



The **OLAF** report **2014**

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The **OLAF** report **2014**

**Fifteenth report of the
European Anti-Fraud Office,
1 January to 31 December 2014**

DISCLAIMER:

OLAF's report features case studies for illustrative purposes only. In particular, the fact that OLAF presents such case studies does not prejudge the outcome of any judicial proceedings, nor does it imply that any particular individuals are guilty of any wrongdoing.



Executive summary

In 2014, the European Anti-Fraud Office (OLAF) achieved excellent results in its investigative activity, confirming the strong investigative performance reported in 2013.

OLAF received the highest number of incoming allegations since its creation (1 417 items), it issued a record number of recommendations (397) and recommended the highest amount of financial recoveries for the EU budget (EUR 901 million) in the last five years.

OLAF opened a very significant number of investigations (234) — about 60 % more than in the years preceding its reorganisation of 2012 — and is working at full capacity. It also continued to reduce the overall duration of its investigations (down to an average of 21 months), with particular achievements in the selection phase, when OLAF assesses whether or not to open an investigation.

OLAF concluded several complex investigations in the areas of Structural Funds, customs, external aid and smuggling. It coordinated seven major joint customs operations. Examples of this work are presented in the chapter on case studies.

In this report, for the first time — and in order to respond to the interest expressed by various stakeholders — OLAF is presenting a breakdown of its investigations concluded during the year, by Member State and by institution.

In addition to its investigative work, OLAF continued to contribute to the development of EU anti-fraud policy, in particular regarding important proposals on the establishment of a European Public Prosecutor, the directive on the protection of the EU's financial interests and the consolidation of legislation on effective customs cooperation.

OLAF also entered into administrative arrangements throughout the year with several partners and with

EU institutions, in particular with the European Commission and the European External Action Service. Such arrangements provide for faster, easier and more transparent cooperation procedures and information exchange with these institutions, while ensuring full respect for OLAF's independence in its investigative function.

This report includes a focus chapter on OLAF staff.

The European Anti-Fraud Office is commonly known as OLAF, which is the acronym of its title in French, *Office européen de lutte antifraude*.

Communicating with OLAF

<http://olaf.europa.eu>

Reporting fraud to OLAF

http://ec.europa.eu/anti_fraud/olaf-and-you/report-fraud/index_en.htm

Complaining about an OLAF investigation

http://ec.europa.eu/anti_fraud/olaf-and-you/complaints-on-olaf-investigations/index_en.htm

Contacting OLAF with general enquiries

http://ec.europa.eu/anti_fraud/contacts/general-enquiries/index_en.htm

OLAF — European Commission — Rue Joseph II/Jozef II straat 30, 1000 Bruxelles/Brussel, BELGIQUE/BELGIË

Visiting OLAF

http://ec.europa.eu/anti_fraud/contacts/request-visit/index_en.htm

Media

http://ec.europa.eu/anti_fraud/contacts/media-enquiries/index_en.htm



Foreword

I am pleased to present the latest edition of the annual report of the European Anti-Fraud Office (OLAF). In 2014, OLAF achieved excellent results in its investigative activity, confirming the strong investigative performance already reported in 2013.

Following its reorganisation in 2012, OLAF has further consolidated its role in the fight against fraud affecting the financial interests of the European Union. OLAF has succeeded in gaining in efficiency and in concentrating on those cases where its intervention is most needed and can bring real added value. In 2014 we concluded complex investigations in areas such as Structural Funds, customs, trade, smuggling and external aid, examples of which are presented in this report. This important work allows for the better protection of EU taxpayers' money and helps to ensure that EU funds go to projects that create growth and jobs in Europe. It is a tangible and real contribution with clear benefits. We are confident that OLAF will be able to confirm these good investigative results in the coming years.

It goes without saying that OLAF can only succeed in the fight against fraud through sustained cooperation with its partners, in particular the Member States and the EU institutions. Only by taking appropriate follow-up action to OLAF's investigations will fraudsters be brought to justice and funds be recovered. In order to give a picture that goes beyond OLAF's investigative performance, we have included more detailed information than in previous years on the follow-up actions that our partners have given to our recommendations.

This year, we have devoted a special section of the report to our staff. OLAF is working at full capacity, which is particularly important since budgetary constraints are such that no staff increase is to be expected. The good performance of OLAF in 2014 therefore speaks for the professionalism, efficiency and commitment of our staff.

In the last few years, OLAF has gone through important changes in the structure and allocation of its staff. Today, to perform its mission, OLAF can therefore draw on a varied team of investigators, policemen and policewomen, public prosecutors, customs officers, forensic analysts and policy specialists coming from 27 Member States.

Our staff are our most valuable asset and I am convinced that it is also thanks to the diversity of their expertise that we in OLAF are together succeeding in delivering a high-quality service to EU citizens.

Giovanni Kessler
Director-General of OLAF



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1. OLAF's mission, mandate and competences

Mission: Detect, investigate and stop fraud with EU funds

MANDATE

OLAF fulfils its mission by:

- ▶ carrying out independent investigations into fraud and corruption involving EU funds so as to ensure that all EU taxpayers' money reaches projects that can stimulate the creation of jobs and growth in Europe;
- ▶ contributing to strengthening citizens' trust in the EU institutions by investigating serious misconduct by EU staff and members of the EU institutions;
- ▶ developing a sound EU anti-fraud policy.

COMPETENCES

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- ▶ all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- ▶ some areas of EU revenue, mainly customs duties;
- ▶ suspicions of serious misconduct by EU staff and members of the EU institutions.

OLAF is part of the European Commission, under the responsibility of Ms. Kristalina Georgieva, Vice-President in charge of Budget and Human Resources. However, when carrying out investigations, it acts as an independent body.

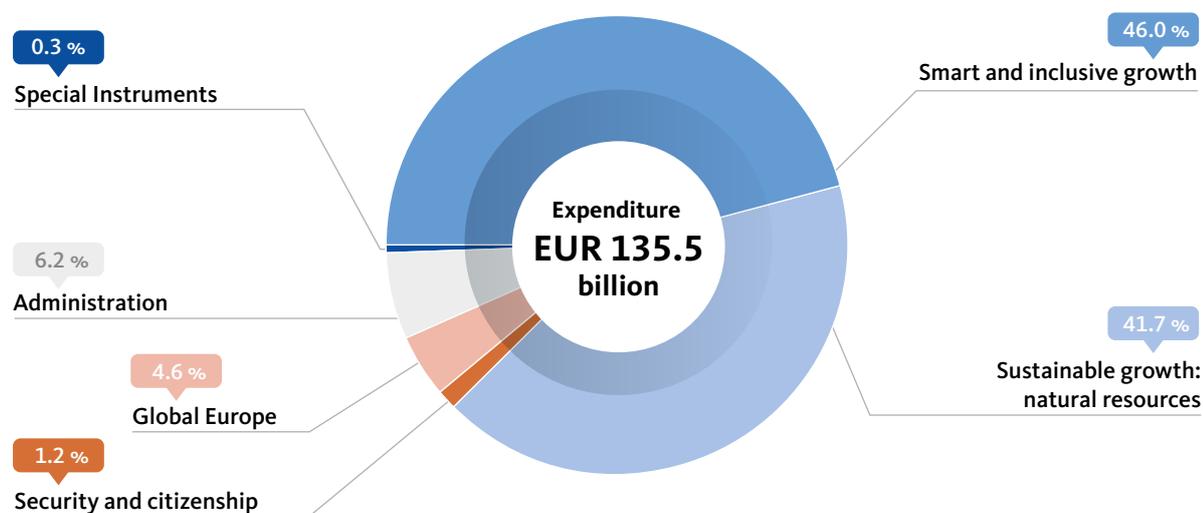
OLAF'S BUDGET

In 2014, OLAF's administrative budget of EUR 57.2 million was allocated as follows.

Figure 2: OLAF's administrative budget in 2014 (million EUR)

