

**CONSOLIDATED  
ANNUAL  
ACTIVITY  
REPORT**

**20  
22**



EUROPEAN  
PUBLIC  
PROSECUTOR'S  
OFFICE

## **ANNEX: EUROPEAN PUBLIC PROSECUTOR'S OFFICE Consolidated Annual Activity Report 2022**

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

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## List of abbreviations

**AAR:** Annual Activity Report

**AWP:** Annual Work Programme

**CA:** Contract Agent

**CAFS:** Commission Anti-Fraud Strategy

**CARIN:** Camden Asset Recovery Inter-Agency Network;

**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

**EIO:** European Investigation Order

**EP:** European Prosecutor

**EPPO:** European Public Prosecutor's Office

**EU:** European Union

**FATF:** Financial Action Task Force

**HR:** Human Resources

**IAC:** Internal Audit Capability

**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

**MONEYVAL:** Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism

**MS:** Member State

**NEDPA:** National European Delegated Prosecutors' Assistant

**NPMS:** Non-Participating Member State

**PAE:** Pre-Assessment Environment

**PSC:** Personal Security Clearance

**RMP:** Risk Management Policy

**RRF:** Recovery and Resilience Facility

**SFTP:** Secure File Transfer Protocol

**SIAP:** Strategic Internal Audit Plan

**SNE:** Seconded National Expert

**SPD:** Single Programming Document

**TA:** Temporary Agent

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

**WA:** Working Arrangement

**WP:** Work Programme

## College of the EPPO's analysis and assessment

The College of the EPPO takes note of the Consolidated Annual Activity Report (CAAR) for the financial year 2022, submitted by the Administrative Director of the EPPO, in accordance with Article 48 of the Financial Rules applicable to the EPPO. The College takes note of the Administrative Director's Declaration of Assurance thereto.

The College of the EPPO has analysed and assessed the CAAR 2022 and acknowledges the EPPO's performance and in particular:

- Welcomes the results presented in the CAAR and expresses its satisfaction with the achievements of the objectives set out in the Work Programme 2022, as reported in Part I.
- Appreciates the presentation of the building blocks of assurance, the gradual development of EPPO's control environment and the underlying elements that support the Administrative Director's declaration of assurance.
- Notes with satisfaction that the European Parliament has granted discharge to the Administrative Director of the EPPO in respect of the financial year 2021.
- Welcomes the continued implementation of the internal control system and the result of the annual assessment of the internal control system as effective and efficient.
- Expresses its satisfaction with the outcome of the external audit on the annual accounts for the financial year 2021. Welcomes that ECA concluded that the revenue and the payments underlying the accounts of the EPPO for the year ended 31 December 2021 are legal and regular in all material aspects.
- Notes that at the time of adoption of this Consolidated Annual Activity Report, the ECA has not yet issued its report for the financial year 2022.
- Notes that the exceptions registered in 2022 were immaterial (below the materiality threshold of 2%), and thus, do not indicate a systemic weakness of internal controls.
- Notes the number of closed ECA observations and encourages the Administrative Director to take further measures for the implementation of the audit recommendations.
- Expresses its satisfaction with the rate of 98.1% of budget execution over the final 2022 budget.
- Notes the significant decrease in 2022 in the rate of payments executed after their statutory deadline, compared to 2021.
- Welcomes the actions taken by the EPPO to enhance the visibility of the EPPO's activities and impact.

- Welcomes the actions taken by the Administrative Director of the EPPO to enhance the administrative efficiency and organisational maturity, including the strategic planning, and provide a higher level of administrative service.
- Expresses its appreciation to the Administrative Director for the communication and information provided to the College of the EPPO throughout the year on the EPPO's administrative activities and progresses.
- Welcomes the increase in the effectiveness of recruitment and the measures taken towards increased rate of fulfilment of the EPPO establishment plan.
- Welcomes the increase in the EPPO's resources in 2022, compared to 2021, and expresses its appreciation for the high level of quality of the work of the EPPO staff.
- In light of the above, notes the significant growth in the EPPO's workload, as a combination of incoming information resulting in new investigations, and ongoing investigations opened in the past, and notes an expectation of continuous growth of workload in the following years.
- Expresses its concern about the understaffing of the EPPO in general and of some functions in particular and the resulting risk in the EPPO's ability to continue delivering on its mandate in a satisfactory manner. In light of this, calls on the EU budgetary Authority to consider a timely increase of the staff allocated to the EPPO.
- Points out the high-risk environment in physical and information security within which the EPPO operates, and expresses its concern on the capacity of the EPPO to mitigate the security risk with the current level of resources.
- Takes note of limitations brought by some features of the EPPO Regulation in the practical deployment of EPPO mandate and calls on the EU address them.

The College notes that the Administrative Director of the EPPO has no critical issues to report that would merit a reservation for the financial year 2022 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 confirms that the assessment of the Administrative Director's Consolidated Annual Activity Report 2022 is positive.

The Consolidated Annual Activity Report 2022 shall be sent to the European Parliament, the Council, the European Commission and the European Court of Auditors.

Luxembourg, 21 June 2023

On behalf of the College,

Laura Codruța KÖVESI

European Chief Prosecutor



## Executive summary

The year 2022 saw the European Public Prosecutor's Office, 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, was 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, 2022 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.

The workload has increased significantly, which raises fears, in view of the cautious attitude of the budgetary authority, that the European public prosecutor's office will soon be confronted with a lack of staff.

In terms of budget implementation despite some uncertainty as to the real operational needs that affected the EPPO absorption capacity, no critical remark should be issued that would have deserved a reservation for the financial year.

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<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

In 2022, the EPPO practically finished the processing of the backlog of cases opened by national authorities before the EPPO became operational, and dealt with all the new reports about suspicions of fraud coming from all possible sources. In total, the EPPO received 3318 reports and opened 865 investigations, corresponding to damage estimated at €9.9 billion. The proportion of reports from private parties (58%) was very high, and is an expression of great expectations towards the EPPO as a European Union judicial body.

By 31 December 2022, the EPPO had 1117 active investigations:

- 16.5% of them were into VAT fraud, for estimated damage of €6.7 billion.
- 28.2% of them had a cross-border dimension (acts either committed on the territory of several countries, or which caused damage to several countries).

In the context of financial resources, the EPPO's revenue and expenditure during 2022 was increased significantly, to acknowledge the level of expected workload as well as to enable the consolidation of the core central and decentralised EPPO offices' capacity. The EPPO was also granted additional human resources with highly specialised and qualified profiles, including, for the first time in 2022, Seconded National Experts.

In operational terms, 2022's activities are described in greater detail in the [EPPO Annual Report 2022](#). Regarding operational and non-operational specific strategic objectives for 2022, as per the Single Programming Document 2022-2024, 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.

Given that this is the initial period of operations of a novel EU policy instrument, the period represents an opportunity to establish benchmark and structural indicators adapted to the EPPO's mission. Per Action Area, the progress can be summarised in greater detail as follows.

## Action area: Prosecution casework

Activity 1.1	Ensure proper registration and verification of information on crime reports received by the EPPO
<b>Objective 1</b>	Ensure effective processing of incoming information from competent national authorities and EU Institutions, Bodies, Offices and Agencies (IBOAs).
<b>Objective 2</b>	Ensure effective screening and processing of incoming information from private parties.
<b>Objective 3</b>	Ensure high level of accuracy in registration and verification of information, including full compliance with data protection rules.

One of the EPPO's main objectives is to ensure that effective mechanisms are in place for 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 has established direct communication channels with the reporting entities. A uniform reporting template, the EPPO Crime Report (ECR), has been created and translated into all participating Member States' languages, and 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, has been established.

The reporting of information is done via a direct secure connection – EPPOBox<sup>2</sup> – established between the Central Office and the EPPO offices in the participating Member States, as well as the reporting authorities and IBOAs. For secure communication with Europol, the EPPO uses the Secure Information Exchange Network Application (SIENA).

The EPPO has continued to work closely with the national authorities of the Member States in the development of the reporting network and in the designation of the competent authorities, pursuant to Article 117 of the EPPO Regulation. By the end of 2022, the reporting network of the EPPO had expanded to **538** EPPOBox users – which is 191 more than 2021. This includes 13 of the designated authorities from the Member States connected directly with the Central Office in Luxembourg. Direct connection was also established with key EPPO partners at EU level, including Europol, Eurojust, the European Anti-Fraud Office (OLAF), the

<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.

European Commission, the European Court of Auditors, the European Investment Bank and the European Central Bank.

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 official EU languages.

During 2022, the EPPO received **3318** crime reports; of these, **1258** were from the competent national authorities of the participating Member States, **103** were from IBOAs, and **33** fraud cases were registered ex officio. Sources of the reports include all 22 participating Member States, 7 IBOAs, 3 non-participating Member States and 9 third countries.

In 2022, the EPPO processed **1924** reports from private parties; 540 were follow-up submissions or multiple reports<sup>3</sup>, relevant to existing EPPO cases, and there were 88 new registration cases in the Case Management System (CMS)<sup>4</sup> Fraud Case<sup>5</sup>. In total, **1296** reports from private parties were assessed as manifestly outside of the EPPO's competence, and were referred to the national authorities or to the IBOAs, deleted/destroyed, or returned to sender.

The EPPO also received private parties' reports originating in non-participating Member States – Hungary (22), Poland (17), Denmark (7) – as well as 85 complaints from citizens of third countries (UK, USA, Moldova, Türkiye, Albania, Serbia, Chile, Montenegro, Paraguay and others).

The use of the ECR in the reporting of potential offences has minimised the human intervention of registry and verification officers, as the information is extracted automatically from the template, and has limited the risk of registering inaccurate personal data of concerned persons in the Case Management System. The compliance of registration the process was confirmed by the consultation of the European Data Protection Supervisor and no breach or similar incident was reported during the reference period.

