

# **European Anti-Fraud Office (OLAF)**

**Management Plan 2012**

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## **Part 1. Mission statement**

The mission of the European Anti-Fraud Office (OLAF<sup>1</sup>) is threefold:

- it protects the financial interests of the European Union by combating fraud, corruption and any other illegal activities;
- it protects the reputation of the European Institutions by investigating serious misconduct by their Members and staff that could result in disciplinary or criminal proceedings;
- it supports the European Commission in the development and implementation of fraud prevention and detection policies.

By performing its mission as effectively as possible OLAF contributes to the efforts made by the EU Institutions to guarantee that the best use is made of taxpayers' money.

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<sup>1</sup> "OLAF" is the acronym of its title in French, *Office européen de Lutte Antifraude*

## **Part 2. This year's challenges**

Personal message from Giovanni Kessler

Director-General of OLAF

After taking office as Director-General in February 2011, I launched an internal review of the working procedures and organisation of OLAF. This review revealed room for improvement and obstacles to the performance of the Office in a number of areas. 2011 was a year of analysis and preparation. 2012 will be the year of implementation when these obstacles will be removed. The new organisation of OLAF and our new investigative procedures will take effect on 1 February. The Office's key challenge for 2012 will be to take full advantage of the changes and to reach full cruising speed.

By changing our working practices and aligning OLAF's highly capable and committed staff with our key objectives, we are addressing longstanding concerns raised by the European Parliament<sup>2</sup>, the Council and the Court of Auditors<sup>3</sup>, notably regarding the efficiency of our investigations. Without pre-empting the results of the legislative reform of the Office<sup>4</sup>, OLAF's new investigative procedures and organisation will enable us to fulfil our mission more efficiently.

The Commission faces budgetary constraints. Now more than ever there is a need to prioritise and to focus on core activities. For OLAF this means reducing the number of staff employed on horizontal and overhead activities and increasing considerably the number of staff employed on investigations. It also means re-focusing our efforts in the area of anti-fraud policy to enhance the support we offer other Commission services, EU agencies and Member States authorities in the area of fraud prevention and detection.

### ***Reinforcing the investigative function***

A new Investigation Selection and Review Unit will advise me directly on the selection of cases for the opening of investigations. Information that reaches the Office with allegations of fraud will be treated more quickly and in a consistent manner. The selection of cases will be in line with clear priorities. Investigators will be relieved from the function of assessing incoming information and will therefore be able to spend more time on core investigative activities. The selection phase should not exceed two months. The new unit will also advise me, particularly with respect to matters of legality, before major investigative acts are undertaken and before the closing of investigations. Quality control and the protection of fundamental rights and procedural guarantees will therefore be reinforced.

In addition, the procedures for investigations will be simplified. The existing case classification system provides for five categories of cases each with their own specific rules and procedures. The number of categories of cases will be reduced to two only -

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<sup>2</sup> Working document on European Court of Auditors' Special Report No 2/2011 on the follow-up of Special Report No 1/2005 concerning the management of the European Anti-Fraud Office (5th May 2011 ; PE464.791v01-00)

<sup>3</sup> Special Report No. 2/2011 "Follow-up of Special report No 1/2005 concerning the management of the European Anti-fraud Office" and Council conclusions of 27-28<sup>th</sup> October 2011 (reference: 15274/11)

<sup>4</sup> COM(2011) 135 final of 17<sup>th</sup> March 2011

investigations and coordination cases. This will considerably simplify investigation procedures and avoid uncertainties and inconsistencies.

Finally, the monitoring of the implementation of OLAF's recommendations to the EU institutions and Member States, and the support we provide them in implementing such recommendations, will be carried out by the investigative units. Some staff members with judicial expertise will be placed in the investigative units. This should result in earlier cooperation with national judicial authorities during investigations, better judicial outcomes as a result of OLAF's recommendations, and a higher level of attention to legal issues during investigations. Overall, these changes will make better use of OLAF's resources and shorten the duration of investigations.

### ***A more proactive contribution by OLAF to anti-fraud policies***

In 2012, OLAF will devote significant resources to the implementation of the Commission's Anti-Fraud Strategy<sup>5</sup>. A number of Commission services will be stepping up their efforts in the fight against fraud, for example by developing their own dedicated anti-fraud policies. OLAF supports these Commission-wide efforts, not least through the recently launched Fraud Prevention and Detection Network and through its dedicated website.

During 2012, OLAF will also be preparing new legislative proposals concerning improvements to criminal and administrative procedures, the development of the substantive criminal law framework and the enhancement of the institutional framework in the area of the protection of the EU financial interests. These proposals are included in the Commission's Work Programme for 2012.