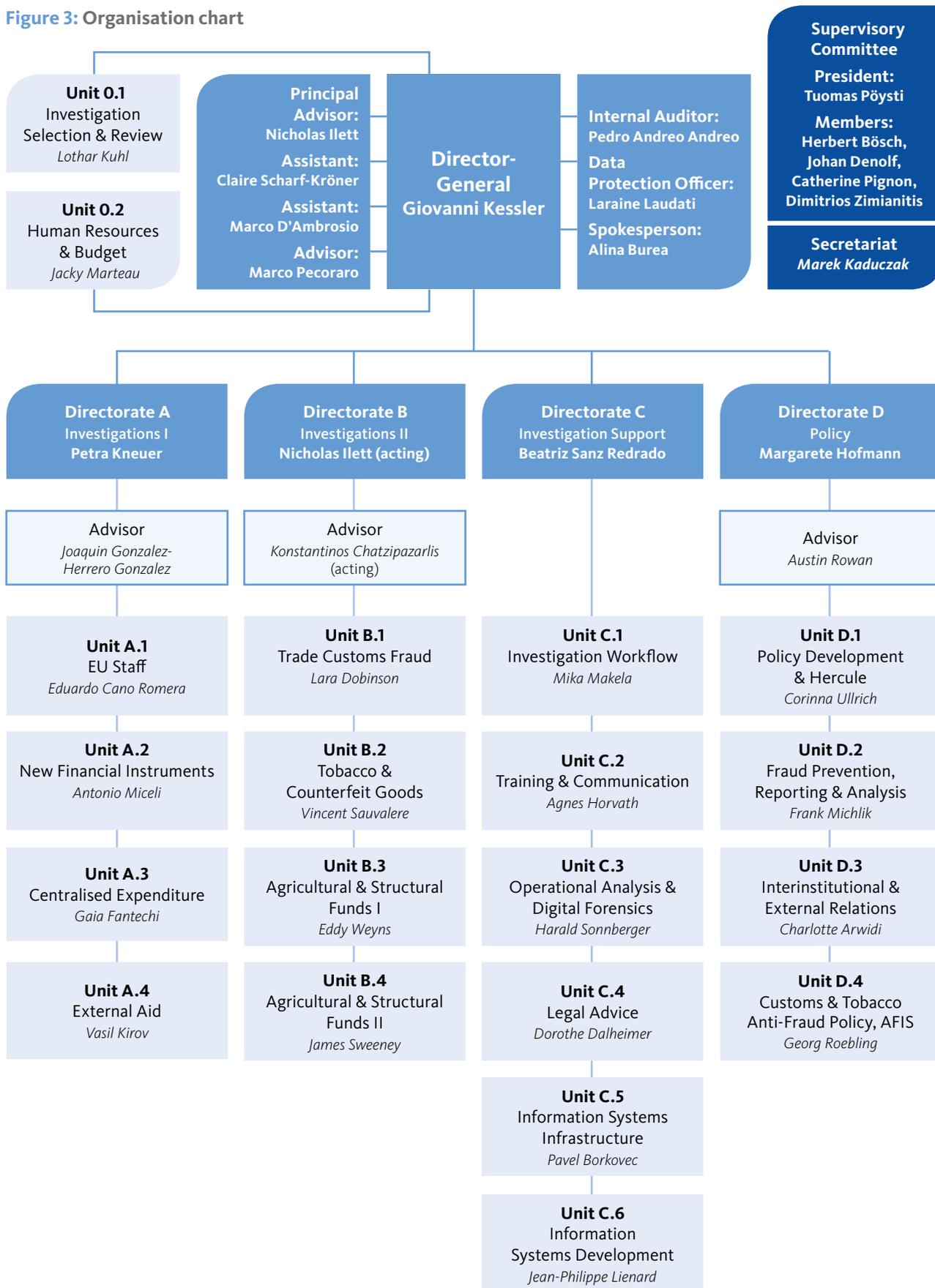
EU staff	38.5
External agents (contract staff, seconded national experts and interims)	2.6
Infrastructure	7.2
Information and communication technology	4.3
Missions	2
Training, meetings and committees	0.9
Anti-fraud measures	1.7
Total	57.2

Figure 1: EU budget 2014 — Expenditure (*)



(*) 2014/67/EU, Euratom: Definitive adoption of the European Union's general budget for the financial year 2014. Expenditures are expressed in payment appropriations.

Figure 3: Organisation chart



2. OLAF's investigative activity

OLAF's strong investigative performance in 2013 was followed by excellent results in 2014. OLAF received the highest number of incoming allegations since its creation and issued the largest number of recommendations in over 5 years. It also recommended the highest amount of financial recoveries for the EU budget in the

last 5 years and succeeded in opening a large number of investigations — about 60% more than in the years preceding its reorganisation of 2012. OLAF also continued to reduce the overall duration of its investigations. These results are detailed in the next chapters, along with supporting graphs and statistical data.

Figure 4: OLAF's investigative activity in 2014: a year of excellent results

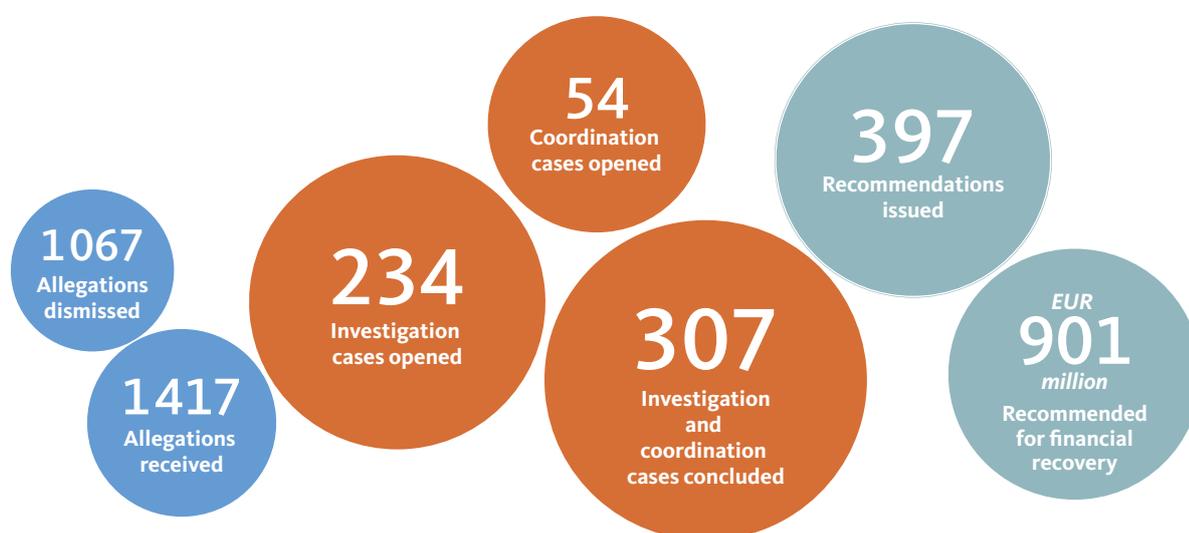
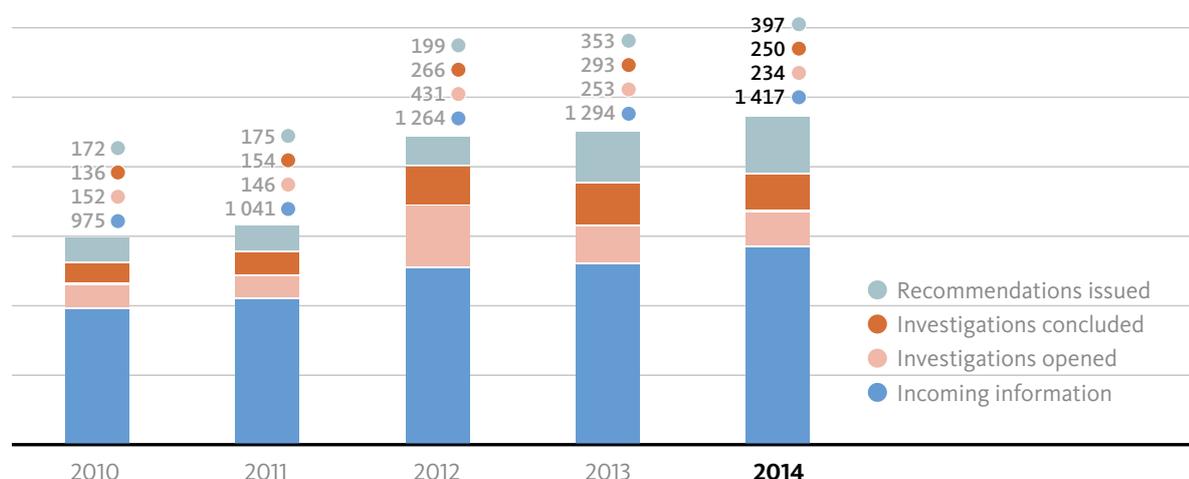


Figure 5: OLAF in 2014: incoming information at record level; highest number of recommendations issued in 5 years; high volume of investigations opened and concluded



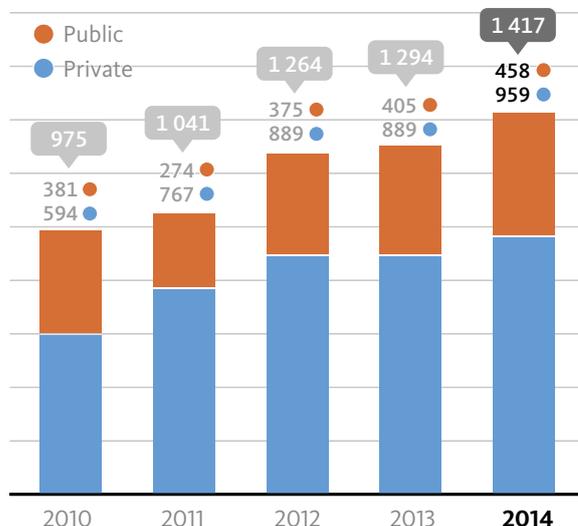
2.1. Incoming information

Incoming allegations of potential investigative interest are the starting point for OLAF’s investigative activity. As provided for in the OLAF Regulation ⁽¹⁾, OLAF may open an investigation if there is sufficient suspicion of fraud, corruption or any other illegal activity affecting the EU’s financial interests. Furthermore, OLAF can open investigations into serious misconduct by EU staff and members of the EU institutions in the discharge of their professional duties.