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

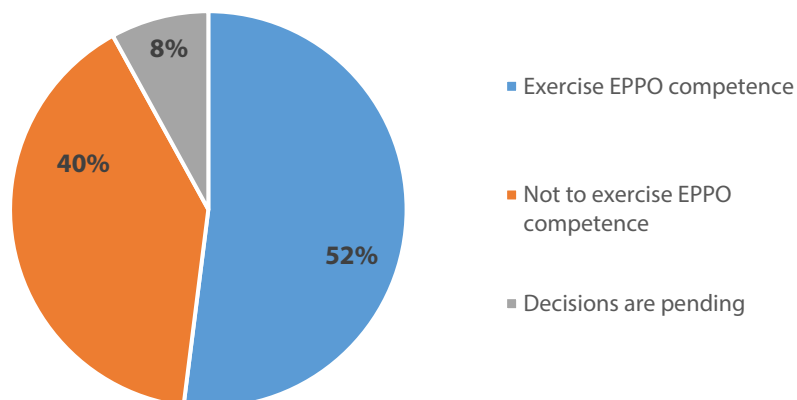
<sup>4</sup> The CMS is the core business system of the EPPO, allowing European Prosecutors, European Delegated Prosecutors and designated EPPO staff to perform all the casework, investigative and analysis related functions, at every stage of the case lifecycle, from initiation to investigation, prosecution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

<sup>5</sup> Private parties' reports that fall manifestly outside of the EPPO's competence are registered in the PP Dossier Application, while private parties' reports that may form the basis for an EPPO investigation are registered into the CMS Fraud Case.

Activity 1.2 Conduct independent, impartial, high quality investigations and prosecutions with high rate of success in court	
<b>Objective 1</b>	Effectively investigate and prosecute offences against the EU budget, including in cross-border cases.
<b>Objective 2</b>	Establish a coherent European system for investigation and prosecution of offences affecting the EU's financial interests.

After the verification of information reported to it, the EPPO decided to exercise its competence in **824** cases<sup>6</sup>, while in another **639** cases the decision was not to exercise it. In the remaining **135** cases, the decisions were still pending on 31 December 2022.

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



In the 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 (**87** cases); simplified prosecution procedure (**19** cases); cases referred to national authorities (**86**<sup>7</sup>); cases split (**40**); cases merged (**106**); and cases dismissed (**59**<sup>8</sup>). At the end of 2022, the criminal investigations were continuing in **1034** fraud cases, **142** of which were linked to non-EU (third) countries, and the percentage of ongoing investigations involving more than one Member State reached **28%**. By year-end, **75** court cases were ongoing with **20** convictions before national courts and zero acquittals.

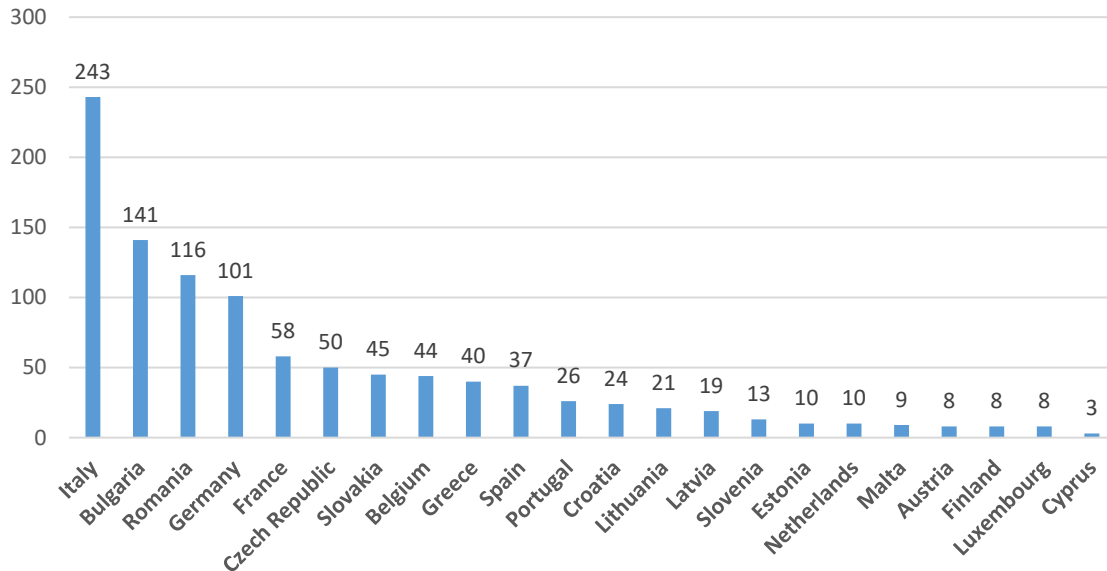
<sup>6</sup> 321 fraud cases were evoked, and 503 were new cases.

<sup>7</sup> The grounds were: EPPO not competent (34 cases); conditions of Article 25(2) and (3) no longer met (3 cases); and damages below €100,000, and lack of seriousness of the offence or complexity of the proceedings (49 cases). 2 cases were partially referred to national authorities.

<sup>8</sup> The grounds were: insanity (1 case) and the lack of relevant evidence (58 cases). 13 cases were partially dismissed.

During 2022, the EPPO organised and participated in 14 coordination meetings, 18 workshops and 6 training courses for National European Delegated Prosecutors' Assistants (NEDPAs), to enhance cross-border cooperation between the Central Office and the decentralised offices. During 2022, the EPPO also received 899 requests under Article 31 of the EPPO Regulation.

### Ongoing fraud cases in the investigative phase



The **87 indictments** the EPPO issued in 2022 concern crimes including corruption, procurement and non-procurement expenditure fraud, VAT and non-VAT revenue fraud, as well as misappropriation, money laundering and participation in a PIF-focused criminal organisation. By the end of 2022, court proceedings were ongoing in twelve participating Member States (Bulgaria, Croatia, Czechia, Estonia, Finland, Germany, Greece, Italy, Lithuania, Romania, Slovenia and Spain). The estimated damages amounted to a total of around **€362 million**.

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 damage caused to the financial interests of the EU.

In 2022, **210** recovery actions took place in 18 of the participating Member States (Austria, Belgium, Bulgaria, Croatia, Czechia, Estonia, Finland, France, Germany, Greece, Italy, Latvia, Lithuania, the Netherlands, Portugal, Romania, Slovakia and Spain).

In total, by the end of 2022, the EPPO had a total of 1117 active investigations for overall estimated damages of **€14.1 billion**. The EPPO requested more than **€516 million** to be

seized, and the seizure of more than **€359 million** was granted. This represents 7 times the budget of the EPPO in 2022. The single highest seizure was more than €49 million in monetary instruments. In 20 cases, a total of more than €14.9 million was recovered before trial. Extended confiscation was requested in 15 instances, in order to restrain assets towards which some protective measures had been taken by the criminals to avoid confiscation. The EPPO made extensive use of value-based confiscation to enable recovery. The EPPO also made several confiscation requests (20) with the intention to secure possible civil actions.

The main assets seized were bank accounts, followed by real estate properties, vehicles, cash as well as shares, cryptocurrencies, motorboats and luxury items. Criminal merchandise such as clothing products, heavy machinery or e-bike components was seized and removed from the market, effectively depriving the criminals of the benefit of their illicit activities.

During 2022, the EPPO elaborated two strategic reports on the typologies identified in various types of fraud affecting EU funds ('Trends and State-of-Play of VAT Fraud Business 2021/2022' and 'MTIC in the Digital Era') and one handbook (PIF handbook) on criminal typologies and investigative methodologies.

### **Action area: Cooperation/policy work**

<b>Activity 2.1</b>	<b>Ensure strong cooperation with Eurojust, European Anti-Fraud Office (OLAF), Europol and other EU partners</b>
<b>Objective 1</b>	Develop operational cooperation with Eurojust, OLAF and Europol.
<b>Objective 2</b>	Ensure effective cooperation with other institutions, bodies, offices and agencies of the EU.

During 2022, the EPPO pursued various initiatives to reinforce ties and foster cooperation with all concerned counterparts, including institutions, bodies, offices and agencies of the EU, relevant authorities of third countries and non-participating Member States, as well as international organisations, expert networks and fora. Priority was given to the negotiation and conclusion of working arrangements with authorities from non-EU countries, with a focus on those that are candidate to EU accession and thus receiving EU funds. Moreover, the EPPO implemented the working arrangements concluded in 2020 and 2021.

The EPPO participated in several meetings with the Council of the EU, the European Parliament and national parliaments. In particular, the European Chief Prosecutor was invited to two joint meetings of the Committees on Civil Liberties, Justice and Home Affairs (LIBE) and on Budgetary Control (CONT) in the European Parliament in March and April – to present the EPPO's 2021 Annual Report. At the October meeting of the Justice and Home Affairs Council

she addressed, in particular, a possible extension to the EPPO's competence as regards violations of EU restrictive measures. The European Chief Prosecutor took part in the yearly inter-institutional exchange of views with the Council of the EU, the European Commission and the European Parliament on the performance of OLAF.

She also participated in meetings of the Legal Affairs and European Affairs Committees of the German Parliament (Bundestag). The first annual high-level review of the cooperation between the EPPO and the European Commission took place in September 2022. It addressed, among others, the following topics: mutual reporting; access to databases; and the institutional status of the EPPO. Discussions on how to improve detection of fraud cases took place with several Directorates-Generals of the European Commission. The European Chief Prosecutor held meetings with the European Commissioner for Justice and the European Commissioner for Home Affairs.

Lastly, the EPPO engaged in negotiations for working arrangements with the European Parliament and the Executive Agencies, as well as with the European External Action Service.

The EPPO-Eurojust liaison teams met twice during the reporting period, agreeing inter alia on the workflow of EPPO cases to be handled at Eurojust, with 15 ongoing cases by the end of 2022. The EPPO contributed to the activities of the EMPACT MTIC fraud operational action led by Eurojust, and is participating in the 'US-EU expert group on obtaining e-evidence via MLA from the US', hosted by Eurojust.