OLAF also intends to enhance cooperation with Member States, not least through the organisation of joint customs operations. In our reporting on the protection of the financial interests of the EU, we wish gradually to move away from a narrow focus on the reported rates of fraud and irregularities towards more balanced reporting that reflects also the efforts and ambitions of Member States to tackle the problem of fraud and to cooperate with OLAF, other Commission services and each other.

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The activities of OLAF are more important than ever in times of economic crisis. The Office will therefore increase its efforts to protect the financial interests of the European Union and draw public attention to the commitment of the EU institutions to fight fraud and corruption. The present Management Plan is a reflection of our high level of ambition. I am confident that OLAF will continue to demonstrate its unique competence in 2012 and in the years to come.

16 December 2011

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<sup>5</sup> COM(2011) 376 final of 24th June 2011

### **Part 3. General objectives for policy area “fight against fraud”**

The importance of gaining and maintaining public trust in the European Union’s (EU's) capacity to protect taxpayers' money from fraudsters cannot be overstated, particularly in the present context of budgetary stringency. The Treaty<sup>6</sup> reflects public concern about the protection of the EU’s financial interests by providing for the principle of effective and equivalent protection across the Member States and the EU Institutions, bodies, offices and agencies.

The concept of the protection of the financial interests of the EU covers the prevention, detection and investigation of fraud against the EU budget and can extend also to measures to address other serious irregularities.

OLAF is above all an investigation service which contributes to the effective, proportionate and dissuasive character of the measures against fraud and corruption thereby contributing to the preservation of the reputation of the EU institutions and trust in the European project. OLAF also coordinates cooperation between Member States’ competent authorities.

OLAF action to protect the financial interests covers the entire expenditure side of the budget. On the revenue side of the budget, OLAF’s actions mainly relate to traditional own resources (mainly customs duties). Protection of EU funds goes hand-in-hand with the protection of national funds. On the revenue side of the budget, action to fight smuggling equally benefits the EU and Member States because it protects (national) excise revenue as well as (EU) customs duty. General improvements in ethical standards, reduced corruption and better administration benefit public finance at all levels.

OLAF also plays a prominent role in assisting the Commission services in the implementation of the Anti-Fraud Strategy adopted on 24<sup>th</sup> June 2011. This Strategy aims at updating and modernising the way fraud against the EU budget is tackled within the Commission with the view to ensuring that the EU budget is managed in line with the principles of sound financial management, including the prevention of, and fight against, fraud.

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<sup>6</sup> Article 325, Treaty on the Functioning of the European Union

**General objective: To protect the financial interests of the EU and the reputation of its institutions by combating fraud, corruption and any other illegal activities, ensuring that the best use is made of taxpayers' money with the help of:**

**1) Investigations and coordination actions**

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of investigations <sup>7</sup> and coordination cases that have led to recommendations for post-investigative action	2011: 108 investigations and other cases have led to post-investigative action	More than 100
Amount of recoveries <sup>8</sup> in mid-term perspective (as 3 years' moving average)	2011            8.6 : 1 2010            0.87 : 1 2009            3.2 : 1  3 years' average 4.3 : 1	A ratio of 2:1 or above between recoveries as a result of OLAF's investigations and OLAF's administrative and operational budget

*Main output in 2012*

- New investigative procedures implemented aimed at streamlining and accelerating OLAF investigations

**2) Contributions to the development of anti-fraud policies**

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Strengthening anti-fraud measures in accordance with the Commission's Work Programme (CWP) 2012 and the Commission's Anti-Fraud Strategy (CAFS)	CWP 2011: Commission Communication on the protection of the financial interests of the European Union by criminal law and by administrative investigations <sup>9</sup> and proposals in the Multiannual Financial Framework (MFF) 2014-2020 package (Pericles and Hercule III <sup>10</sup> )  CAFS: Standard anti-fraud clauses have been included in the legislative proposals in the context of the MFF	100% of planned output delivered

*Main output in 2012*

- Related to CWP: - Timely preparation of the three 2012 legislative initiatives related to the protection of the Union's financial interests: see Specific Objective 5.a  
 - Related to CAFS: Timely implementation of the CAFS objectives by achieving the relevant 2012 actions; see Specific Objective 5.b

<sup>7</sup> During 2011, 208 investigations and other cases were closed

<sup>8</sup> OLAF applies this as a general indicator to measure the value-added of anti-fraud action; however, OLAF itself has no recovery powers

<sup>9</sup> COM(2011) 293 final of 26/05/2011

<sup>10</sup> COM(2011) 914 final of 19/12/2011 and COM(2011) 910 final of 19/12/2011

## Part 4. Specific objectives for “fight against fraud”

### 4.1.a Investigative and coordination activities

This section sets objectives, indicators and targets for the selection of cases to be opened by OLAF, the conduct of investigations and coordination activities, as well as the implementation of recommendations issued by OLAF as a result of its investigative and coordination activities.