INFORMING OLAF IN 2014: A NEW RECORD YEAR

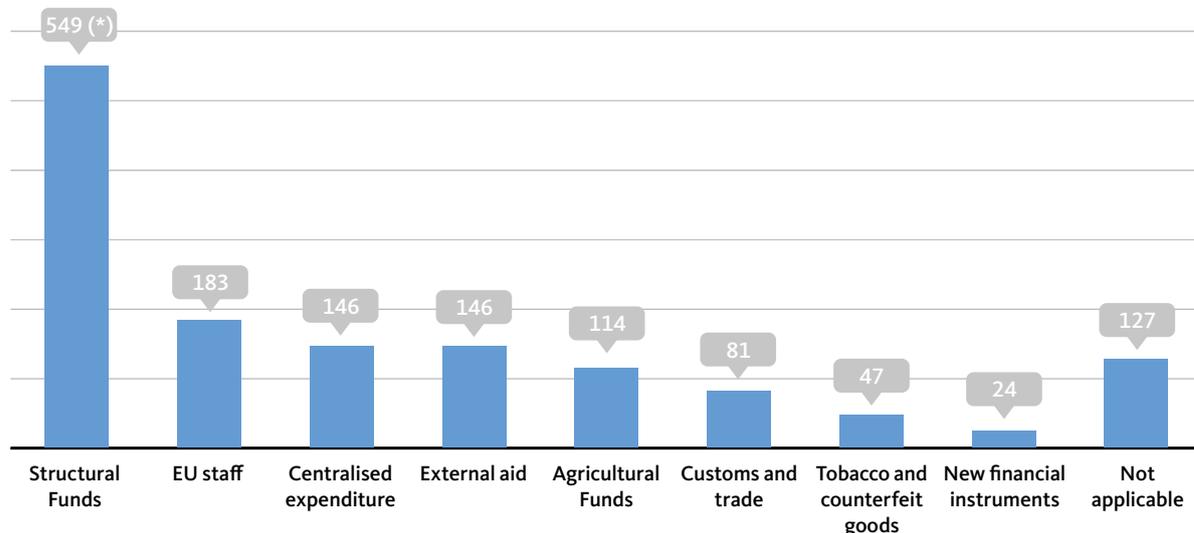
In 2014, following a steady increase in incoming information over the last 5 years, OLAF received the largest number of allegations since its creation: 1 417 items. This does not necessarily mean that fraud and corruption have increased, but it shows the increased trust and high expectations placed in OLAF by institutions and the public. A detailed breakdown shows in particular that, in 2014, OLAF received 13 % more information from the public sector than in 2013. Public sources

Figure 6: Incoming information by source



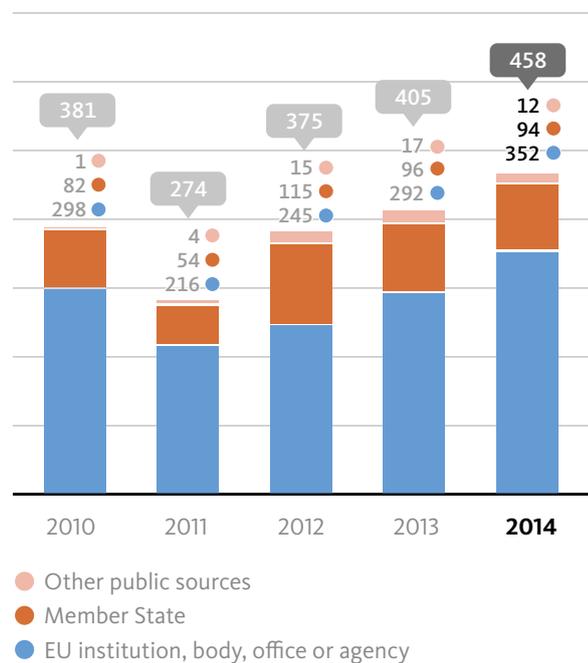
usually submit more substantial information in terms of suspicions of fraud than private entities. Therefore, based on this information, OLAF is more often able to pursue a case. The increase of information from public

Figure 7: Incoming information by sector



(*) Of which 127 concerned the European Social Fund.

⁽¹⁾ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999.

Figure 8: Incoming information from the public sector

sources also reflects the better cooperation of OLAF with its partner institutions and other public authorities, as well as the implementation of anti-fraud strategies in the Commission services. In 2014, the largest amount of incoming information was related to the Structural Funds sector ⁽²⁾.

The Member States share the management of around 80 % of EU funds with the Commission. For this reason, OLAF continues to encourage Member States to provide it with any information at their disposal on potentially illegal activities and to pursue, at national level, fraud cases that affect the EU's financial interests.

⁽²⁾ The term 'Structural Funds' in this report covers the following: European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF) and European Maritime and Fisheries Fund (EMFF, and its predecessors EFF and FIFG), as well as the EAGGF Guidance Section.

The term 'Agricultural Funds' in this report covers the following: European Agricultural Fund for Rural Development (EAFRD), European Agricultural Guarantee Fund (EAGF), European Agricultural Guidance and Guarantee Fund (EAGGF — except the EAGGF Guidance Section) and pre-accession funding, including through the IPA, Phare and Sapard programmes.

The first column of Figure 9 shows the incoming information items reported by each Member State to OLAF. This is one indicator of the level of cooperation of national authorities with OLAF. It is also interesting to note the proportion of allegations received from public authorities and from private sources from each Member State.

Figure 9: Incoming information from Member States (*)

Member State	2014	
	Public source	Private source
Belgium	28	25
Bulgaria	5	54
Czech Republic	4	17
Denmark	0	2
Germany	10	25
Estonia	0	0
Ireland	0	5
Greece	4	27
Spain	4	52
France	5	14
Croatia	0	9
Italy	7	35
Cyprus	2	3
Latvia	0	5
Lithuania	2	1
Luxembourg	2	2
Hungary	0	28
Malta	0	1
Netherlands	3	6
Austria	2	2
Poland	2	50
Portugal	2	7
Romania	6	73
Slovenia	1	2
Slovakia	1	11
Finland	0	3
Sweden	0	0
United Kingdom	4	14

^(*) Twelve information items came from non-EU countries and international organisations in 2014, compared to 17 in 2013, and 486 private sources could not be attributed to a country.

2.2. Selection phase

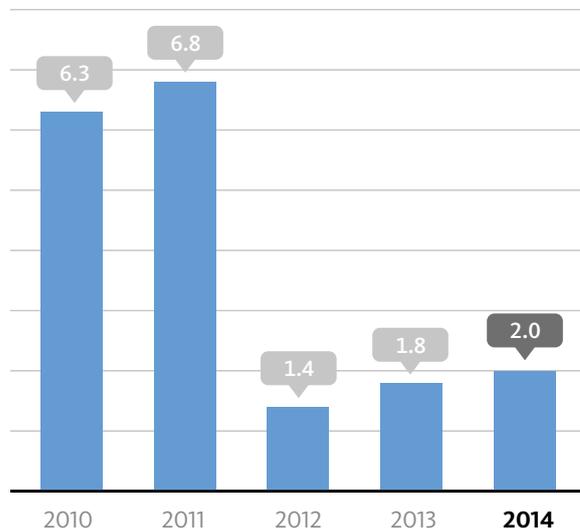
During the selection phase, the Investigation Selection and Review unit analyses information received of possible investigative interest and provides an opinion to the Director-General on whether or not an investigation or a coordination case should be opened.

The first step in the selection phase is to establish whether OLAF is competent to investigate. Once this is confirmed, the available information is examined in order to determine whether there is sufficient suspicion that there has been fraud, corruption, any other illegal activity affecting the financial interests of the Union, or serious wrongdoing by EU staff or a member of an institution. This examination constitutes a preliminary evaluation of the likelihood that an OLAF investigation would produce evidence leading to findings of any such offence, and is conducted on the basis of three indicators:

- ▶ the reliability of the source;
- ▶ the credibility of the allegations;
- ▶ the availability of sufficient information to justify the opening of an investigation.

Only after establishing the existence of sufficient suspicion do OLAF selectors proceed to the analysis of the criteria of (i) proportionality, (ii) efficient use of investigative resources and (iii) subsidiarity (whether a national body may be better placed to intervene or whether an EU institution, body, office or agency may be better placed

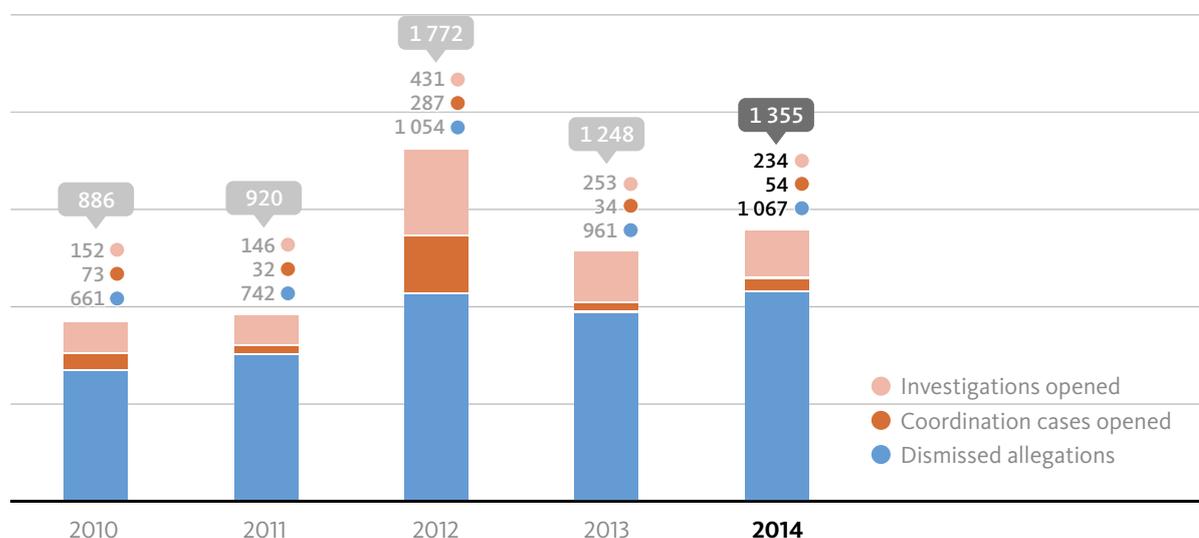
Figure 10: Average duration of the selection phase (in months)



to act). They furthermore examine (iv) whether an OLAF intervention would add value, before checking (v) the investigation policy priorities set by OLAF for the year.