The EPPO has engaged in regular exchanges of information with OLAF. Specifically, the EPPO replied to 133 hit/no-hit requests sent by OLAF in order to avoid parallel investigations into the same facts. Moreover, the EPPO addressed 20 requests for support on investigations to OLAF, and OLAF conducted 19 complementary investigations on EPPO cases upon the EPPO's approval.

The EPPO has efficiently cooperated with Europol in various operational matters, under the aegis of the EPPO-Europol Steering Committee. In particular, Europol provided support (information exchange, analytical support, expertise etc.) on 28 cases upon the EPPO's request. Since March 2022, the EPPO is also part of the Secure Information Exchange Network Application (SIENA), which ensures a secure communication channel between the two organisations in their operational cooperation.

103 crime reports were received by the EPPO from 7 IBOAs, as per the table below, 68 of which led to a decision to initiate an investigation.

IBOA	ECRs	Exercised competence	NOT exercised competence	Pending
European Anti-Fraud Office (OLAF)	55	37	7	11
European Commission	16	12	1	3
Eurojust	9	5	0	4
European Court of Auditors (ECA)	8	5	1	2
European Investment Bank (EIB)	11	6	4	1
European Central Bank (ECB)	3	3	0	0
European Parliament	1	0	1	0
<b>Total</b>	<b>103</b>	<b>68</b>	<b>14</b>	<b>21</b>

**Table:** EU Institutions, Bodies, Offices and Agencies: Crime Reporting Statistics

<b>Activity 2.2</b>		<b>Develop cooperation with other key partners</b>
<b>Objective 1</b>	Ensure cooperation with EU Member States that do not participate in the EPPO, so there are no gaps in the protection of EU financial interests.	
<b>Objective 2</b>	Build operational cooperation with the authorities of third countries and international organisations.	

The year 2022 was marked by the conclusion of several working arrangements with authorities from third countries, and by the end of 2022, the EPPO had concluded in total 31 working arrangements. Notably, in 2022, the EPPO concluded working arrangements with the Prosecutor General's Office of Ukraine, the Prosecutor General's Office of the Republic of Albania, the Prosecutor General's Office of the Republic of Moldova, the Supreme State Prosecutor's Office of Montenegro, the Prosecution Service of Georgia and the State Public Prosecutor's Office of the Republic of North Macedonia. The common denominator of these working arrangements concluded with the relevant authorities of European countries is the full recognition of the EPPO as a competent authority for the Council of Europe conventions on cooperation in criminal matters, especially the 1959 Convention on Mutual Assistance in Criminal Matters and its two additional Protocols.



Moreover, the EPPO signed a Memorandum of Understanding (MoU) and Working Arrangement on Cooperation with the United States Department of Justice and Department of Homeland Security.

As regards relations with non-participating Member States, the negotiations on a working arrangement with the Danish authorities have been finalised at technical level.

As regards relations with Poland, the working arrangement – finalised, at technical level – has not been signed. The amendments to the Polish Code of Criminal Procedure deemed necessary by the Polish authorities came into force only on 27 December 2022. The EPPO was thus recognised by Poland as a competent authority for the relevant EU instruments on judicial cooperation in criminal matters, including the EIO Directive. Nevertheless, as the systematic lack of cooperation by Poland during 2021-22 had a direct negative impact on the EPPO's capacity to protect the EU budget by means of criminal investigations and prosecutions, the European Chief Prosecutor reported the situation to the European Commission, in accordance with the Conditionality Regulation<sup>9</sup>.

No working arrangement could be concluded with the Irish Department of Justice either. Several requests for mutual legal assistance sent by the European Delegated Prosecutors were not executed by the Irish authorities. Consequently, the European Chief Prosecutor reported the situation to the European Commission, in accordance with the Conditionality Regulation<sup>10</sup>.

In 2022, the EPPO acquired observer status in the OECD Working Group on Bribery in International Business Transactions and the Camden Asset Recovery Inter-agency Network (CARIN), and is awaiting observer status in the Financial Action Task Force (FATF) and the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL).

<b>Activity 2.3</b>		<b>Contribute to the shaping of the anti-fraud strategy of the Union</b>	
<b>Objective 1</b>	Enhance the involvement and added value of the EPPO in the EU anti-fraud system.		

<sup>9</sup> Regulation (EU) 2020/2092 of 16 December 2020 on a general regime of conditionality for the protection of the Union Budget, O.J. OJ L 433I, 22.12.2020.

<sup>10</sup> Regulation (EU) 2020/2092 of 16 December 2020 on a general regime of conditionality for the protection of the Union Budget, O.J. OJ L 433I, 22.12.2020.

The EPPO has deepened its own knowledge of fraud patterns and trends. It has built on the Commission Anti-Fraud Strategy (CAFS) data and analysis to inform its investigative and prosecutorial strategies, policies and priorities, and has shared experience and expertise gathered during its operations – including reviews of recurrent typologies of ongoing criminality related to PIF offences, new trends, risks and vulnerabilities – in relevant strategic meetings with its institutional partners.

### **Action area: Management and organisation**

<b>Activity 3.1</b>	<b>Ensure EPPO organisational and managerial efficiency</b>
<b>Objective 1</b>	Ensure early, and as completely as possible, the hiring and deployment of Central Office staff and of European Delegated Prosecutors.
<b>Objective 2</b>	Create and maintain the conditions for EPPO staff to operate with tools and premises delivering conditions adequate to the performance of their duties.
<b>Objective 3</b>	Reinforce the capacity to deliver on the EPPO's financial autonomy.
<b>Objective 4</b>	Prepare to acquire IT autonomy and reinforce the basis for resilience of operation critical to IT systems.
<b>Objective 5</b>	Operate a risk-based control environment and deploy internal audit activities.

The EPPO's priority in 2022 was the recruitment, onboarding and deployment of Central Office staff in Luxembourg and of European Delegated Prosecutors in the 22 participating Member States. By 31 December 2022, the EPPO had initiated and processed 34 selection procedures and recruited (and partly onboarded) 151 additional staff, compared to 2021. During 2022, 15 European Delegated Prosecutors were appointed.

In addition, in 2022 the setting up of a Seconded National Experts scheme – involving the launch of analytical and preparatory work to improve services, assurance and business continuity frameworks – was introduced.

For the first time in 2022, the EPPO's HR unit launched the annual reclassification procedure, based on the comparative examination of merits within each grade of the temporary and contract agents eligible for reclassification. The reclassification exercise brought 30 staff members to the first step of the next-higher grade of their function group.

The first Staff Committee of the EPPO was instituted in 2022, with a view to supporting a continued and constructive dialogue between EPPO staff and administration.

Compulsory courses were provided to all newly recruited staff during 2022 in the areas of safety and security, good administrative conduct, ethics and integrity, anti-fraud strategy, and data protection. 14 training sessions on various elements of the information system and operations standards and processes were organised at the EPPO, as well as four workshops for the EDPs, while the Academy of European Law and the European Judicial Training Network provided a further 14 professional development training courses. In total, EPPO staff had completed 1844 (online) training sessions by 31 December 2022.

The EPPO occupies part of a building provided rent-free by the host state. The lease agreement between the host state and the EPPO was signed in 2022, and contains the conditions for payment of service costs by the EPPO. The EPPO has established a high-level of building security and protection for persons, assets, and documents, including close protection and access control, to enable its staff to operate in a safe and secure environment. The EPPO introduced in 2022 measures on safety awareness raising via training sessions and evacuation exercises.

With regard to financial management, the EPPO set up in 2022 its autonomous, from the European Commission, accounting service responsible for implementing payments, collecting revenue and recovering amounts established as being receivable. The EPPO has developed its own purchase capacity, resulting from its own specifically run procurement processes launched in 2022 or initiated in 2021, and manages its own specific contracts and order forms in implementation of existing framework contracts that were signed in 2022. The EPPO continues, in parallel, to operate with the purchase capacity of goods and services through Service Level Agreements with other IBOAs, and by joining inter-institutional contracts with varied market operators.

In 2022, an 'IT Autonomy' programme, aiming to gradually acquire autonomy from the European Commission for all IT services unrelated to cases (for case-related IT services, the EPPO is already autonomous), began to be deployed as resources could be made available. As an initial step, the EPPO's intranet platform was delivered. The choice of solutions to operate autonomously was made, and initial steps to create the conditions of autonomy acquisition taken. This was particularly the case for the Records and Document Management System, for which IT solutions have been acquired. Regarding EPPO Business Continuity and Disaster Recovery, progress has been limited by lack of resources, and was focused on hardening and duplicating case-related IT infrastructure.

In terms of **personal data protection**, in 2022, the EPPO continued to significantly increase the amount of personal data it processes, of an operational nature stemming from the increase in cases, but also of an administrative nature, stemming primarily from its significant growth in staff.

A new operational processing activity allows the EPPO's specialised analysts to perform their work in a dedicated and tailored environment, which underwent a prior consultation process with the European Data Protection Supervisor (EDPS). Work continued as regards the identification of new or additional technological solutions addressing emerging operational needs, with mindfulness to data protection requirements and with close involvement of the Data Protection Officer.

The EDPS conducted its first operational visit to the EPPO's premises in April 2022, and assessed the EPPO's framework for processing operational personal data positively. Additionally, the EPPO took part in a conference organised by the EDPS on the challenges of data protection in criminal justice, where the EPPO inter alia urged caution as regards premature discussions on amending its data protection legal framework, and insufficient reflection of its unique status.

The EPPO received four data subject requests. Of these, three related to administrative personal data, and one related to operational personal data. One complaint, which had commenced in 2021 and culminated in the form of a case in front of the European Court of Justice, was decided in favour of the EPPO during 2022.