Before opening an investigation, OLAF assesses if the case falls within its competence and establishes the necessary level of suspicion. The decision to open an investigation or not is based on the Investigation Policy Priorities (IPPs) of the Office.

There are five IPPs: (1) proportionality, (2) efficient use of investigative resources, (3) subsidiarity/added value, (4) special policy objectives and (5) financial impact.

For any opening decision, they are all taken into consideration, but none of them is a *conditio sine qua non*.

The IPPs’ special policy objectives are determined on the basis of a risk assessment (based also on information from Member States) and taking into account requests from the European Institutions.

OLAF’s IPPs for 2012 are annexed to the present management plan.

<b>SPECIFIC OBJECTIVE 1. Ensure the effective implementation of the Investigation Policy Priorities for 2012</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Percentage of investigations opened in line with the investigation policy priorities	New indicator	More than 95 %
<i>Main output in 2012</i>		
- Full implementation of the investigation policy priorities (see also the annex)		

<b>SPECIFIC OBJECTIVE 2. Further improve the efficiency and effectiveness of OLAF’s investigations and coordination actions</b>		
<b>1) Speed up the initial assessment of whether a case should be opened</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Average duration of selection phase <sup>11</sup>	2011: 8 months (7 % of the evaluations were completed within 2 months)	2 months in at least 85 % of the cases
<i>Main output in 2012</i>		
- New system for the opening of investigations and coordination cases (in place in February 2012)		

<sup>11</sup> Including both the items that resulted in an investigation or coordination case and those that did not.

<b>2) Keep the clearance rate close to 1</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Clearance rate (number of cases opened/number of cases closed)	2011: 0.86 (178/208)	Close to 1
<i>Main output in 2012</i>		
- Careful monitoring with the help of monthly management statistics		

<b>3) Reduce the duration of investigations and coordination cases</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Duration of investigations and coordination cases <sup>12</sup>	2011: 22.8	2012: 22 months 2013: 21 months 2014: 20 months
<i>Main output in 2012</i>		
- Careful monitoring with the help of monthly management statistics		

<b>4) Monitor the effective implementation of recommendations following the closure of cases</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Annual Target</i>
Number of recommendations implemented with results <sup>13</sup> (including results of financial, judicial, as well as disciplinary and administrative action)	New indicator	Results with regard to at least 60 recommendations
<i>Main output in 2012</i>		
- Careful monitoring with the help of monthly management statistics		

#### *4.1.b Investigation support*

As of 1<sup>st</sup> February 2012, a Directorate within OLAF will provide specialised services to OLAF's investigation and coordination activities. Within this Directorate, one unit will monitor the efficiency, effectiveness and quality of the investigative process and support it with the necessary tools. Data-gathering, risk-based auditing, as well as other relevant tools and related technical assistance to OLAF investigative units and competent authorities in the Member States will be provided from within this Directorate. The remaining units will be responsible for legal advice, training and communication linked to the investigations.

### **SPECIFIC OBJECTIVE 3: Provide the necessary tools and training to support OLAF's investigative activities**

<sup>12</sup> Including cases closed during the reporting period and those still open at the end of the reporting period, not including the selection phase

<sup>13</sup> OLAF applies this as a general indicator to measure the value-added of anti-fraud action; however, OLAF itself has no recovery competence

<b>3.a Provide Operational Support</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of OLAF investigations opened, following up on information collated within OLAF	2011: 2	Increase the number of investigations opened, following up on information collated within OLAF
<b>3.b Supply Information and Communication Technology (IT) tools</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Implementation of the internal user-oriented priorities identified in the IT Masterplan	The main achievement was the introduction of a new document management system (THOR) that offers many new features compared to the previous (Adonis) system.	100% implementation of related IT activities for 2012
Internal users' degree of satisfaction with IT systems and services	New indicator	Increase user satisfaction by 10 % by 2013 (compared to 2012)
<b>3.c Conduct sufficient training for investigative staff to familiarise themselves with the new working procedures and to maintain a high standard of corporate knowledge</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Percentage of OLAF investigators trained on new investigative procedures	New indicator	98 % by 1 <sup>st</sup> February 2012
Percentage of investigators trained in targeted workshops on specific investigative activities	New indicator	90 % in 2012
Number of investigators that have participated in training sessions tailored to the requirements of fraud investigations	2011: 8 training sessions (on interviewing techniques, report-writing skills, gathering of evidence, and on-the-spot checks) for 60 investigators	At least 55 investigators trained in specialised sessions, according to their individual needs
<i>Main output in 2012</i>		
<ul style="list-style-type: none"> <li>- Upgrade of text-mining capabilities (IT) in OLAF (by the end of the 1<sup>st</sup> quarter of 2012)</li> <li>- Survey to measure internal users' degree of satisfaction with IT systems and services</li> <li>- Training sessions on new investigative procedures</li> <li>- Specialised training sessions, including on post-investigative activities</li> <li>- Handbooks on both interviewing techniques and on clear writing to be drawn up with the help of external contractors</li> </ul>		