OLAF has progressively put in place a new management system for the more efficient handling of incoming information of investigative interest, referred to as the Single Point of Entry (SPE). The purpose of the SPE is to speed up the opening of new selection cases and their assignment to selectors.

Figure 11: Results of the selection process





DURATION OF THE SELECTION PHASE REMAINS SHORT IN 2014

In 2014, OLAF succeeded in keeping the average duration of the selection phase short despite the continuously growing volume of incoming information. Its management plan stipulates that the average length of selections should be no longer than 2 months. Despite the increase in the number of allegations received, OLAF has managed to stay on target.

The number of selections completed was higher than in 2013. The proportion of dismissed information has remained stable over the last 2 years.

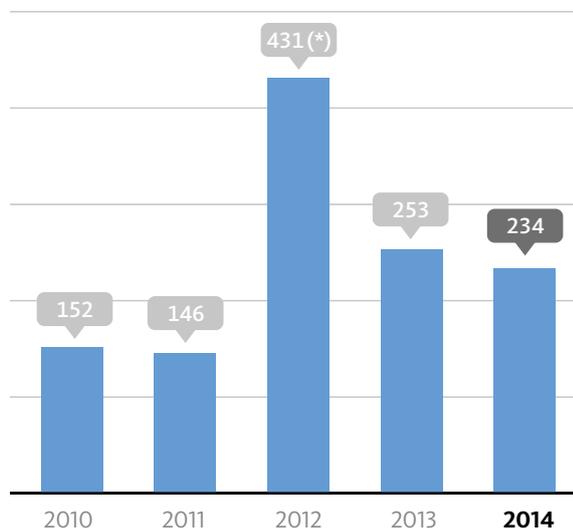


2.3. Investigations

FOR THE SECOND YEAR IN A ROW, A HIGH NUMBER OF INVESTIGATIONS OPENED

In 2014, OLAF opened 234 investigations. This high number confirms the trend since 2012 and shows once again the effort made by OLAF, over the last 3 years, to strengthen its investigative capacity, seeking to boost the protection of EU taxpayers' money and to ensure that EU funds reach projects that stimulate growth and jobs and are not diverted by fraudsters.

Figure 12: Investigations opened



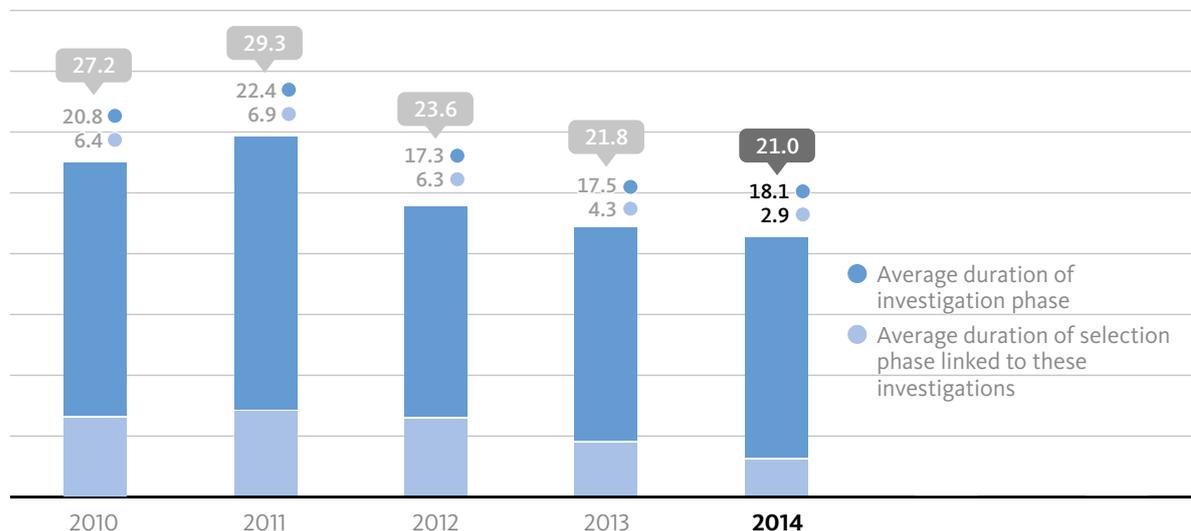
(*) The figures for 2012 include 219 investigation cases, already previously under evaluation, opened as a result of the reorganisation of 1.2.2012.

THE DURATION OF INVESTIGATIONS REMAINS STABLE, WHILE THE CORRESPONDING SELECTION PHASE IS DECREASING

The higher volume of incoming information has not prevented OLAF from continuing to work on reducing the duration of investigations by increasing its efficiency. This OLAF report presents two indicators in this respect (²).

(²) In Figures 13 and 14, the duration of the selection phase is linked to the investigations shown in those figures. Figure 10 refers to the average duration of all selections conducted in a given year (whether or not they resulted in the opening of an investigation or coordination case).

Figure 13: Average duration of investigations, considering investigations concluded during the year and investigations ongoing at the end of the year (in months)



- ▶ The first indicator (Figure 13) looks at both the duration of the investigations concluded during the year and the duration of the investigations that were ongoing at the end of the year. This gives a complete picture of OLAF’s investigative performance, since it also captures any investigations that have remained open for long periods of time and were not closed before the end of the reference period. This indicator will therefore show whether a backlog of old cases is building up.
- ▶ The other indicator (Figure 14) reflects only the duration of the investigations concluded during the year. It does not capture the duration of ongoing investigations and would, therefore, not provide any information on a possible backlog of cases building up. This indicator alone is thus not sufficient to provide a complete picture of OLAF’s performance.

Despite the different information reflected by each indicator, it is worth highlighting that both show the same trend: a confirmed decrease in the average duration of investigations.

In order to give a more comprehensive picture of the duration of its investigations, Figure 15 provides information, for the first time in this report, on the percentage of ongoing investigations lasting more than 20 months. OLAF’s aim is that no more than 30 % of investigations should last more than 20 months (selection phase excluded), and its management is con-

tinuously monitoring the compliance with this target. Figure 15 shows that less than one third of the ongoing investigations lasted longer than 20 months. This is a significant drop in comparison with the years before the reorganisation of 2012.

Figure 14: Average duration of investigations, considering investigations concluded during the year only (in months)

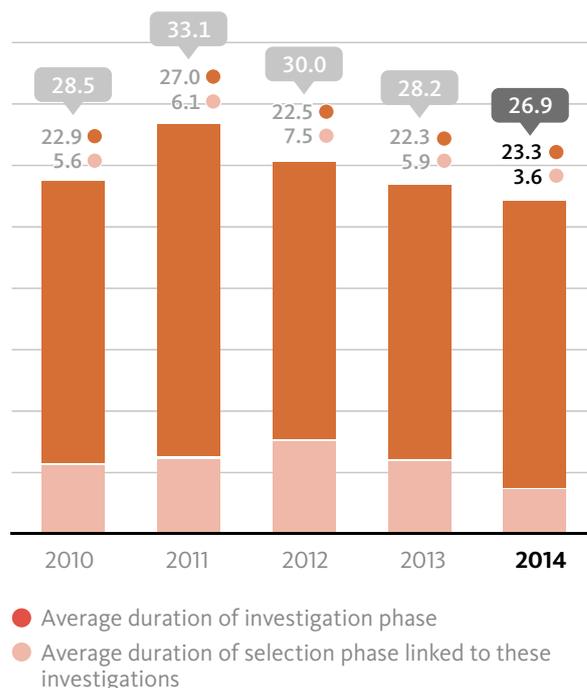
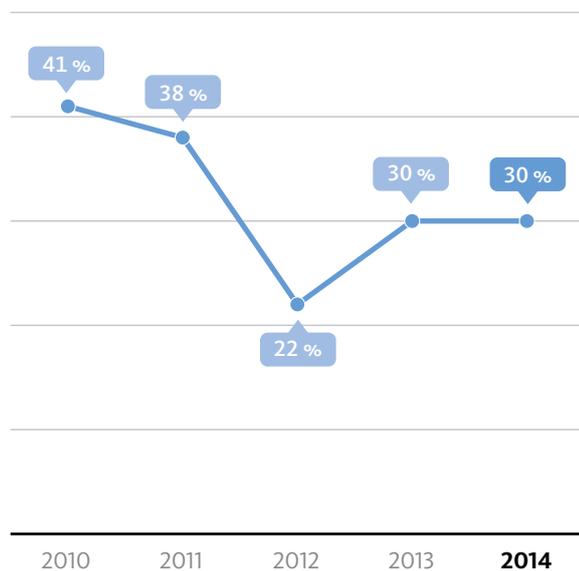