According to the EPPO's financial regulation, the College has established an Internal Audit Capability (IAC), designed to help the EPPO accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. The EPPO has also adopted the Internal Control Framework of the Commission. In 2022, the selection procedures for an Internal Audit Officer and an Internal Control Officer were successfully completed. The College adopted, in 2022, the IAC's Internal Audit Charter and risk-based audit plan, identifying the Internal Auditing priorities for 2022–2024. The EPPO's risk-based management framework (including risks registers and internal control-driven assurance framework) has also been deployed.

<b>Activity 3.2 Efficiently use IT and communication capabilities to support the EPPO's operational and strategic goals</b>	
<b>Objective 1</b>	Continuous development and deployment of incremental improvement of the CMS ecosystem.
<b>Objective 2</b>	Implement a backup data centre as a step to ensure better basis for business continuity.
<b>Objective 3</b>	Complete the renewal of the purchase of capacity for the CMS development.
<b>Objective 4</b>	Establish the EPPO's own framework contract for the purchase of human resources and competences for the deployment of CMS development projects.

After the initial focus on operations and the timely processing of the backlog of cases, the Case Management System (CMS) evolved during 2022 from one application into an ecosystem of tools. These CMS tools have been designed and developed to deliver, in a fully independent, secure and compliant manner, the critical capabilities required in the daily analytical and casework operations.

The development of the CMS ecosystems delivered, in an iterative approach, the required business functionalities: the integration of the digital signature within CMS, based on EU Sign services; the implementation of changes required by the new internal rules of procedure; additional roles and workflows to support the activities of the Permanent Chambers; and the functionalities for enhanced collaboration on cross-border cases. The machine translation functionalities have been improved, with new translation engines and additional use cases for new document types.

From an infrastructure perspective, three main topics were developed. The first one relates to the overall security of the infrastructure. The effort was steered towards applying additional security strengthening guidelines on the hardware used. Additionally, production environments were further physically segregated from other non-production environments.

Then, in the scope of the gradual build-up of an EPPO business continuity plan, significant progress was made towards the implementation of a backup data centre and the deployment of an associated disaster recovery scenario. The construction works were completed. The backup data centre room was completed and the installation of hardware devices commenced.

Last, but not least, a range of project activities, aimed at delivering EPPO IT Autonomy, progressed from the kick-off phase to design discussions.

Alongside these application and infrastructure developments, the operational team providing the support services evolved and expanded as well, almost doubling in size.

The renewal of the development capacity for CMS development was planned to be initiated under the DIGIT-XMII framework contract, in line with the EPPO strategy to join and use the inter-institutional framework contracts established by the European Commission.

The European Commission delayed the tendering for DIGIT-XMII, and proposed alternative options to all EU institutions and bodies concerned. In that context, maintaining capacity in the development of the CMS was achieved by different methods: amendments to the existing contract until the last possible date of use, and new agreements with DIGIT for an alternative contractual instrument.

In addition, in order to complete its portfolio of IT-related purchase instruments, the EPPO launched a tendering procedure to establish its own framework contract for purchasing intra-muros resources, with a focus on competences and requirements specific to the organisational environment.

The tendering procedure was launched in the last quarter of 2021, and the evaluation and awarding phases spread over 6 months, with a successful awarding in July 2022. The framework contract put in place provides access to a large variety of service suppliers, via multiple contractors. By the end of 2022, new contracts for more than 15 positions were established via reopening of competitions, creating improved conditions and resilience for critical projects to be delivered.

<b>Activity 3.3</b>	<b>Effectively communicate the EPPO's activities and added value to stakeholders and to the general public.</b>
<b>Objective 1</b>	Increase the capacity of the internal and external communication services to produce high quality communication outputs and ensure consistent media presence.

Media interest in the EPPO remained very high throughout 2022, including from top-tier global media outlets – especially around the time of the first anniversary of operations, and with the public announcement of some of the EPPO's operational results.

The corporate website [www.eppo.europa.eu](http://www.eppo.europa.eu), launched in 2021, was constantly updated to better inform and attract the general public, legal practitioners, academics and possible new staff members about the activities of the EPPO. The 'Report a Crime' web form, which makes it possible to report a crime directly to the EPPO, was translated into all official EU languages

(previously it was only those of the participating Member States). On 31 December 2022, 284 documents were publicly available on the website.

In 2022, the EPPO published 117 news updates on the EPPO website, and many more on social media. These channels are used to amplify the news updates published on the website and to engage with the broadest possible public. The EPPO has official accounts on Twitter, LinkedIn and Facebook, with over 40 000 followers by the end of 2022. There is constant interaction with the accounts of the EPPO's partners at national and EU level during joint operations and initiatives and high-level visits. The EPPO continuously evaluates its social media presence and follows and assesses emerging trends.

## Part IIa: Management

### 2.1: College of the EPPO

The College of the EPPO is responsible for the general oversight of the EPPO's activities, and for taking decisions on strategic matters and on general issues arising from individual cases – in particular with a view to ensuring coherence, efficiency and consistency in the prosecution policy of the EPPO throughout the participating Member States.

During 2022, the College met 21 times and adopted 51 decisions. In this period, the College established an asset recovery and money laundering advisory board<sup>11</sup> and agreed working arrangements with prosecution authorities in Georgia, Montenegro, the Republic of Albania, the Republic of Moldova, the Republic of North Macedonia, and Ukraine. It also agreed working arrangements with the Hellenic National Transparency Authority, the Ministry of the Interior of the Republic of Croatia, and with the United States Department of Justice and Department of Homeland Security<sup>12</sup>.

### 2.2: Major developments

With the benefit of operational experience, the College amended decisions it had previously made regarding the EPPO's internal rules of procedure and operational guidelines on investigation, evocation policy and referral of cases<sup>13</sup>, the functions and procedures of the Permanent Chambers<sup>14</sup>, as well as the planning of meetings and business continuity of the Permanent Chambers<sup>15</sup>, and the declaration of interests of the members of the College and of the European Delegated Prosecutors<sup>16</sup>.

As appointing authority, the College appointed the EPPO's accounting officer and European Delegated Prosecutors in Bulgaria, Croatia, Czechia, Finland, France, Greece, Italy, Lithuania, Romania and Slovakia, and also designated a European Delegated Prosecutor pursuant to Article 16(7) of the EPPO Regulation for Portugal<sup>17</sup>, Spain<sup>18</sup> and Austria<sup>19</sup>.

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<sup>11</sup> College Decision 042/2022 establishing the asset recovery and money laundering advisory board of the European Public Prosecutor's Office.

<sup>12</sup> These working arrangements are published on the EPPO's website.

<sup>13</sup> College Decision 026/2022 amending and supplementing the internal rules of procedure of the EPPO and the operational guidelines on investigation, evocation policy and referral of cases.

<sup>14</sup> College Decision 027/2022 amending the Decision on the Functions and Procedures of the Permanent Chambers.

<sup>15</sup> College Decision 028/2022 on planning of meetings and business continuity of the Permanent Chambers.

<sup>16</sup> College Decision 010/2022 on declaration of interests of the members of the College and of the European Delegated Prosecutors.

<sup>17</sup> College Decision 020/2022 designating a European Delegated Prosecutor pursuant to Article 16(7) of the EPPO Regulation.

<sup>18</sup> College Decision 022/2022 designating a European Delegated Prosecutor pursuant to Article 16(7) of the EPPO Regulation.

<sup>19</sup> College Decision 023/2023 designating a European Delegated Prosecutor pursuant to Article 16(7) of the EPPO Regulation.



It appointed the disciplinary board for cases concerning members of the College<sup>20</sup> and it adopted by analogy the European Commission decision on working time and hybrid working<sup>21</sup>.

The College delivered its opinion in respect of the EPPO's 2021 final accounts<sup>22</sup> and in respect of the EPPO's 2021 Consolidated Annual Activity Report<sup>23</sup>. It adopted the EPPO's budget for the year 2023 and established the EPPO's Internal Audit Capability Charter<sup>24</sup> and the Internal Audit Capability's Activity Plan 2022-2024<sup>25</sup>.

The College updated the delegation of powers to the Administrative Director to conclude contracts of employment in respect of some categories of temporary and contract staff of the EPPO,<sup>26</sup> and rules on the other staff put at the disposal of the EPPO but not employed by it (NEDPAs)<sup>27</sup>.

## 2.3: Budgetary and financial management

### Overview

The EPPO's final budget in 2022 amounted to €51 201 846 in commitment and payment appropriations<sup>28</sup> (C1, appropriations voted for the current exercise) in the form of an EU subsidy. It was implemented under the responsibility of the Administrative Director, as per Article 19(3) of the EPPO Regulation<sup>29</sup>.

The College adopted four amending budgets during 2022, with the EPPO's budget gradually returning a total amount of €5 900 000 back to the EU budget (10.3% of the initial voted budget of €57 101 846). It should be noted that in 2021, 21.1% of the initial voted budget was returned to the EU budget via amendments. For its first complete financial year operating under financial autonomy, the EPPO's implementation rate of current year's commitment appropriations (C1) reached 98.1%. The payment rate of these commitments reached 78.1%.

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<sup>20</sup> College Decision 034/2022 appointing the disciplinary board for cases concerning members of the College of the EPPO.

<sup>21</sup> College Decision 050/2022 on application by analogy of Commission Decision C (2022) 1788 final of 24 March 2022 on working time and hybrid working.

<sup>22</sup> College Decision 030/2022 on delivering the College's opinion in respect of EPPO's 2021 final accounts.

<sup>23</sup> College Decision 031/2022 on delivering the College Opinion in Respect of EPPO's 2021 Consolidated Annual Activity Report (CAAR).

<sup>24</sup> College Decision 044/2022 on the internal audit capability (IAC) charter.

<sup>25</sup> College Decision 051/2022 on the internal audit capability (IAC) activity plan 2022-2024.

<sup>26</sup> College Decision 005/2022 delegating the powers of the appointing authority and the authority authorised to conclude contracts to the Administrative Director, and repealing decision 014/2021 of the College of the EPPO.

<sup>27</sup> College Decision 035/2022 laying down rules on the other staff put at the disposal of the EPPO but not employed by it.