**SPECIFIC OBJECTIVE 4: Enhance the quality and effectiveness of the operational activities**

<b>4.a Provide quality legal advice to investigators and national authorities</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Legal advice provided within the specified deadline	New indicator	At least 90 % responses within <u>agreed</u> deadlines
<i>Main output in 2012</i>		
<ul style="list-style-type: none"> <li>- Capacity built up for advice on national law (notably by establishing an internal (OLAF) network, compiling relevant databases and developing relevant external contacts).</li> <li>- An effective system of setting up deadlines for case-related legal advice.</li> </ul>		
<b>4.b Provide expertise concerning requests and complaints related to investigative activities</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Timely replies to complaints (Art. 90 Staff Regulations complaints and other complaints)	2011: 100% of replies sent within the set deadlines (7 complaints)	100% responses within the <u>regulatory</u> deadlines
Timely replies to requests from data subjects concerning data protection	2011: 100 % of replies sent within the set deadlines (17 new requests received; 2 are still ongoing).	100 % responses within the <u>regulatory</u> deadlines
Timely replies to complaints to the European Data Protection Supervisor	2011: 100 % of replies sent within the agreed deadlines (2 new cases received in addition to 3 ongoing cases)	At least 90% responses within the deadlines <u>set by or agreed with the EDPS</u>
Timely replies to requests for access to documents under Regulation 1049/2001	70% of replies sent within the deadlines set by Regulation 1049/2001	100% responses within the <u>regulatory</u> time limit
Timely replies to complaints to the Ombudsman	2011: 100% of responses were sent within the agreed deadlines. (14 new cases received <sup>14</sup> in addition to 17 ongoing cases)	At least 90% responses within the deadlines <u>set by or agreed with the Ombudsman</u>
<i>Main output in 2012</i>		
- IT-based centralised, internal monitoring system of pending requests (concerning access to documents, data protection, legal advice, pending court cases, complaints to Ombudsman, complaints under Art. 90 Staff Regulations and other complaints).		

<sup>14</sup> With OLAF as lead service

## 4.2. Fraud prevention and anti-fraud policy

OLAF deals with all phases of fraud prevention and detection, from the conception of policy, the implementation of existing and new policies, to the reporting on its progress and effectiveness. As of 1<sup>st</sup> February 2012, colleagues in a single Directorate will prepare new legislation, work with other Commission services to implement an anti-fraud strategy, build contacts with the competent authorities in the EU Member States as well as with counterparts outside the European Union, to support OLAF's investigations and anti-fraud efforts. OLAF's operational budget provides the financial resources necessary for the operation of three programmes: Hercule II, Pericles and the Anti-Fraud Information System (AFIS). In addition to these programmes, a pilot project aims to establish criteria to measure the impact of corruption on public procurement involving EU cohesion policy funds.

<b>SPECIFIC OBJECTIVE 5. Prevent, deter and combat fraud and corruption</b>		
<b>5.a Develop anti-fraud policy and legislation</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Delivery of planned output provided for in the Commission's Work Programme (CWP) 2012	Commission Communication on the protection of the financial interests of the European Union by criminal law and by administrative investigations <sup>15</sup> and proposals in the Multiannual Financial Framework (MFF) 2014-2020 package (Pericles and Hercule III <sup>16</sup> )	Timely preparation of proposals for adoption by the Commission in 2012
<i>Main output in 2012</i>		
<ul style="list-style-type: none"> <li>- Legislative proposal on the protection of the financial interests of the European Union, including by criminal law (CWP: 3<sup>rd</sup> quarter of 2012)</li> <li>- Legislative proposal reinforcing the protection of the euro against counterfeiting with criminal law sanctions (CWP: 3<sup>rd</sup> quarter of 2012)</li> <li>- Legislative proposal on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters (CWP: 4<sup>th</sup> quarter of 2012)</li> </ul>		

## **5.b Enhance prevention of fraud against EU's financial interests**

<sup>15</sup> COM(2011) 293 final of 26/05/2011

<sup>16</sup> COM(2011) 914 final of 19/12/2011 and COM(2011) 910 final of 19/12/2011