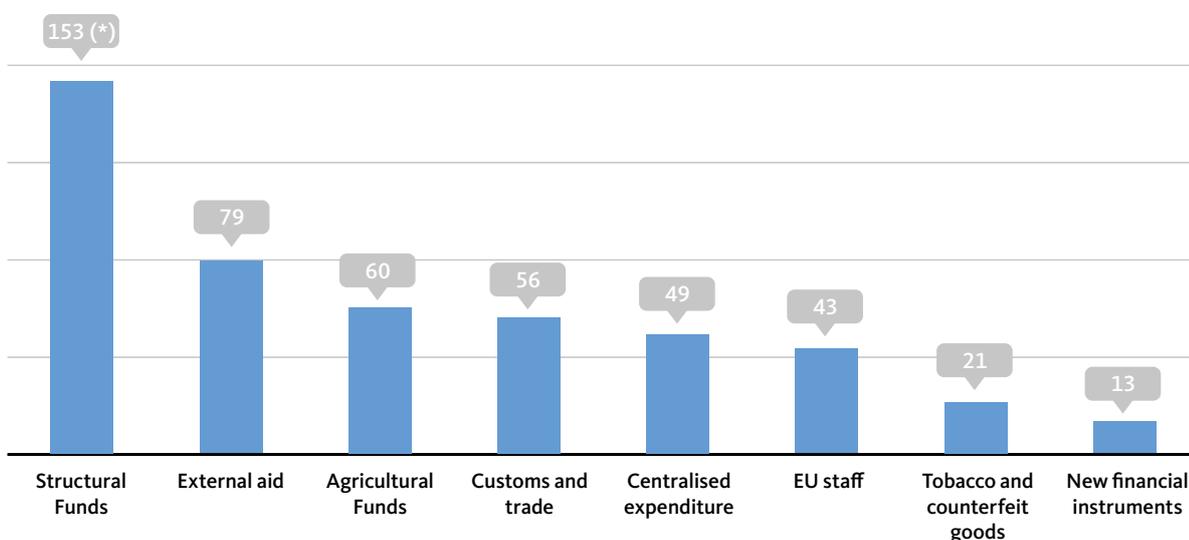
Figure 15: Percentage of ongoing investigations lasting more than 20 months



FOCUS OF INVESTIGATIVE ACTIVITY IN 2014

Altogether, 474 investigations were ongoing as of the end of 2014. Figure 16 presents a snapshot of the distribution by sector of investigative activity in 2014, showing that most of the investigations concern the area of Structural Funds.

Figure 16: Ongoing investigations by sector at the end of 2014



(*) Of which 42 concerned the European Social Fund.

OLAF concluded 40 internal investigations during 2014. In this report, in response to the interest expressed by stakeholders, OLAF is for the first time presenting the breakdown of these internal investigations by institution and body concerned.

Figure 17: Investigations into EU staff and members of the institutions concluded in 2014

Agencies	10
European External Action Service	9
European Parliament	7
European Commission	7
European Economic and Social Committee	3
Council of the EU	1
European Court of Auditors	1
European Investment Bank	1
EU missions	1
Total	40

In 2014, 156 OLAF investigations were concluded into the use of EU funds managed in whole or in part at national or regional level, including funds managed by candidate or other non-EU countries.

Again, in this report, and in response to the interest expressed by stakeholders, OLAF is for the first time presenting detailed information by country on external

investigations involving Agricultural Funds, external aid, new financial instruments and Structural Funds. This gives an improved and more transparent view of the countries on which OLAF's investigative activity has focused.

Figure 18: Investigations into the use of EU funds managed in whole or in part at national or regional level concluded in 2014

Romania	36
Hungary	13
Bulgaria	11
Czech Republic	8
Italy	7
Spain	5
Greece, Slovakia	4
France, Germany, Lithuania, Moldova, Syria	3
Afghanistan, Congo (Democratic Republic), Kazakhstan, Mauritania, Morocco, Poland, Senegal, Serbia, Tunisia, Turkey	2
Albania, Belgium, Bosnia and Herzegovina, Cambodia, Cameroon, Croatia, Estonia, Ghana, Haiti, Ireland, Israel, Ivory Coast, Kosovo (*), Latvia, Lesotho, Malta, Namibia, Netherlands, Nigeria, Pakistan, Palestine (**), Paraguay, Peru, Philippines, Portugal, Saint Lucia, Saudi Arabia, Slovenia, Somalia, Thailand, the former Yugoslav Republic of Macedonia, United Kingdom, Vietnam	1
Total	156

Note: Only external investigations in the following reporting sectors are counted: Agricultural Funds, external aid, new financial instruments, Structural Funds.

- (*) This designation is without prejudice to positions on status and is in line with United Nations Security Council resolution 1244/1999 and the International Court of Justice Opinion on the Kosovo declaration of independence.
- (**) This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

A SPECIFIC AREA OF INVESTIGATIVE ACTIVITY ON THE REVENUE SIDE: THE FIGHT AGAINST TOBACCO SMUGGLING

Cigarette smuggling causes huge losses to the EU and Member States' budgets as a result of evaded customs duties and taxes. It undermines public health campaigns and violates the strict rules that the EU and Member States have introduced on the manufacturing, distribution and sale of cigarettes. OLAF investigates customs fraud as it is financially damaging to EU taxpayers and industry.

In the context of joint customs operations (JCOs), OLAF plays a key role in coordinating the work of several national customs authorities, exchanging information and acting together against internationally organised contraband. Due to the nature of these complex international operations, the outcome will vary from one year to the next.

Over the last 3 years, OLAF's investigative activities and the JCOs that it has coordinated have contributed to seizing more than 800 million cigarettes. More details on such JCOs are included in the chapter on case studies.

2.4. Coordination activities

OLAF AS CENTRAL POINT OF COORDINATION

In a coordination case, OLAF does not carry out investigative activities of its own but provides assistance and contributes to the investigations carried out by the relevant authorities in the Member States. This facilitates the collection and exchange of evidence and increases the efficiency of the investigations of the various authorities involved.

Figure 19: Number of cigarettes seized with the support of OLAF (rounded to million)

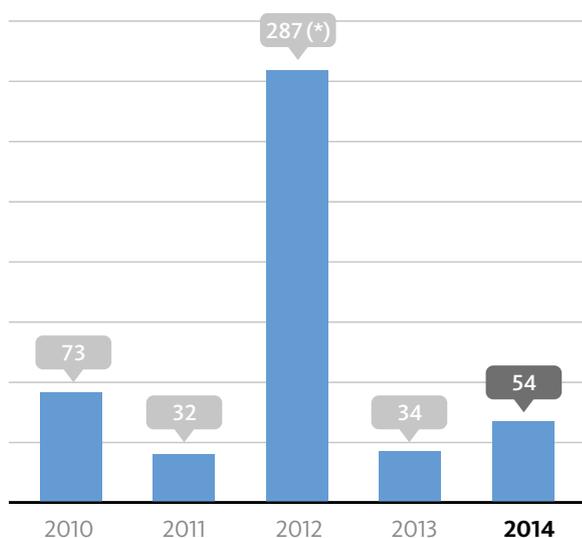
Year	2010	2011	2012	2013	2014
Coordination and investigation cases	212	156	156	281	168
JCOs	75	2	0	68	132
Total	287	158	156	349	300



In 2014, the number of coordination cases opened increased to 54, in comparison with 34 in 2013. This increase does not result from a policy shift, but is due to fluctuations in the need for OLAF's coordination support. As in 2013, most of the coordination cases in 2014 were opened in the tobacco and counterfeit goods sector, followed by the Structural Funds and the customs and trade sectors. The majority of coordination cases are linked to 'traditional own resources', which are customs duties and levies on imports from outside the EU.

In these sectors in particular, OLAF can bring added value to a coordination case because the Office holds information at European or international level, which national authorities may lack. In fighting tobacco smuggling, for example, OLAF can assist its partners by providing operational information on the transport of containers and can put an operational coordination centre with advanced ICT facilities in its Brussels headquarters at the disposal of its partners.

Figure 20: Coordination cases opened



(*) The figures for 2012 include 200 coordination cases, already previously under evaluation, opened as a result of the reorganisation of 1.2.2012.

2.5. OLAF's complaints system protects citizens' rights

It is OLAF's duty to carry out its investigations objectively, impartially and in accordance with general principles of law. To this end, the OLAF Regulation and the Guidelines on investigation procedures for OLAF staff (GIP) provide for the appropriate procedural guarantees in OLAF investigations, such as the right to comment on a summary of facts before OLAF draws up any conclusions implicating a person.

In January 2014, OLAF published on its internet site the modalities for persons involved in OLAF investigations to complain to the Director-General of OLAF about the respect of the procedural guarantees. Five complaints were filed under this procedure in the course of 2014, three of which were by the same person and in relation to two cases.