<sup>28</sup> Appropriations of the EPPO are non-differentiated; hence, commitment and payment appropriations for a given year are identical.

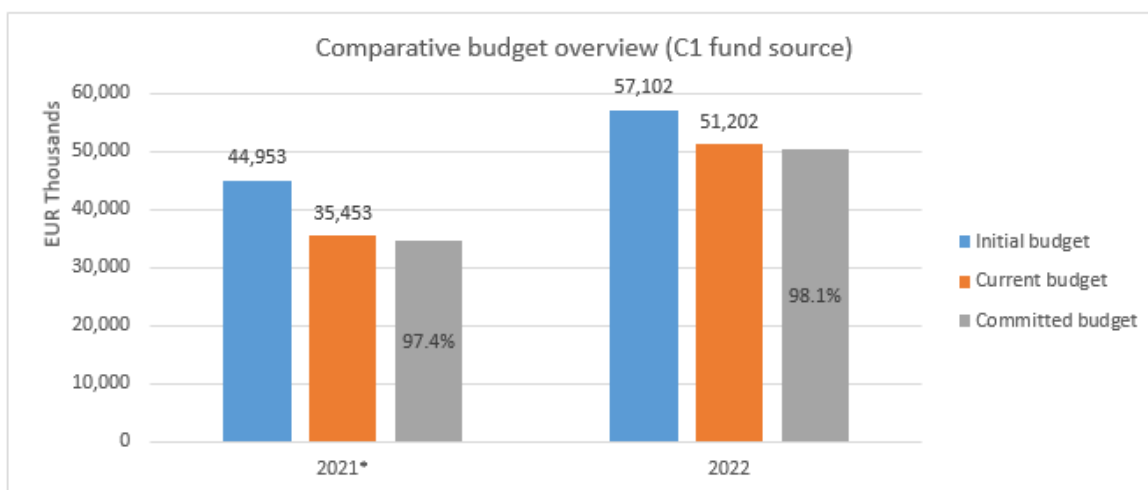
<sup>29</sup> Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO').

In 2022, three budget transfers were adopted by the European Chief Prosecutor, on a proposal drawn up by the Administrative Director, and were notified to the College for information. The total transferred between titles amounts to €370 000.

The automatic carryforward of the voted payment appropriations from 2022 to 2023 (C8) was at 21.4%, stemming from outstanding amounts mainly related to ICT expenditures (major items are consultancy contracts signed in the last quarter of 2022 and extended for financial year 2023).

In addition, €43 248 of internal assigned revenue received in 2022 (C4) was fully carried-forward to be used in 2023 (as C5). It is also noted that €23 755 of non-decommitted payment appropriations from 2022 relating to staff costs were carried forward to 2023 to be decommitted (C9).

The cancellation rate of the previous year's payment appropriations (C8) was at 9.2%, as a result of the novel nature of the EPPO's operations and the early deployment phase.



\* Aggregated data for 2021 (COMM+EPPO)

### Implementation on 2022 voted appropriations

Title	Final budget (EUR)	Committed (EUR)	Committed/final budget (%)	Paid (EUR)	Paid/committed (%)
Title 1	21 023 763	20 669 297	98.3%	20 368 169	98.5%
Title 2	9 130 737	8 911 007	97.6%	4 122 124	46.3%
Title 3	21 047 346	20 653 623	98.1%	14 750 198	71.4%
<b>Total</b>	<b>51 201 846</b>	<b>50 223 927</b>	<b>98.1%</b>	<b>39 240 491</b>	<b>78.1%</b>

More information can be found in the EPPO's [Report on the budgetary and financial management 2022](#), which is enclosed.

## Procurement activities

In 2022 the following procedures were launched:

- 2 negotiated procedures for middle-value contracts (up to €140 000);
- 1 negotiated procedure for low-value contracts (up to €60 000);
- 7 negotiated procedures for very low-value contracts (up to €15 000).

There were no new open procedures launched in 2022 – however, the open procedure launched in Q4 2021 was successfully finalised in Q2 2022.

Furthermore, 212 specific contracts and order forms, in implementation of existing framework contracts, were signed in 2022.

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

The College updated the delegation of powers to the Administrative Director to conclude contracts of employment in respect of some categories of temporary and contract staff of the EPPO<sup>30</sup>.

The Administrative Director has sub-delegated some of the powers delegated to the Administrative Director by the above-mentioned College Decision 005/2022<sup>31</sup> to the Head of the Human Resources Unit<sup>32</sup>.

The Administrative Director and authorising officer has delegated budget implementation powers to the Head of Human Resources Unit and to the Head of Unit for IT, Security & Corporate Services Unit<sup>33</sup>.

## **2.5: Human Resources management**

### ***2.5.1: Recruitment of statutory staff and Seconded National Experts***

In 2022, the EPPO focused on the implementation of the Establishment Plan, with increased efforts to recruit the highest number of staff. 34 selection procedures for statutory staff were launched and completed, as well as 3 selection procedures for Seconded National Experts (SNEs). By the end of 2022, the EPPO had recruited and onboarded 95 additional statutory

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<sup>30</sup> College Decision 005/2022 delegating the powers of the appointing authority and the authority authorised to conclude contracts to the Administrative Director, and repealing decision 014/2021 of the college of the EPPO.

<sup>31</sup> *ibid*

<sup>32</sup> EPPO/2022/AD/004 sub-delegation of powers as appointing authority to the Head of Human Resource Unit of the EPPO

<sup>33</sup> EPPO/2023/AD/078 delegation of budget implementation powers

staff members and 20 SNEs, bringing the total number of statutory staff members and SNEs to 221, which translates to an occupancy rate of 89% of the Establishment Plan. This means that the EPPO managed to significantly increase its Central Office headcount in one year, even in the challenging Luxembourg labour market conditions.

### ***2.5.2: Building-up of European Delegated Prosecutor corps***

The European Delegated Prosecutors (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 the course of 2022, 15 additional European Delegated Prosecutors were appointed, bringing the total number of EDPs in active employment to 114 by the end of 2022.

### ***2.5.3: Fostering a culture of continuous learning and development***

The recruitment efforts resulted in an increase, within the EPPO staff, of more highly specialised and qualified profiles. With the aim of building solid human capital on the longer term, the EPPO further invested in developing people skills, targeting the EPPO's analytical and financial investigative capacity, in line with the strategic objective of improving the level of criminal asset recovery.

The yearly appraisal and objectives exercise was carried out for statutory staff with a focus on learning and development, by aligning staff objectives to the EPPO's strategic objectives and priorities, encouraging personal and professional development in line with the competencies needed for the EPPO to successfully fulfil its mandate.

The first reclassification procedure was launched in 2022, bringing 30 staff members to the first step of the next-higher grade of their function group, based on the comparative examination of merits within each grade of the temporary and contract agents eligible for reclassification.

### ***2.5.4: Institution of the Staff Committee***

In 2022, the first EPPO Staff Committee was elected and took office, providing support in a continued and constructive social dialogue.

### ***2.5.5: Staff Regulations' Implementing Rules and HR policies***

In 2022, the College of the EPPO adopted the Implementing Rules that can be found in Annex IV.

### ***2.5.6: Screening/benchmarking exercise***

In 2022, the EPPO continued to perform the screening and benchmarking of posts, following the EU bodies' methodology, which is based on the one applied by the European Commission. The results of this exercise can be found in Annex IV. It indicates the priority given in the build-up phase of the EPPO to use available human resources to focus on direct operational mission delivery.

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

In 2022, the fostering of efficiency has been done through the following steps:

Use of Service Level Agreements, contracts and inter-institutional procurement procedures of the European Commission in order to reduce costs, improve efficiency and promote best practices in the area of public procurement, while limiting upfront investment required by autonomous procurement. This comes at the cost however, of dependency on partner organisations' procurement processes. This translates to non-negligible residual risk accepted by the organisation.

Benchmarking on the use of human resources with different peer organisations, as input to decide on optimising its distribution between activities.

Preparation for the introduction of a process-based control framework as a basis for optimisation of key processes, towards enhancing the organisational performance, service quality and cost-effectiveness.

The processes for recruitment and onboarding of new staff was further developed and made more effective and efficient.

Improvements in the ICT infrastructure increased the resilience and facilitated day-to-day activities at the EPPO's Central Office. Teleworking measures and the availability of secure and resilient online platforms and tools have ensured business continuity. IT tools such as ARES for document management and electronic signatures and SYSPER for HR management provide additional efficiency gains.

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

### ***2.7.1: Internal Audit Service***

The first audit of the European Commission's Internal Audit Service (IAS) will take place in the second quarter of 2023, and will consist of a limited review of the EPPO's building blocks of assurance.

### ***2.7.2: Internal Audit Capability***

The Internal Audit Capability (IAC) conducted a benchmarking exercise, comparing the deployed human resources of the EPPO with a set of other European Union entities and national prosecution offices, against a standardised set of pillars: (i) Administrative support and coordination; (ii) Operational; and (iii) Resources resulting from 'being an EU Body' ('Neutral').

The first internal audit of the IAC, scheduled for the first quarter of 2023, is an analysis of the working environment and internal controls of the EPPO's decentralised office in Sofia, Bulgaria.

### ***2.7.3: European Court of Auditors***

The European Court of Auditors (ECA) initiated its assessment in 2021, in view of the 2021 discharge procedure. The ECA concluded that the EPPO's revenue and payments underlying the accounts for the year ending 31 December 2021 are legal and regular in all material respects, and the budget discharge was granted in May 2023.

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

The ECA's report for the financial year 2021 included observations for the EPPO on its management and control systems, which the EPPO has taken into consideration and has implemented a series of steps to improve in the identified areas.

Since the ECA's report for the financial year 2021, the EPPO has signed a lease agreement with the host Member State for its premises, as mentioned in Article 3.2 of the Headquarters Agreement.

