Misappropriation	34
	Money laundering	47
	Inextricably linked offence	104
	Cross-border investigations	142

## Annex II: Statistics on financial management, 2021

Information on statistics on financial management can be found in the EPPO's [Report on the budgetary and financial management 2021](#).

## Annex III: Organisational chart



## Annex IV: Additional information on Human Resources management

Table 1: Information on the entry-level recruitment grade/function group for each type of post

Key functions	Type of contract	Function group, grade of recruitment
<b>Central Office Prosecutor functions</b>		
European Chief Prosecutor	TA	AD15
European Prosecutors (including Deputy to the ECP)		AD 13
<b>Operational &amp; Administrative leadership functions</b>		
Administrative Director	TA	AD14
Head of Unit	TA	AD9–10
Data Protection Officer	TA	AD9
Head of Sector/Principal Officer	TA	AD7–AD9
<b>Assurance Framework functions</b>		
Senior Internal Audit Officer	TA	AD6
Senior Internal Control Officer	TA	AD6

Senior Document Management Officer	TA	AD6
Senior Planning, Monitoring and Quality Officer	TA	AD6

Table 2: Information on benchmarking exercises where applicable, in 2021

Job Type (sub)category	Central Office statutory staff*	European Delegated Prosecutors*	Total statutory staff*	(%)	Intramuros service providers (including temporary workers)	Total statutory staff + intramuros	(%)
<b>Administrative Support and Coordination</b>	<b>19</b>	<b>n/a</b>	<b>19</b>	<b>7.6%</b>	<b>11</b>	<b>30</b>	<b>10.7%</b>
Administration	14	n/a	14	5.6%	9	23	8.2%
Coordination	5	n/a	5	2.0%	2	7	2.5%
<b>Operations</b>	<b>105</b>	<b>120</b>	<b>225</b>	<b>90.0%</b>	<b>17</b>	<b>242</b>	<b>86.4%</b>
Top Level Operational Coordination	56	n/a	56	22.4%	9	65	23.2%
Programme Management and Implementation	20	120	140	56.0%	7	147	52.5%
Evaluation and Impact Assessment	6	n/a	6	2.4%		6	2.1%
General Operational	23	n/a	23	9.2%	1	24	8.6%
<b>Neutral</b>	<b>6</b>	<b>n/a</b>	<b>6</b>	<b>2.4%</b>	<b>2</b>	<b>8</b>	<b>2.9%</b>
Finance/Control	6	n/a	6	2.4%	2	8	2.9%
Linguistics	0	n/a	0	0.0%		0	0.0%
<b>Total</b>	<b>130</b>	<b>120</b>	<b>250</b>	<b>100%</b>	<b>30</b>	<b>280</b>	<b>100%</b>

\* Ceiling cleared for recruitment 2021

## Information on the list of Human Resources' Implementing Rules adopted in 2021

The EPPO adopted the following implementing rules in 2021:

- Adopted by analogy by Decision 2021/033 of the College of the EPPO
  - Classification in step on appointment or engagement
  - Part-time work
  - Leave
  - Education allowance
  - Place of origin
  - Travel expenses
  - Removal expenses
  - Maternity leave and maternity pay
  - Recruitment of disabled persons
  - Assistance with home care or sick child
  - Parental leave
  - Family leave
  - Household allowance
  - Persons treated as dependent child
  - Family, household and education allowance
  - Mission guide
  - Calculation of pension rights
  - Transfer of pension rights; Articles 11 and 12 of Annex VIII of the Staff Regulations
  - Sickness or accident absences
  - Training on the staff member's own initiative
  - Social assistance to staff employed in Luxembourg
  - On conduct of administrative inquiries and disciplinary proceedings (for the Administrative Director and staff). Special rules are adopted by the College for EDPs.
- Implementing rules specific to the EPPO:
  - EPPO Implementing Rules on protecting the dignity of the person and preventing psychological and sexual harassment (draft rules were discussed by the College and sent to the European Commission in order to obtain its agreement pursuant to Article 110, paragraph 2 of the Staff Regulations)
  - Rules on appraisal of the members of the College and the Administrative Director: to be prepared.
- EU bodies' 'model decisions' adopted by the College
  - Working time
  - Engagement and use of temporary staff under Article 2(f) of the CEOS (Article 56 of the CEOS)
  - Establishment of a Staff Committee