The possibility to make a complaint to the Director-General of OLAF is without prejudice to the citizen's right to lodge a complaint with the European Ombudsman. Indeed, in some cases, the same matter is raised anew with the European Ombudsman. In 2014, the Ombudsman concluded inquiries into seven complaints concerning OLAF that had been filed in previous years, either by a decision of the Ombudsman or by withdrawal of the complaint. Seven cases were pending by the end of 2014, of which three inquiries concerning public access to documents and two concerning procedural rights. Furthermore, in six other cases, rapid solutions could be found without opening of inquiry, following a suggestion by the European Ombudsman, which was accepted by OLAF.

The figures for 2014 are not unusual. Fewer than 10 complaints were lodged against OLAF each year between 2011 and 2013, with a total of 25 complaints during that period, and sometimes several complaints relating to the same case or put forward by the same person.

These statistics confirm that, despite the large number of investigations carried out by OLAF every year, the sensitive nature of OLAF's activities and the fact that OLAF deals with cases involving the integrity and reputation of natural persons, relatively few complaints based on procedural guarantees are filed against the Office.

3. OLAF recommendations

3.1. Recommendations issued in 2014

RECORD NUMBER OF RECOMMENDATIONS ISSUED; HIGHER PROPORTION OF INVESTIGATIONS CONCLUDED WITH RECOMMENDATIONS

The Director-General of OLAF issues recommendations for action to be taken by the relevant EU institutions, bodies, offices, agencies or authorities in Member States, based on the results of OLAF's investigations (4).

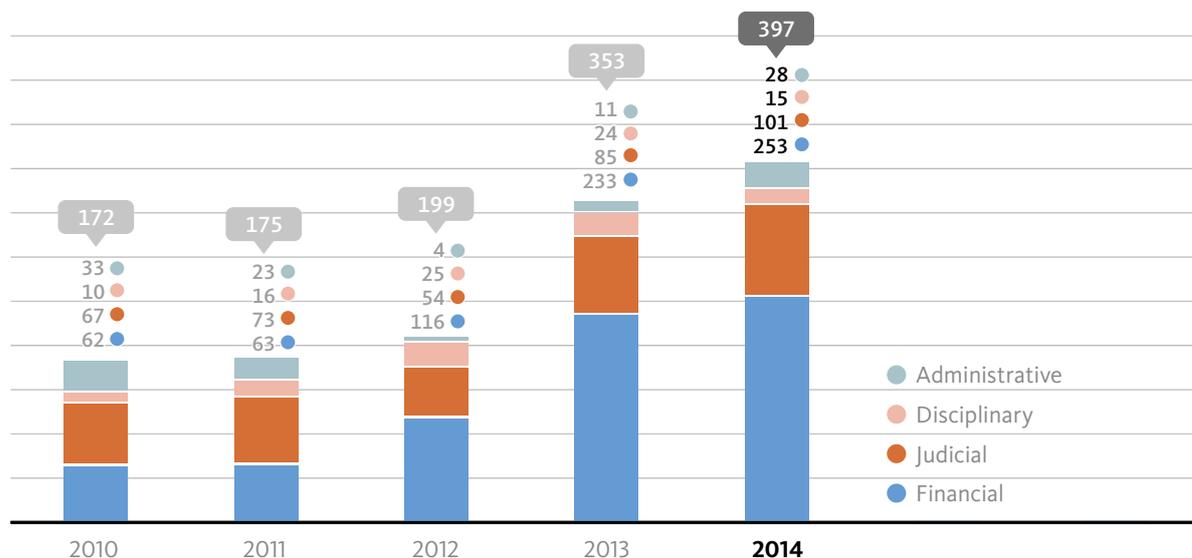
Figure 21: Percentage of investigations concluded with recommendations

2010	2011	2012	2013	2014
55 %	56 %	32 %	51 %	59 %

Recommendations may be of a financial, judicial, disciplinary or administrative nature.

- Financial recommendations are addressed to the EU institutions, bodies, offices or agencies providing or managing the EU funds, as well as to the competent authorities of Member States, and seek the recovery of the misused EU funds.
- Judicial recommendations are addressed to the national prosecution authorities, asking them to consider taking judicial actions.
- Disciplinary recommendations are addressed to the authority having disciplinary powers in the EU institution or body concerned, asking it to consider disciplinary action against its staff.
- Administrative recommendations are addressed to the EU institutions, bodies, organisations or agencies. They are related to a single case or to a group of comparable cases where weaknesses in administrative procedures or legislation need to be addressed to prevent fraud.

Figure 22: Recommendations issued



(4) Article 11 of Regulation (EU, Euratom) No 883/2013.



Several recommendations may be issued in one single case. The results of OLAF's investigations may also be sent to the competent authorities in non-EU countries on the basis of legal arrangements in place.

Recommendations are the main outcome of OLAF's investigative activity. It is mainly through issuing these that the Office supports the work done by the EU institutions to ensure that:

- ▶ EU funding reaches the projects it was intended for or is recovered for the EU budget;
- ▶ any concerns regarding the conduct of EU staff and members of the EU institutions are promptly addressed.

More than 50% of investigations are closed with recommendations.

The proportion of investigations concluded with recommendations has increased steadily since 2012.

In 2014, OLAF issued a great number of recommendations, the highest in the last 5 years. Administrative, judicial and financial recommendations all increased in comparison with the previous year.

OLAF also recommended a record amount of financial recoveries for the EU budget — EUR 901 million, more than double the amount recommended for recovery in 2013. This is due to the conclusion of some significant investigations concerning the Structural Funds, external aid and the customs and trade sectors.

Figure 23: Amounts recommended by OLAF for financial recovery (million EUR)

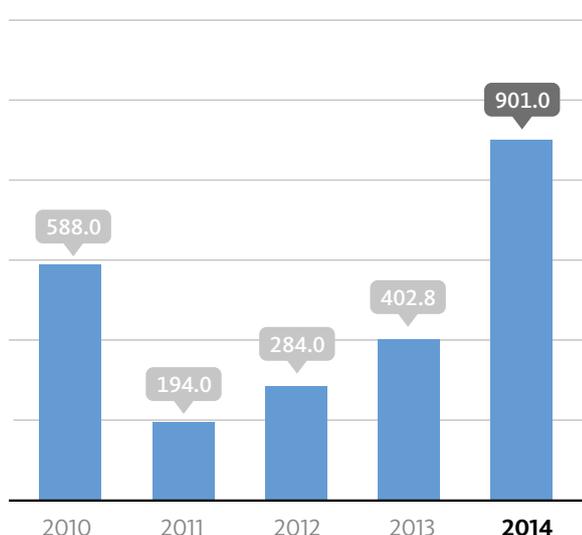


Figure 24: Amounts recommended by OLAF for financial recovery by sector (million EUR)

	2014
Structural Funds	476.5 (*)
External aid	174.0
Customs and trade	132.2
Agricultural Funds	75.9
New financial instruments	27.4
Centralised expenditure	13.0
Tobacco and counterfeit goods	1.5
EU staff	0.5
Total	901.0

(*) Of which EUR 5 million concerned the European Social Fund.

3.2. Implementation of recommendations

OLAF'S INVESTIGATIVE EFFORTS HAVE RESULTED IN HIGHER AMOUNTS RECOVERED FOR THE EU BUDGET

If, following an OLAF investigation, the Director-General of OLAF recommends that EU money should be recovered, the competent authorities must decide on the action to take to recover the funds. OLAF does not itself have the power to recover money.

In 2014, as a result of OLAF investigations, EUR 206.5 million was recovered for the EU budget. This amount is 76 % higher than that recovered in 2013. The highest sums were recovered in the customs and trade sectors (see Fig. 25).

The figures on amounts recovered broken down by sector in Figure 25 are those available at the time when this report went to press ⁽⁵⁾.

⁽⁵⁾ For expenditure sectors, recovery data was provided to OLAF by the relevant Commission departments and other EU institutions, bodies, offices and agencies. With regard to the customs (traditional own resources) sector, recovery data was extracted from the Ownres database, which Member States use to report fraud and irregularities above EUR 10 000 to the Commission.

Figure 25: Amounts recovered (*) by the relevant authorities following OLAF's recommendations (million EUR)

	2012	2013	2014
Customs and Trade	33.9	76.5	135.0
Agricultural Funds	14.3	3.2	43.0
Structural Funds	33.4	33.7	22.7 (**)
External aid	12.8	2.5	2.5
New financial instruments	0.003	0.3	2.2
EU staff	0.05	0.8	0.9
Centralised expenditure	0.04	0.0	0.2
Total	94.5	117.0	206.5

(*) In the context of this report, the term 'recovery' includes the results of recovery orders issued by the Commission or any other institution, body, office or agency, offsetting of debts, de-commitment of EU finances from projects or programmes, debt liability apportionment between the Commission and Member States in certain sectors and recoveries of EU funds (e.g. import duties) from economic operators by Member States and recoveries of administrative expenditures from officials and other servants of the EU institutions, bodies, offices and agencies. Not all of these recovery transactions are individually identifiable in the institutions' accounting systems.

(**) Of which EUR 7.1 million concerned the European Social Fund.