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Delivery of planned output in the implementation of the Commission's Anti-Fraud Strategy (CAFS)	2011: 100% delivery (Standard anti-fraud clause has been included in the legislative proposals adopted in the context of the MFF; dedicated fraud prevention section has been set up on OLAF's intranet site; Fraud Prevention and Detection Network (FPDnet) met twice in 2011).	100% of actions scheduled for 2012 implemented
Percentage of illicit trade in cigarettes as share of total consumption in the EU as a whole	2010: 10 % <sup>17</sup>	Decrease by as much as possible
<i>Main output in 2012</i>		
<ul style="list-style-type: none"> <li>- Methodology and guidance (including a template) for DGs' anti-fraud strategies (by June 2012)</li> <li>- Contribution to the development of an anti-fraud strategy in the DGs (shared management) (by end 2012)</li> <li>- Revised joint fraud prevention strategy (JFPS) for structural actions and for agriculture, to be adopted at service level by DGs REGIO, AGRI EMPL and MARE in cooperation with OLAF</li> <li>- Set up dedicated fraud prevention section on MyIntracomm, the Commission's intranet website (by end 2012)</li> <li>- Four meetings of the FPDnet</li> <li>- At least 5 meetings of the Advisory Committee for the Coordination of Fraud Prevention (COCOLAF) and its subgroups (on irregularities, statistics and mutual assistance)</li> </ul>		
<b>5.c Reduce fraud against the EU's financial interests at the EU's Eastern border</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Delivery of actions included in the Action Plan to Fight Against Smuggling of Cigarettes and Alcohol along the EU's Eastern Border for 2012	2011: Almost all actions foreseen were implemented including the most significant ones (e.g.: JCO Fireblade took place; Operational conference in Bucharest in June 2011; OLAF liaison officer posted in Kiev)	Actions scheduled for 2012 implemented
Percentage of illicit trade in cigarettes as share of total consumption in Eastern Boarder EU-Member States <sup>18</sup>	2010: More than twice as much in countries along the Eastern border as in EU as a whole: 21 % vs. 10 % <sup>19</sup>	Decrease by as much as possible
<i>Main output in 2012</i>		
<ul style="list-style-type: none"> <li>- Targeted operational actions</li> <li>- Negotiations of taxation and customs provisions with Armenia, Azerbaijan and Georgia</li> <li>- 17<sup>th</sup> Annual Task Group Cigarettes Conference with special focus on the Eastern Border (October 2012)</li> </ul>		
<b>5.d Improve cooperation with stakeholders</b>		

<sup>17</sup> KPMG, Project Star, Report 2010

<sup>18</sup> Bulgaria, Estonia, Finland, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia.

<sup>19</sup> Source : KPMG Project Star

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of Administrative Cooperation Agreements (ACAs) concluded with relevant Member State authorities	A new template was developed in 2011. As the policy was under review, no new ACAs were concluded in 2011.	Finalise at least 3, make progress on 3, in 2012
Percentage of requests for support from Member States answered on irregularity reporting (published as a statistical annex to the Art 325 annual report)	2011: 100% requests answered	100% of requests from MSs answered
Percentage of Member State contributions quality-checked	2011: 100% of contributions checked	100% of contributions quality-checked
Fraud-related provisions in EU agreements/regimes with third countries ( <u>EU expenditure</u> fraud: financial cooperation provisions; <u>Customs</u> : mutual administrative assistance and "temporary withdrawal of preferences")	2011: <u>EU expenditure</u> : Conclusions of negotiations of financial cooperation chapters of the EU-Ukraine and EU-Moldova Association Agreements.  <u>Customs</u> : MAA <sup>20</sup> Protocol and customs anti-fraud clause in DCFTA <sup>21</sup> with Ukraine and in the EPA <sup>22</sup> with West Africa	In 100% of new EU agreements / regimes with third countries
Number of high-level events to foster operational cooperation and capacity-building in countries that are beneficiaries of EU assistance	2011: Annual meeting of the Pilot Group (African Partners) in April 2011	At least 2 events organised by OLAF for countries that are beneficiaries of EU assistance
Number of Administrative Cooperation Agreements (ACAs) concluded with relevant third country authorities and international organisations	2011: Signature of an Administrative Cooperation Arrangement with the World Bank.	Finalise 3 in 2012  Launch negotiations with 4 partners in 2012
Meetings with Anti-Fraud Coordination Service (AFCOS) networks of countries in the enlargement process	2011: 4 bilateral meetings and 1 AFCOS conference	5 bilateral meetings and 1 AFCOS conference
<i>Main output in 2012</i>		
<ul style="list-style-type: none"> <li>- 2 meetings of the group "irregularities and mutual assistance/agriculture products" regulation (EC) 1848/06 and (EC) 515/97</li> <li>- Conclusion of Administrative Cooperation Agreements with Kazakh authorities and Ukrainian Customs, UNDP, Council of Europe, World Bank</li> <li>- Information exchange with the World Bank and other international organisations</li> <li>- Negotiations on anti-fraud provisions in EU-Armenia, -Azerbaijan, -Georgia Agreements</li> <li>- Negotiations on anti-fraud provisions into new Overseas Countries and Territories and European Economic Area regimes, and in Free Trade Areas with Egypt, Jordan, Morocco and Tunisia</li> </ul>		