The EPPO has successfully considerably reduced the late payments' rate from 21% in 2021 to 5.5% by the end of 2022, and has allocated additional resources to finance and procurement functions.

The EPPO has also responded to the ECA's call for further formalisation of procedures, by taking measures to gradually build up internal procedures, confirming the EPPO's commitment to transparency and equal treatment.

### **2.8b: Follow-up of recommendations issued following investigations by the European Anti-Fraud Office (OLAF)**

Not applicable in 2022.

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

The first discharge report on budget year 2021 was issued in May 2023. It highlights that it is important to:

- Establish and maintain a strong budget absorption capacity;
- Improve on the volume of payments executed beyond the statutory deadline;
- Progress in digitalisation of financial management;
- Negotiate specific provisions for financial management of Articles 31, 91(5) and 91(6);
- Progress in defining and reviewing Key Performance Indicators;
- Establish complete business continuity and business recovery plans;
- Improve the gender balance in different categories of EPPO staff;
- Encourage review of the EDPs' selection and deployment environment towards increased attractiveness and simplicity;
- Acknowledge recourse to external service providers as a means of overcoming limitations on the volume of staffing available to the EPPO;
- Encourage the EPPO to develop its own cybersecurity capacity;
- Sign lease agreement with Luxembourgish authorities (completed in the meantime);
- Encourage the use of sustainable mobility solutions in the EPPO's missions.

## **2.10: Environmental management**

The EPPO's Central Office premises are provided as a service by the Luxembourg authorities and are operated to limit environmental impact. The EPPO follows general EU public administration policies, such as mission policies that are designed to limit recourse to means with disproportionately high environmental footprints.

In 2022 the EPPO took a series of steps towards environmental management in its Central Office premises, such as the introduction of waste separation and recycling bins. No plastic water bottles or cups are being distributed at the EPPO, and water filtering machines have been installed on every floor. The EPPO has continued in 2022 to mainstream practices relied upon during the Covid-19 pandemic phase, such as relying on video-conferences instead of business-related travel, and increased online meetings and online interviews of candidates for selection procedures. The EPPO also introduced, in 2022, an electronic signature system through ARES to reduce paper use at the Central Office.

## **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 2022.



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

### 3.1: Effectiveness of internal control systems

The EPPO adopted its Internal Control Framework (ICF)<sup>34</sup> to ensure reliability of reporting, safeguarding of assets and information, prevention, detection, correction and follow-up of fraud and irregularities, and adequate management of the risks relating to the legality and regularity of the underlying transactions. This framework supplements the EPPO's Financial Rules and other applicable rules and regulations, with a view to aligning the EPPO's standards to the highest international standards. The framework implemented by the European Commission<sup>35</sup> served as the basis for these defining principles and their characteristics.

On 1 October 2022 the EPPO onboarded its dedicated Internal Control Officer, who took over duties from the part-time previously ad-interim assigned EPPO staff<sup>36</sup>.

The 2022 internal controls' self-assessment is based on the following main sources of information:

- ✓ Assessment of the internal control indicators and the specific actions implemented by the EPPO contributing to each principle;
- ✓ Results of the deployment of the EPPO's Risk Management Policy;
- ✓ Analysis of registered exceptional transactions that may reveal underlying deficiencies;
- ✓ Assessment of the deployment of the EPPO's Anti-fraud Strategy 2021-2022;
- ✓ Results of the ex-post controls.

#### Assessment of the internal control indicators

Since their College adoption on 24 March 2021, the deployment of the EPPO's Internal Control Framework is progressing. More specifically, per each component:

1. **Control Environment:** A set of standards of conduct, processes, and structures have been established. The main ones still outstanding are the following:
  - Development of a comprehensive set of job descriptions adapted to an EPPO-specific career system. It is considered that the system requires consolidated mid-term perspectives of the different kinds of operations, which are being gradually established in this initial phase of the EPPO's novel operating model. The job

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<sup>34</sup> Decision 2021.018 of the College of the European Public Prosecutor's Office of 24 March 2021 on the European Public Prosecutor's Office Internal Control Framework

<sup>35</sup> EC Communication to the Commission from Commissioner Oettinger, Revision of the Internal Control Framework, 19 April 2017, C(2017) 2373 final

<sup>36</sup> Decision EPPO/2022/AD/169 of the EPPO Administrative Director of 28 October 2022

description remains the main reference point against which individual staff have been recruited.

- Development of a succession plan, internal mobility and exit processes. As the EPPO is currently in its early phase, the succession, mobility and exit dimensions have not yet been further developed.

2. **Risk Assessment:** The EPPO is still progressing on:

- Setting up KPIs with specific targets, due to its novel business model.
- Identifying and quantifying risks, as this process requires experience in business processes.

Finally, a dedicated change management policy has not yet been developed: Due to the exploratory phase of its mission deployment, most evolutions are short-term, and priority has been given to correct assumptions that do not materialise. Thus, the capacity for long-term planning is gradually growing, including managing changes.

3. **Control Activities:** The EPPO has progressed in setting up its control activities, which provide a level of assurance that risks are mitigated and objectives are met. The main outstanding items are the following:

- Key processes, critical for business continuity, have been analysed with professional support, and the acceptable standards for the most critical processes have been hypothesised. However, due to limited resources, the Business Continuity Plan has not yet been reviewed, accepted and tested at EPPO level. Further progress on the matter depends on the availability of resources.
- The EPPO has not yet fully deployed its IT governance and strategic framework. The main focus has been on protecting and facilitating the work of operational data, therefore implementing governance arrangements only for its core operational IT system.

4. **Information and Communication:** With the growing maturity of the EPPO's organisational setup, the development of its external and internal communication setup is ongoing. More specifically, awareness-raising of the EPPO's ethical framework, considering the seriousness of the reputational risk universe that the EPPO operates within, requires further development.

5. **Monitoring Activities:** With the ongoing deployment of the Internal Control Framework, the EPPO's monitoring activities have been developed and a system has been put in place in order to ensure that findings are assessed and deficiencies are communicated and corrected in a timely manner.

## EPPO Risk Management policy deployment

On 12 May 2021, the College adopted the EPPO's Risk Management Policy,<sup>37</sup> which was deployed for the first time in 2021, capturing in a dedicated risk register every individual manager's self-assessment of the risk universe of their more immediate activities (risk description, risk likelihood, risk impact), and the mitigating controls they put in place.

The EPPO's risk register was reviewed and updated as of 28 February 2022 and as of 11 October 2022. The results of these updates were presented to the College of the EPPO.

With the growing maturity of the EPPO's organisational setup, the 2023 Risk Management Policy deployment will draw more value by:

- ✓ Supporting strategic and operational management decisions with a more mid-term perspective.
- ✓ Providing useful information for establishing appropriate control environment and deployment strategies.
- ✓ Better identifying and managing cross-cutting risks affecting several units / sectors with a longer-term perspective.
- ✓ Reinforcing the credibility of the EPPO's claims regarding resources, and capacity to deliver on its action plan.

## Exceptional transactions

The EPPO's Policy on exceptional transactions was adopted on 18 October 2021<sup>38</sup>. All exceptions are documented in the exceptions register, which is monitored by the Internal Control Officer who analyses their causes, and proposes measures to remedy, if a systemic weakness of the internal control appears.

During 2022, 14 exceptions were registered: one of low risk, 12 of medium risk and one of higher risk. All exceptions were individually assessed and corrective measures to prevent their repetition were proposed. Where applicable, procedures were adjusted. The events registered were immaterial (below the materiality threshold of 2%), and do not indicate a systemic weakness of internal controls; therefore, there is no reason to issue a reservation.

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<sup>37</sup> Decision 2021.043 of the College of the European Public Prosecutor's Office of 12 May 2021 on the European Public Prosecutor's Office Risk Management Policy

<sup>38</sup> Decision EPPO/2021/AD/056 of the EPPO Administrative Director of 18 October 2021

## EPPO Anti-fraud Strategy 2021-2022 deployment

On 7 April 2021, the College of the EPPO adopted the first Anti-fraud Strategy 2021-2022<sup>39</sup>, as per the requirements set by the EPPO Regulation and the EPPO's Financial Rules.

The Anti-fraud Strategy of the EPPO sets the objectives to counter fraud at all levels of the organisation. The objectives are linked to a dedicated action plan that contributes to its achievement. This action plan is part of the EPPO's internal control environment, and should be monitored on a regular basis (at least annually).

The status of the Anti-fraud Strategy objectives as of 31/12/2022 was assessed by the EPPO's Internal Control Officer, and the results of this assessment were presented to the Administrative Director on 08/12/2022<sup>40</sup>. The Anti-fraud Strategy framework of the EPPO is being further developed as a result of this assessment.

## Results of the ex-post controls

In line with its Financial Regulation (Art. 45(8) and 45(9)<sup>41</sup>), the EPPO needs to ensure a high-quality level of the financial transactions and procurement procedures.

Ex-post controls were carried out on financial transactions (payments) and on procurement procedures covering the period **01/01/2022** to **31/12/2022**, as per the Administrative Director's Decision of 11/10/2021 on the EPPO's Policy on ex-post controls.

The overall ex-post control results were satisfactory, except for some minor issues that were detected of low risk level.

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<sup>39</sup> Decision 2021.020 of the College of the European Public Prosecutor's Office of 7 April 2021 on the European Public Prosecutor's Office Anti-fraud Strategy 2021-2022

<sup>40</sup> Ref: ARES(2022)8531165-08/12/2022

<sup>41</sup> Art.45(8) *The authorising officer may put in place ex post controls to detect and correct errors and irregularities of operations after they have been authorized. Such controls may be organised on a sample basis according to risk and shall take account of the results of prior controls as well as cost-effectiveness and performance considerations.'*

Art. 45(9) *The ex-post controls shall be carried out by staff other than those responsible for the ex-ante controls. The staff responsible for the ex-post controls shall not be subordinate to the members of staff responsible for the ex-ante controls. The ex-post controls may take the form of financial audits at the premises of the beneficiaries. The rules and modalities, including timeframes, for carrying out audits of the beneficiaries shall be clear, consistent and transparent, and shall be made available when signing the grant agreement.'*

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

The EPPO started operations as an autonomous EU body in mid-2021, and the internal control systems and related strategies were adopted and put in place in spring 2021. Overall, taking into account that over the past year the EPPO has further progressed in implementing the components of the internal control framework, it is judged that the internal control systems are effective overall, with some improvements needed in the areas outlined in Section 3.1.