EU INSTITUTIONS HAVE TAKEN ACTION TO FOLLOW-UP ON OLAF'S INTERNAL INVESTIGATIONS

The disciplinary recommendations that are issued by OLAF concern misconduct of EU staff or members and are directed at the authority having disciplinary powers in the EU institution concerned. In its recommendations, OLAF does not specify the type of action that

should be taken. The appointing authorities sometimes take several actions following a single recommendation from OLAF. At the same time, the appointing authority may join several recommendations resulting from different investigations into the same person concerned in one action and, subsequently, impose one single sanction. As the institution with most EU staff employed, the European Commission is the main recipient of disciplinary recommendations.

Figure 26: Actions taken by the appointing authorities following OLAF's disciplinary recommendations issued between 1 January 2012 and 31 December 2014

Number of disciplinary recommendations	No decisions taken			Decisions taken		
	Reporting period (*)	No information	Ongoing administrative inquiry	Total	No case is made	Action taken
Agencies	6	2	1	3	1	2
Committee of the Regions	1			1	1	
Council of the European Union	2	1	1	0		
European Central Bank	2		1	1		1
European Commission	32	1	7	24	9	15
European Court of Auditors	1		1	0		
European Economic and Social Committee	2	1	1	0		
European External Action Service	6	1		5	1	4
European Investment Bank	3	2	1	0		
European Ombudsman	1			1	1	
European Parliament	9	5	1	3	2	1
Total	65	4	14	38	15	23

(*) When OLAF sends a disciplinary recommendation to an appointing authority, the competent authority has to report on the actions taken following the recommendation within 6 months. Reporting period means that these cases are still in this 6 months' period.



Figure 27: Sanctions imposed following OLAF's disciplinary recommendations

Removal from post	4
Termination of contract	3
Blacklisted from future employment	2
Downgrading	2
Deferment of advancement	2
Warning	7

OLAF'S JUDICIAL RECOMMENDATIONS ARE LEADING TO MORE INDICTMENTS

The results of actions taken by the national judiciaries following the receipt of judicial recommendations by OLAF between 1 January 2007 and 31 December 2014, in total and broken down by Member State, are set out in Figure 28.

While the indictment rate reported in 2014 remained almost the same compared with the rate reported in

2013, the number of total decisions taken by national authorities and the number of reported indictments rose considerably. For the period 2006–13, there were 261 decisions taken by the national authorities following receipt of OLAF's judicial recommendations, leading to 140 indictments. Figure 28 on the next page shows that in the period 2007–14, there were 306 decisions taken, leading to 161 indictments.

In 2014, OLAF undertook for the first time and in relation to a number of Member States only, a systematic legal analysis of decisions by which the national authorities concerned (mostly prosecution services, but sometimes the police or customs) had determined not to pursue cases following OLAF judicial recommendations. This analysis has already led to a number of corrections and updates compared to the data reported in 2013 ⁽⁶⁾. OLAF intends to develop this analysis over the coming years in order for the Office and its partners to learn from experience and to identify means of improving the rate of indictment and the capacity of Member States to prosecute fraud affecting the financial interests of the EU.



⁽⁶⁾ These corrections concerned in total 16 OLAF recommendations.

Figure 28: Actions taken by national judicial authorities following OLAF's recommendations issued between 1 January 2007 and 31 December 2014

Number of judicial recommendations	No decisions taken		Decisions taken			Rate of Indictment	
	Reporting period (*)	Ongoing criminal investigation	Total	Dismissal	Indictment		
Belgium	45	6	11	28	11	17	61 %
Bulgaria	30	3	5	22	10	12	55 %
Czech Republic	8	2	1	5	3	2	40 %
Denmark	4	-	2	2	2	-	0 %
Germany	29	4	1	24	11	13	54 %
Estonia	3	1	-	2	1	1	50 %
Ireland	3	2	1	0	-	-	0 %
Greece	23	3	9	11	-	11	100 %
Spain	28	5	5	18	9	9	50 %
France	24	4	1	19	7	12	63 %
Croatia	0	-	-	-	-	-	-
Italy	61	8	12	41	9	32	78 %
Cyprus	4	-	2	2	2	-	0 %
Latvia	2	1	-	1	1	-	0 %
Lithuania	8	2	-	6	4	2	33 %
Luxembourg	9	2	5	2	1	1	50 %
Hungary	13	9	2	2	1	1	50 %
Malta	5	-	1	4	-	4	100 %
Netherlands	16	2	1	13	7	6	46 %
Austria	7	1	1	5	2	3	60 %
Poland	14	1	1	12	3	9	75 %
Portugal	10	3	1	6	5	1	17 %
Romania	89	25	11	53	37	16	30 %
Slovenia	4	3	-	1	-	1	100 %
Slovakia	10	1	1	8	7	1	13 %
Finland	3	2	-	1	1	-	0 %
Sweden	4	1	1	2	-	2	100 %
United Kingdom	23	5	2	16	11	5	31 %
Total	479	96	77	306	145	161	53 %

(*) When OLAF sends a judicial recommendation to a Member State, the competent authority has to report on the actions taken following the recommendation within 12 months. Reporting period means these cases are still in this 12 months' period.

4. Case studies:

OLAF's work in practice in 2014

This chapter presents examples of OLAF's investigation and coordination cases concluded in 2014. Far from being an exhaustive list, these examples seek to illustrate different angles of OLAF's investigative activity or different key moments in the lifespan of a case.

Cases illustrating OLAF's investigations on the revenue side of the EU budget



Twenty-one tonnes of counterfeit and illicit pesticides seized in Poland thanks to OLAF information

In May 2014, OLAF received information that containers loaded with 21 tonnes of pesticides from China were being discharged in the port of Odesa (Ukraine). The goods were reloaded onto trucks destined for Poland. An investigation carried out by OLAF revealed that the importer was not registered to trade such products in Poland. OLAF decided to track and trace this shipment on its journey and informed the Polish customs authorities that the shipment containing suspected counterfeit and illicit pesticides would cross the Ukrainian–Polish border.

Based on OLAF's information, the Polish customs authorities intercepted the shipment at the customs checkpoint in Dorohusk. They discovered 10.5 tonnes of pesticides not authorised for the EU market and 10.5 tonnes of insecticides in cans without labels, but packed in boxes bearing brands of well-known pesticide producers. This infringed the intellectual property rights of the rights holders of registered trademarks in the EU. The Polish Plant Protection Authorities and the companies affected analysed the seized products. This analysis revealed that the products contained unregistered or illegal active ingredients that could potentially be dangerous for human health.

The Polish judicial authorities have started a criminal investigation.

OLAF's mandate includes investigations relating to counterfeit goods that enter the EU across its external borders (?). The trading of such products generates vast illicit profits and causes large losses of revenue. OLAF works closely with national law enforcement bodies and with rights holders in this field.

OLAF coordinates efforts to fight tobacco smuggling across the EU and in non-EU countries

For several years, OLAF had investigated suspicious activities that led to the discovery of a major cross-Europe cigarette smuggling network. OLAF cooperated in the criminal investigations, jointly organised by the competent Italian and German authorities. As part of this work, OLAF organised a coordination meeting in autumn 2013 involving German and Italian judicial and law enforcement authorities, and worked with Belgium, Lithuania, Hungary, Poland, Romania and Slovakia, as well as Moldova and Ukraine. The smuggling network produced cigarettes in the EU. It then simulated fictitious exports

(?) Article 36 of Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights.

or carried out real exports to non-EU countries and subsequently smuggled the cigarettes back into the EU, thus avoiding customs duties and taxes.

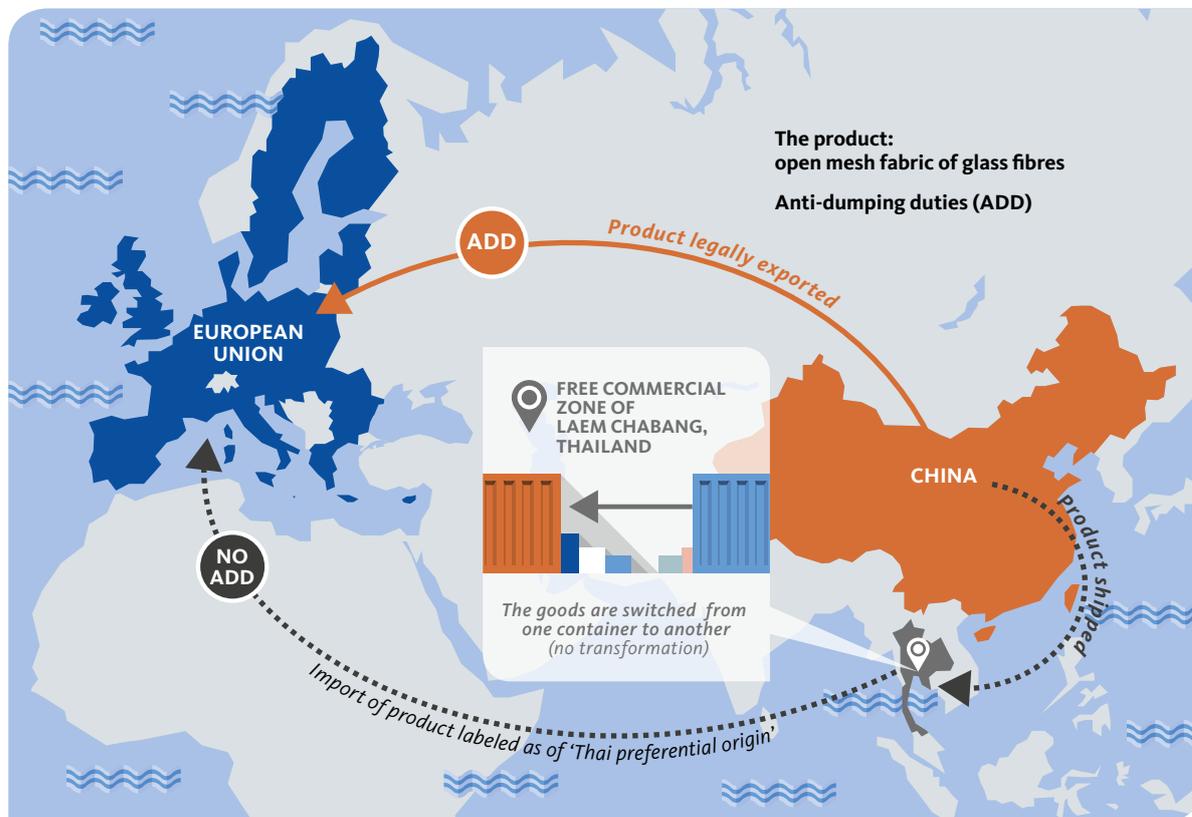
In November 2014, the network was dismantled through joint work by the Italian Agenzia delle Dogane and Guardia di Finanza and the German Zollkriminalamt Köln and Zollfahndungsamt Berlin. Prosecutors in Turin and Frankfurt/Oder also coordinated a search by law enforcement officials of an ostensibly legitimate cigarette factory that produced cigarettes destined in part for the illegal market. Investigations are continuing. More than 10 people have already been arrested. The estimated damage to the Italian budget alone is in excess of EUR 90 million. The final figures are likely to be much higher.