<sup>20</sup> Mutual Administrative Assistance

<sup>21</sup> Deep and Comprehensive Free Trade Agreement

<sup>22</sup> Economic Partnership Agreement

<b>5.e Conduct/support joint operations and engage in mutual administrative assistance</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Number of Joint Customs Operations (JCOs) led or supported by OLAF	JCOs in 2011: - 2 JCOs - 2 regional virtual JCOs (OLAF provided logistical and operational support)	Organise and/or support: - 1 JCO - 2 regional virtual JCOs
Implementation of the external user-oriented priorities identified in the IT Masterplan, in particular, use of the Anti-Fraud Information System (AFIS) to provide high-quality information exchange tools (IT):	See 2011 achievements in the IT Masterplan	Implementation of related IT activities for 2012
Number of Member States correctly using the Irregularities Management System (IMS) for electronic communication	Implementation of a new IMS module in 2011	All Member States to use the new system correctly
Data available to the Member States via the Anti-Fraud Transit Information System (ATIS) for monitoring sensitive goods	ATIS currently tracks 2.5 million shipments per year	ATIS to track 11 million shipments per year (covering 60% of the total EU shipments in transit <sup>23</sup> )
<i>Main output in 2012</i>		
<ul style="list-style-type: none"> <li>- Impact assessment for the reform of regulation 515/97 and Council Decision 917/2009, including AFIS</li> <li>- Annual report to Council, to EDPS and to Joint Custom supervisory authority on the functioning of AFIS</li> <li>- 3 Mutual Administrative Assistance Committees in the customs area to support policy development</li> </ul>		

<b>5.f Develop an EU Evaluation Mechanism in the area of Anti-Corruption with a particular focus on identifying and reducing the costs of corruption in Public Procurement involving EU Funds: a pilot project</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Pilot project concluded with criteria established to measure impact of corruption on public procurement involving EU- Cohesion policy funds	New indicator	Timely finalisation by end 2012
<i>Main output in 2012</i>		
- Study, including final report		

<sup>23</sup> Transit shipments constitute 10% of the total commercial flow.

**5.g Provide the support necessary for partners to tackle fraud and corruption effectively and equivalently, in particular, through financing programme Hercule II**

**• Manage Hercule II Programme: prevention of, and fight against, fraud**

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
<p>Technical assistance offered to national authorities in order to facilitate transnational cooperation and cooperation with OLAF:</p> <p>Number of Member States to participate in the programme for the first time</p>	<p>Law Enforcement Agencies from 14 Member States were supported in 2011.</p>	<p>Law Enforcement Agencies from 4 additional Member States to participate</p>
<p>Training events, seminars and conferences supported by grants<sup>24</sup> :</p> <p>Number of Member States from which applications are submitted</p> <p>Number of participants reached</p>	<p>2011: 9 projects by eligible bodies have been selected.</p> <p>The 9 projects originate from 7 different Member States.</p> <p>A total of 3,369 participants attended the 16 events co-financed by the 2010 call<sup>25</sup>.</p>	<p>Implementation of the 9 projects selected for co-financing in 2011<sup>26</sup></p> <p>Applications submitted from at least 13 Member States for 2012 calls</p> <p>800 participants expected to attend co-financed events in 2012.</p>
<p>Cooperation with lawyers and other stakeholders in the context of the Network of European Lawyers' Associations (ELA):</p> <p>Number of conferences/seminars</p> <p>Number of publications</p> <p>Number of comparative law studies</p>	<p>Under the 2010 budget:</p> <p>4 conferences were held in the first part of 2011 (with around 700 participants), as well as one ELA meeting.</p> <p>2 publications</p> <p>1 comparative law study</p>	<p>6 conferences / seminars with 400 participants</p> <p>2 scholarly anti-fraud publications</p> <p>2 comparative criminal law studies on the protection of EU financial interests</p>
<p>Procurement of access to external databases to support the investigations of OLAF and the Member States:</p> <p>Number of procured databases</p>	<p>2011: 9 databases provided;</p>	<p>Procure 8 relevant databases:</p>

<sup>24</sup> maximum 80% co-financed by OLAF

<sup>25</sup> Between 1<sup>st</sup> June 2010 and 31<sup>st</sup> May 2011

<sup>26</sup> To be implemented between 1<sup>st</sup> September 2011 and August 2012