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

*I, the undersigned, Paraskevi Magkra,*

*Senior Internal Control Officer 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.*

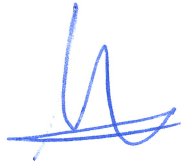
*I hereby certify that the information provided in the present Consolidated Annual Activity Report and in its annexes is, to the best of my knowledge, accurate, reliable and complete.*

*Place: Luxembourg*

*Date: 21/06/2023*

*Paraskevi Magkra*

*Senior Internal Control Officer*



## Part IV: Management assurance

### 4.1: Review of the elements supporting assurance

The administrative internal control environment of the EPPO is organised based on the 'Three Lines of Defence', or 'Building Blocks of Assurance' model. This model distinguishes between the following functions involved in the effective implementation of internal control and risk management within the EPPO:

1. First Line of Defence: The EPPO functions which own and manage internal control and risks.
2. Second Line of Defence: The EPPO functions which oversee internal control and risk management.
3. Third Line of Defence: The EPPO functions which provide independent assurance.

An additional fourth layer of defence, the 'Fourth Line of Defence', is the European Court of Auditors, whose mission is to independently audit the collection and spending of European Union funds and, through this, to assess the way that the European Union institutions discharge the internal control functions.

2022 has seen a number of essential features of the EPPO's internal control environment undergo further development since the period of their initial deployment, in particular during the second half of 2022, with the onboarding of the EPPO Internal Control Officer.

The EPPO is still building up its internal control environment, facing strong constraints relevant to its ability to recruit and retain experienced human resources. This limits the EPPO's capacity to reduce the residual risk (not currently materialised) to an acceptable level, sufficient to give reasonable assurance on the use of resources made available to the EPPO for the performance of its mission.

### 4.2: Reservations

To date, there are no reservations or observations of a material nature (considering the materiality threshold of 2%), no critical risks have been identified and no major deficiencies have been reported or identified.

## **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. I 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, ex-post controls, and the lessons learnt from the report of the Court of Auditors for the years prior to the year of this declaration.*

*I confirm that I am not aware of anything not reported here which could harm the interests of the EPPO.*

*Place: Luxembourg*

*Date: 21/06/2023*



*Olivier Ramsayer*

*Administrative Director*

## **Annexes**

Annex I: Core business statistics

Annex II: Statistics on financial management

Annex III. Organisational chart

Annex IV: Establishment plan and additional information on Human Resources management

Annex V: Human and financial resources by activity

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

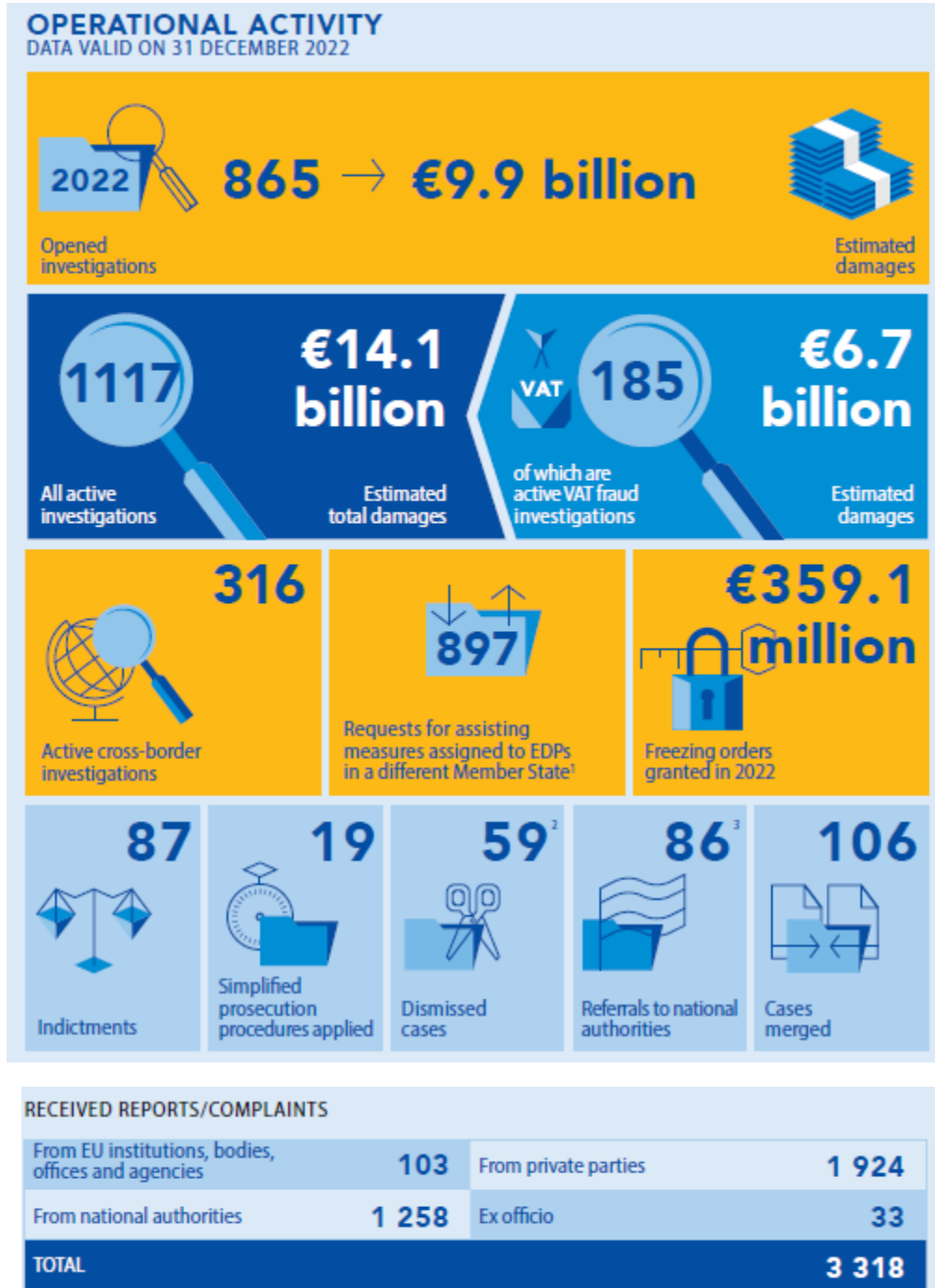
Annex VII: Environmental management

Annex VIII: Final annual accounts



## Annex I: Core business statistics, 2022

Source: as published in the [EPPO Annual Report 2022](#)



## JUDICIAL ACTIVITY IN CRIMINAL CASES

	Ongoing cases in the trial phase	73
	Number of first court decisions	15
	Number of appeals against first court decisions	2
	Number of ongoing cases in the appeal phase	2
	Number of final court decisions	20
	Number of extraordinary legal remedies against court decisions	0
	Convictions	20
	Acquittals	0

## TYOLOGIES IDENTIFIED IN ACTIVE EPPPO CASES

### NUMBER OF INVESTIGATED OFFENCES BROKEN DOWN BY TYPE

 679 Non-procurement expenditure fraud	 224 Procurement expenditure fraud	 122 PIF-focused criminal organisation
 236 Non-VAT revenue fraud	 427 VAT revenue fraud	 87 Corruption
 48 Misappropriation	 116 Money laundering	 242 Inextricably linked offence