- Reclassification of temporary staff (Article 54 of the CEOS)
- Reclassification of contract staff
- Employment of contract staff
- Temporary occupation of management posts
- Implementation of the learning and development strategy
- Types of post and post titles
- Leave on personal grounds for officials and unpaid leave for temporary agents and contract agents
- Function of advisor
- Middle management staff
- Appraisal of temporary agents
- Appraisal of contract staff
- Teleworking
- Guidelines on whistleblowing (based on model decision): Decision 2021/077 of the College (the Human Resources directorate of the European Commission considered that some provisions went beyond the model decision for which the ex-ante agreement was given; the EPPO replied that it maintains its decision).
- Other rules already adopted by the College, which are not implementing rules to Staff Regulations
  - Conditions of employment of EDPs
  - Appraisal procedure for EDPs
  - Disciplinary procedure for EDPs
  - Declaration of interests of members of the College and EDPs
  - Code of Ethics for members of the College and EDPs
  - Rules on the Committee of Ethics for members of the College and EDPs
  - Seconded National Experts (these are not strictly implementing rules, however, the EPPO rules adopted by the College follow the European Commission's similar decision, with the necessary adaptations to the EPPO organisational model).



## Annex V: Human and financial resources by activity

	Central Office statutory staff	European Delegated Prosecutors	Total Statutory staff (%)	Financial resources
EPPO Prosecutions	91	95	186 (85.7%)	13 664 961 (53.9%)
Administration	20	N/A	20 (9.1%)	6 468 333 (25.5%)
Operations IT (CMS)	11	N/A	11 (5.2%)	5 211 656 (20.6%)
<b>TOTAL</b>	<b>122</b>	<b>95</b>	<b>217</b>	<b>25 344 950</b>

## Annex VI: Contribution, grant and Service Level Agreements. Financial framework partnership agreements

Service Level Agreements (and counterpart)	Date of signature	Duration
SLA DG BUDG (ABAC/Accounting services)	26/06/2020	Automatic renewal
SLA DG DIGIT (ICT procurement, network services, EPPO website)	19/06/2019	Automatic renewal
SLA DG DIGIT (IT security support)	19/12/2019	Automatic renewal
SLA DG HR (including production of badges, clearances and technical security)	27/03/2019	Automatic renewal
SLA OIL (Building insurance, cleaning, maintenance, furniture, postal charges, etc.)	02/06/2020	Automatic renewal
SLA PMO (IT applications for which PMO is system owner)	20/12/2019	Automatic renewal
SLA EPSO & EUSA (assistance with a view to the selection of officials, temporary agents and contract agents)	01/04/2019	Automatic renewal
SLA EUAN & EFSA (Shared Support Office)	20/10/2020	Indefinite period
SLA ESPON (badges/access cards and permits, access to the building, safety training, etc.)	01/11/2021	Automatic renewal
SLA Publication Office (services in managing public information produced)	26/02/2021	Indefinite period

## **Annex VII: Environmental management**

As described in the EPPO's 2021 Single Programming Document, the EPPO's Central Office building is provided by the host state, which manages the environmental footprint of the building in line with local requirements. In addition, the EPPO's IT infrastructure is provided by DIGIT, and is managed in line with the European Commission's standards. Finally, the EPPO's data centre is located in a large commercial data centre managed by a commercial company, fully compliant with the environmental requirements in Luxembourg. This means that there has been no specific EPPO action in this area in 2021.

## **Annex VIII: Final annual accounts**

Enclosed.