Number of contracts concluded on time	100% of contracts on time, (for one database, the procurement procedure was still ongoing at the completion of the MP).	renew existing databases and acquire new databases depending on information needs.  100% of contracts concluded on time
<i>Main output in 2012</i>		
<ul style="list-style-type: none"> <li>- Hercule II financing decision for 2012 (to be adopted by the College early 2012)</li> <li>- Strategy prepared by OLAF on the implementation of HERCULE II following consultation of Member States and other stakeholders (end of 2012)</li> <li>- Hercule III proposal adopted by the Commission as part of MFF package (anticipated in December 2011; to be negotiated by the co-legislators during 2012)</li> </ul>		

<b>5.h Provide the support necessary for partners to protect the euro effectively and similarly, in particular, through the Pericles financing programme</b>		
<ul style="list-style-type: none"> <li>• <b>Protect the euro against counterfeiting</b></li> </ul>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Degree of classification of euro coins and communication to Coin National Analysis Centres (CNACs)	100%	100% classified and communicated to the CNACs in 2012
<ul style="list-style-type: none"> <li>• <b>Manage Pericles programme: training, exchange and assistance for the protection of the euro against counterfeiting</b></li> </ul>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Degree of commitment of the budget	100 %	Over 80%
Number of projects financed	15 projects financed in 2011	At least 12 projects
Number of actions in high-risk areas	5 in 2011	Launch 6 actions in high-risk areas
Percentage of stakeholders filling in the evaluation form	95% in 2011	At least 70% of stakeholders fill in the evaluation form
Degree of satisfaction measured by evaluation forms	90% in 2011	At least 70% of participants expressing “good” and above judgments
<i>Main output in 2012</i>		
<ul style="list-style-type: none"> <li>- Proposal for a Directive on the protection of the Euro against counterfeiting with criminal sanctions (CWP item)</li> <li>- Annual Report on the protection of Euro coins 2011 (May 2012)</li> <li>- 3 Euro Counterfeiting Experts Group (ECEG) meetings</li> <li>- 4 Counterfeit Coin Experts Group (CCEG)/European Technical and Scientific Centre (ETSC) work team meetings</li> <li>- Annual update of the Pericles Strategy Paper (before end of 2012)</li> </ul>		

## Part 5. Specific objectives for horizontal activities

### Internal and external communication

<b>OBJECTIVE: Enhance awareness and understanding of OLAF's role in fighting fraud and corruption, through establishing an effective external and internal communication strategy</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
<u>Steady information to OLAF staff :</u>		
Number of events	2011: 4 events	4 events
Number of articles on Intranet	385 articles	at least 1 article per day
Number of weekly newsflashes	40 weekly newsflashes were published	50 weekly newsflashes
Timely and quality replies to information requests from citizens	New indicator	95% of queries answered within two weeks
Timely and quality replies to the press	New indicator	80% within 24 hours
Number of articles on OLAF	2011: 381 articles	keep high number of articles (>300)
<i>Main output in 2012</i>		
- New graphic charter - New OLAF website		

### Human resource management

<b>OBJECTIVE: Recruit, train, assess, motivate and retain highly-qualified staff to ensure that OLAF operates effectively and efficiently</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Limited average vacancy rate of available posts	Average vacancy rate of available posts is 7.2%.	The proportion of posts being vacant equals the Commission average (5.3 % at the end of 2011) by the end of 2012
Number of women at senior management, middle management and AD non-management levels	2011: 0 % at senior management level, 20% at middle management level and 33% at non-management AD level.	The Commission targets for representation of women in AD category for 2010-2014: 25% for senior management, 30 % for middle management and 43% for AD non-management
Rate of absenteeism	Rate of absenteeism in 2011: 4.13%.	Absenteeism for OLAF staff reduced to below the

		Commission average (2.9%)
Average number of training days per staff	2011: 6 training days	The Commission-wide target is 10 training days/year
Specialised external training	2011: 36% of training budget	25% of training budget
<i>Main output in 2012</i>		
- Implementation of the reorganisation planned for the 1 <sup>st</sup> February 2012.		