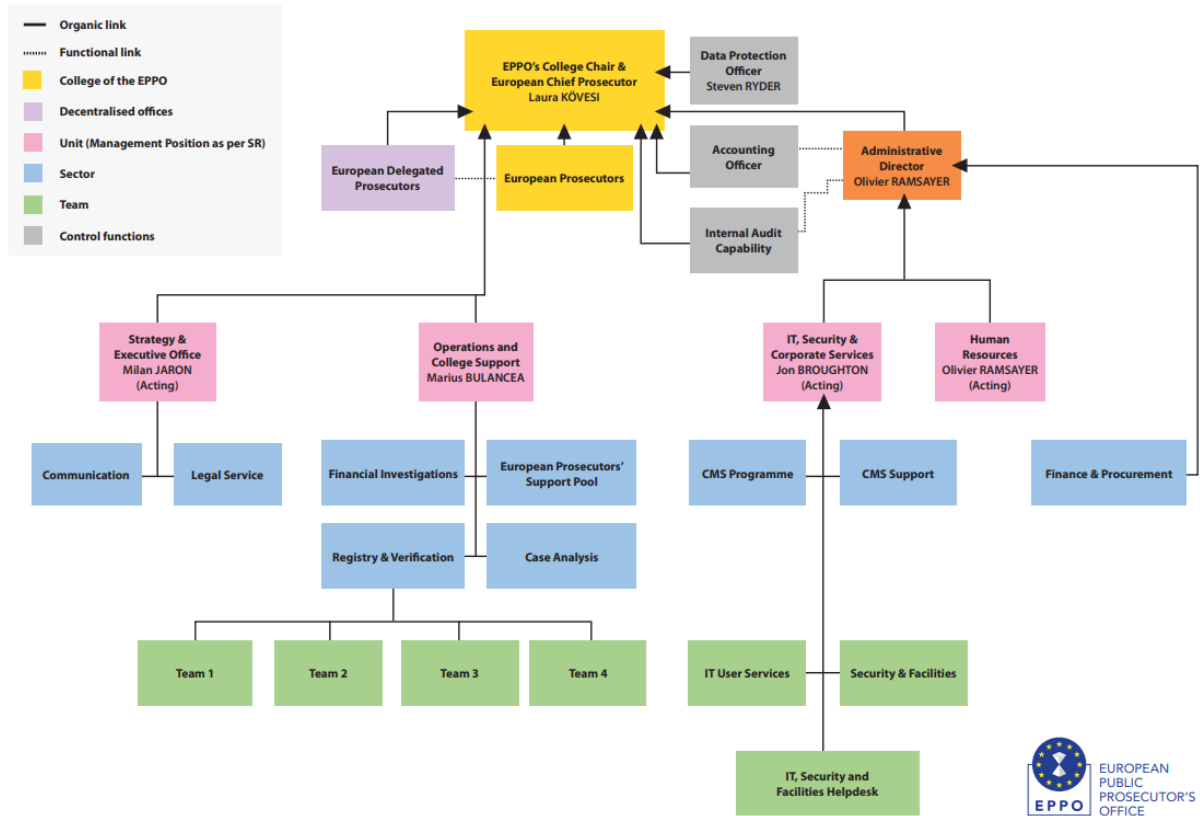
## NUMBER OF ACTIVE EXPENDITURE FRAUD CASES

Agricultural and rural development programmes	231	Climate and environment programmes	7
Maritime and fisheries programmes	19	Recovery and resilience programmes	15
International cooperation programmes	9	Mobility and transport, energy and digitalisation programmes	15
Regional and urban development programmes	156	Asylum, migration and integration programmes	5
Education and culture-related programmes	18	Industry, entrepreneurship and SMEs programmes	13
Research and innovation programmes	27	Security and defence programmes	3
Employment, social cohesion, inclusion and values programmes	66	Other programmes/doubt cases	108

## **Annex II: Statistics on financial management, 2022**

Information on statistics on financial management can be found in the [EPPO's Report on the budgetary and financial management 2022](#).

## Annex III: Organisational chart



## Annex IV: Additional information on Human Resources management

### Establishment Plan

Function group and grade	Authorised in budget 2022	Actually filled as of 31/12	Function group and grade	Authorised in budget 2022	Actually filled as of 31/12
	Temporary posts	Temporary posts		Temporary posts	Temporary posts
AD 16	0	0	AST 7	0	0
AD 15	1	1	AST 6	2	0
AD 14	1	1	AST 5	8	3
AD 13	22	22	AST 4	15	20
AD 12	2	1	AST 3	13	10
AD 11	3	0	AST 2	0	0
AD 10	7	10	AST 1	0	0
AD 9	7	4	AST TOTAL	40	33
AD 5	3	8	AST/SC 3	1	0
AD TOTAL	127	121	AST/SC 2	3	2
AST 11	0	0	AST/SC 1	0	0
AST 10	0	0	AST/SC TOTAL	4	2
AST 9	1	0	TOTAL	171	156
AST 8	1	0	GRAND TOTAL	171	156

### External personnel

#### Contract Agents

Contract agents	Authorised budget 2022	Headcount as of 31/12/2022
Function Group IV	27	18
Function Group III	18	21
Function Group II	3	2
Function Group I	0	0
TOTAL	48	41

#### Seconded National Experts

Seconded National Experts	Authorised budget 2022	Headcount as of 31/12/2022
TOTAL	29	24

**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	Function dedicated to administrative support or operations
European Chief Prosecutor	TA	AD15	Operational
Deputy European Chief Prosecutor/European Prosecutor	TA	AD13	Operational
Administrative Director	TA	AD14	Administrative Support & Coordination
Adviser	TA	AD13	Operational
Head of Unit	TA	AD9–10	Administrative Support & Coordination, Operational
Head of Sector	TA	AD7–AD9	Administrative Support & Coordination, Operational, Neutral
Principal Officer	TA	AD7–AD9	Administrative Support & Coordination, Operational, Neutral
Senior Officer	TA	AD6–AD7	Administrative Support & Coordination, Operational, Neutral
Officer	TA	AD5	Administrative Support & Coordination, Operational, Neutral
Senior Assistant	TA	AST 4–9	Administrative Support & Coordination, Operational, Neutral

Assistant	TA	AST 1–3	Administrative Support & Coordination, Operational, Neutral
Secretary/Clerk	TA	SC 1–6	Operational
Officer	CA	FG IV	Administrative Support & Coordination, Operational, Neutral
Assistant	CA	FG II–III	Administrative Support & Coordination, Operational, Neutral
<b>Special Functions</b>			
Internal Audit Capability	TA	AD8	Administrative Support, Operational
Senior Internal Control Officer	TA	AD6	Administrative Support & Coordination
Senior Planning, Monitoring and Quality Officer	TA	AD6	Administrative Support & Coordination
European Delegated Prosecutors			Operational
Seconded National Experts			Operational

Table 2: Information on benchmarking exercises where applicable, in 2022

Job Type (sub) category		Total FTE	(of which) EDPs	%
<b>A - Administrative support and Coordination</b>		<b>33</b>		<b>9%</b>
	A1 - Administrative Support (6)	16		4.1%
	A2 - Coordination	17		4.4%
<b>B - Operational</b>		<b>336</b>	<b>140</b>	<b>87%</b>
	B1 - Top Level Operational Coordination	168		43.3%
	B2 - Programme Management & Implementation	96	140	24.7%
	B3 - Evaluation & Impact Assessment	0		0.0%
	B4 - General operational (6) (7)	72		18.6%
<b>C - Neutral</b>		<b>19</b>		<b>5%</b>
	C1 - Finance/Control	19		4.9%
	C2 - Linguistics	0		0.0%
<b>TOTAL</b>		<b>388</b>	<b>140</b>	<b>100%</b>

Information on the list of Human Resources' Implementing Rules adopted in 2022

The EPPO adopted the following implementing rules in 2022:

- Adopted by analogy by the College of the EPPO
  - College Decision 2022.050 applying by analogy the Commission Decision C(2022) 1788 on Working Time and Hybrid Working Rules (applicable to EPPO staff and SNEs only)
  - Commission Decision C(2021) 8179 of 16 November 2021 laying down general implementing provisions regarding the payment of the education allowance provided for in Article 15 of Annex X of the Staff Regulations to staff members for the duration of temporary assignments to the seat of the institution or any other place of employment in the Union
  - Commission Decision C(2022) 1715 of 24 March 2022 on home leave for officials, temporary staff and contract staff serving in a third country and repealing Commission Decision C(2013) 9035 final of 16 December 2013



- Other rules already adopted by the College, which are not implementing rules to Staff Regulations
  - Amending decision laying down rules on the other staff put at the disposal of the European Public Prosecutor's Office but not employed by it

### Annex V: Human and financial resources by activity

	Central Office statutory staff	European Delegated Prosecutors	Total Statutory staff (%)	Financial resources
EPPO Prosecutions	152	114	73.43%	29 471 545 (58.7%)
Administration	36	-	17.39%	13 942 928 (27.8%)
Operations IT (CMS)	19	-	9.18%	6 819 454 (13.6%)
<b>TOTAL</b>	<b>207</b>	<b>114</b>	<b>100%</b>	<b>50 233 927</b>

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

Service Level Agreements (and counterpart)	Date of signature	Duration
SLA European Commission Directorate-General for Budget (DG BUDG) (ABAC/Treasury services)	26/06/2020	Automatic renewal
SLA European Commission Directorate-General for Informatics (DG DIGIT) (including ICT procurement, digital workspace services, Europa Web Platform services, Cloud services )	19/06/2019	Automatic renewal
SLA European Commission Directorate-General for Informatics (DG DIGIT) (IT security support)	19/12/2019	Automatic renewal
SLA European Commission Directorate-General for Human Resources and Security (DG HR) (including SYSPER, talent management, health and wellbeing, security services)	27/03/2019	Automatic renewal
SLA European Commission Office for Infrastructure and Logistics, Luxembourg (OIL) (Building insurance, cleaning, maintenance, furniture, postal charges, etc.)	02/06/2020	Automatic renewal
SLA European Commission Paymaster Office (PMO) (IT applications for which PMO is system owner)	20/12/2019	Automatic renewal
SLA European Personnel Selection Office (EPSO) and European School of Administration (EUSA) (assistance with a view to the selection of officials, temporary agents and contract agents)	01/04/2019	Automatic renewal
SLA EU Agencies Network (EUAN) and European Food Safety Authority (EFSA) (Shared Support Office)	20/10/2020	Indefinite duration
SLA European Observation Network for Territorial Development and Cohesion (ESPON) (badges/ access cards and permits, access to the building, safety training, etc.)	01/11/2021	Automatic renewal
SLA Publications Office of the EU (services in managing public information produced)	26/02/2021	Indefinite duration
SLA European Commission Directorate-General for Interpretation (DG SCIC)	10/03/2022	Automatic renewal

(interpretation services)		
SLA European Union Aviation Safety Agency (EASA) (support to EPPO HR function)	29/06/2022	31/03/2024
Contribution Agreement with the European Commission concerning the financing of the European Schools	30/11/2020	Indefinite duration
Headquarters Agreement with the Grand Duchy of Luxembourg (EPPO premises)	27/11/2020	Indefinite duration
Lease agreement with the Grand Duchy of Luxembourg	10/03/2022	31/12/2029
MoU with the Luxemburgish Government IT Centre (hosting of the EPPO's data centre)	11/03/2020	Indefinite duration
MoU with the Translation Centre for the Bodies of the European Union	11/11/2020	Automatic renewal

## **Annex VII: Environmental management**

As described in the EPPO's 2022-2024 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.

Specific actions by the EPPO have been taken in its Central Office premises, and involve the introduction of waste separation and recycling bins, the removal of plastic water cups and the installation of water filtering machines. The EPPO endorses measures such as reduced business-related travel and related CO<sub>2</sub> emissions, increased online meetings and online interviews of candidates for selection procedures. The EPPO has considerably reduced paper use in the Central Office through the extensive use of electronic paperless systems (i.e. ARES).

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

Enclosed.