## Document management

<b>OBJECTIVE: Put in place and maintain an effective document management system so that any document connected with OLAF's official functions can be electronically filed, stored and retrieved at any time irrespective of its original form and the document management system in place</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Filing rate of registered documents	97%	99%
<i>Main output in 2012</i>		
- Adaptation of systems and processes to the new OLAF structure		

## Internal Audit

<b>OBJECTIVE: Assess the compliance, efficiency and effectiveness of the control system in place by assisting the Director General and management in controlling risks and monitoring compliance; providing an independent and objective opinion on the quality of management and internal control system; and making recommendations in order to improve the efficiency and effectiveness of operations and to ensure a cost-efficient use of resources</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Degree of implementation of the IAC annual work plan	90%	100 %
Level of acceptance by the auditees of the "critical", "very important" or "important" audit recommendations issued by the IAC	New indicator	target: >80%
Percentage of accepted audit recommendations implemented	New indicator	target: >90%
<i>Main output in 2012</i>		
<ul style="list-style-type: none"> <li>- Recruitment of new IAC</li> <li>- Implementation of the Audit Planning 2012</li> <li>- Updated procedures in order to provide action to mitigate the recommendations in the Quality Review 2011</li> </ul>		

## Internal control and risk management

**OBJECTIVE: Implement, maintain and report on an effective and reliable internal control system so that:**

- Reasonable assurance can be given that resources assigned are used according to the principles of sound financial management;
- Risk of errors in operations is minimised and,
- The control procedures put in place give the necessary guarantees concerning the legality and regularity of underlying transactions

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Percentage of internal audit recommendations overdue for more than 12 months	0 %	0 %
Degree of implementation of mitigating measures for critical risks	75%	100%
<i>Main output in 2012</i>		
- Managers and relevant staff are trained on internal control		

## Annex

# Investigation Policy Priorities (IPP)

The Investigation Policy Priorities (IPPs) are used by OLAF to decide on the opening of investigations. These priorities come into play after the competence of OLAF and the necessary level of suspicions have been established.

The five policy priorities are: proportionality, efficient use of investigative resources, subsidiarity/added value, special policy objectives and financial impact.

The five policy priorities will all be taken into consideration in order to decide whether or not to open an investigation. No single policy priority will operate as a *conditio sine qua non*.

The Unit charged with the selection of cases will check whether the facts meet the five criteria and propose the opening of an investigation, whenever the IPP are considered to be fulfilled.

### Proportionality

OLAF should focus on cases where it can expect a fair return for its efforts. The expected results need to be balanced against the human and material resources that will be needed to bring a case to a successful conclusion.

This entails formulating a reasonable forecast of the manpower required and other foreseeable costs (e.g. due to missions) in connection with the investigation while also taking into account:

- Likelihood of financial recovery;
- Likelihood of prosecution - for example, whether there is sufficient time to investigate before time-barring.
- Possible high deterrent value: for example action is taken in a high value area where little action has been taken before.

### Efficient use of investigative resources

An efficient use of resources means inter alia that once opened, investigations should be dealt expeditiously.

This will entail checking whether:

- The workload of the relevant Unit will permit to begin investigative activities soon after the case has been opened
- The workload of the relevant unit will permit to carry out work continuously as required by Regulation 1073/99

- Investigations underway and whose priority is higher are not slowed down
- Expertise required in order to carry out the investigation is available (language/sectoral/technical/legal knowledge).

### **Subsidiarity/added value**

OLAF will prioritise cases where it is the only authority with competence in a specific situation or when it can clearly add value to the actions of others.

This will entail checking whether:

- OLAF has sole competence (in certain matters in relation to EU staff) or whether there is an identifiable authority that can act
- One or several authorities have requested the assistance of OLAF in a complex case and OLAF is therefore in a position to add value
- An OLAF investigation could add value in terms of recovery, prosecution or deterrence to the control activities already carried out by other EU or national bodies.

### **Special policy objectives for 2012**

OLAF will prioritise investigations on relevant sectors and/or geographical areas decided by the Director-General, and based on concerns/priorities expressed by the European Institutions and on the outcome of OLAF's own risk analyses, based also on information from Member States.

Priorities will be updated, at regular intervals, in the Management Plan.

For 2012, they will be:

- Double funding in external aid.
- Smuggling of cigarettes and alcohol along the EU eastern border.
- Cohesion funds.
- Pre-accession funds in current accession and candidate countries.
- Suspected corruption or links to organised crime.

### **Financial impact for 2012**

This indicator comes into consideration only when there are resources at risk because of the alleged frauds.

The level of EU Resources at risk is a relevant indicator of the seriousness of fraud. Sectoral financial parameters for the opening of investigations guarantee OLAF's commitment to focus on the more serious cases.

This will entail checking whether

- In the Customs sector, the likely financial impact is over €1 million (estimated illegal diminution of the resources).
- In the Agriculture sectors the likely financial impact is above €100,000 for SAPARD and above €250,000 for Agriculture (estimated misappropriation or wrongful retention of funds).
- In the Structural Funds, €500 000 in the European Social Fund and Cohesion Fund, and €1Million in ERDF (estimated misappropriation or wrongful retention of funds).
- In the external aid and centralised expenditure sectors, €50,000 (estimated misappropriation or wrongful retention of funds).
- In the EU staff sector, €10,000 (estimated misappropriation or wrongful retention of funds).