OLAF brings significant added value to operations like these, where contraband networks operate across borders and can only be countered by coordinated EU-wide efforts.

Investigation and international cooperation lead to the discovery of a complex trans-shipment fraud via Thailand

In 2011, the EU decided to impose anti-dumping duties (ADDs) on open-mesh fabrics of glass fibres due to Chinese companies dumping the product in the EU at prices lower than the product's normal value (i. e. the domestic prices or the cost of production). OLAF has a mandate to investigate cases in which EU importers evade such duties.

OLAF opened an investigation into the suspected trans-shipment of these products through Thailand, done to evade ADDs in particular. All Member States were asked to identify and collect information about such imports. The evidence was collected during joint OLAF/Member State operations carried out in Thailand in close cooperation with the Thai authorities. The facts that were established demonstrated that the Chinese goods had been trans-shipped in the free





commercial zone in the area of Laem Chabang. The goods were reloaded into new containers. They had not been subject to any processing or manufacturing activity in Thailand and therefore were not entitled to Thai origin, either preferential or non-preferential.

Certain imports had nevertheless been declared with Thai certificates of preferential origin on the basis of false information provided to the issuing authorities. Some of these imports were falsely declared under the classification of another product not subject to ADDs. The investigation also revealed that certain goods trans-shipped in Thailand had come from Malaysia.

The OLAF investigation established evidence that enabled 13 Member States to start recovery proceedings for a total of EUR 3 million in evaded ADDs and conventional customs duties. This case is an example of a comprehensive investigation in the customs area with the involvement of Member States, non-EU countries and companies. It required considerable investigative and multinational legal expertise that is available, at EU level, only in OLAF. This investigation is one of several that concern the fraudulent import of the same type of products originating in China and consigned from various non-EU countries.

Cases illustrating OLAF's investigations on the expenditure side of the EU budget

OLAF recommends multimillion euro recovery and judicial proceedings following the discovery of serious irregularities

OLAF concluded an investigation into alleged irregularities and fraud involving a large project for the development of maritime port facilities in a Spanish town. The project had received significant EU funding from the Cohesion Fund. OLAF had opened the investigation following the receipt of detailed information from public representatives and also from Commission services on possible serious wrongdoing in the awarding of the public tender contract for the works and also on problems related to the actual execution of the works concerned.

OLAF's findings in the case indicate that very serious irregularities were present and that fraud had probably been committed in the case. This includes, inter alia, breaches of the public procurement rules, provision of false information on the quantities and therefore costs of materials used and non-cooperation with OLAF in the course of the investigation.

OLAF concluded the case in 2014 with a financial recommendation to the Directorate-General for Regional and Urban Policy of the European Commission to recover the EUR 198 million of EU funds that had already been paid out for the project and also not to pay the further EUR 49 million that had been allocated to it. The combined financial impact of this case is therefore EUR 247 million.

OLAF also made a judicial recommendation in the case, asking the Spanish prosecution authorities to examine the serious matters uncovered. Judicial proceedings are now underway in Spain.

OLAF recommends EUR 1 million for financial recovery in EU-funded transport projects

In four EU-funded projects aimed at diverting goods away from road transport to less environmentally damaging forms of transport, a private shipping company received grants totalling several million euros. From audits and further checks, the Commission found that, contrary to the rules of the programme, the company persistently failed to record the actual loads carried, pretending to rely instead on transporters' estimates. The Commission notified OLAF of the matter.

In an on-the-spot check at the company, OLAF obtained electronic records relating to the running of the projects and analysed them. It found that the estimated loads that the company reported to the Commission were consistently biased and exceeded the amount of the actual loads. In addition, during sampling periods required by the Commission, among other manipulations, the company had dishonestly discarded light loads and systematically reported the most favourable figures from the weighing and the transport and board documents. As a result, the

average loads — and therefore the costs claims — had been overestimated.

OLAF recommended that the Commission recover approximately EUR 1 million, corresponding to the amount of the suspected fraud, plus penalties. It also brought the matter to the attention of the Italian judicial authorities.

OLAF discovers complex fraud involving medical equipment funded through the European Regional Development Fund

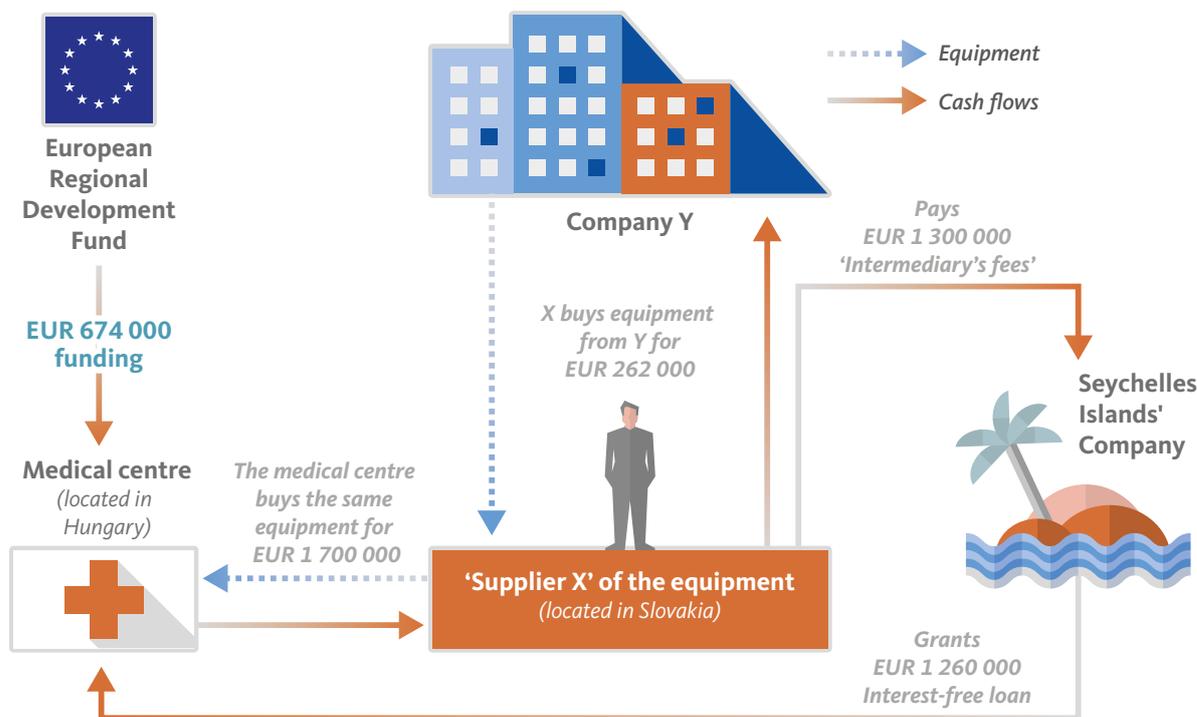
OLAF opened an investigation based on a series of investigative journalism articles on EU funding for the construction and the equipping of a medical centre in Hungary. The European Regional Development Fund (ERDF) provided EUR 674 000 for medical equipment for the centre.

The OLAF investigation revealed that the supplier of the equipment had purchased the medical devices

for EUR 262 000 from a company in Slovakia. Subsequently, the supplier sold the equipment to the centre for EUR 1.7 million, and this was the amount declared on the application for EU funding. The supplier then paid EUR 1.3 million of the sale price in ‘intermediary fees’ to a company registered in the Seychelles. In return, the latter provided an interest free loan of EUR 1.26 million to the medical centre.

By doing this, the supplier and the medical centre quadrupled the declared prices of the medical devices and appear to have defrauded the EU budget and circumvented the obligation on the medical centre to provide a financial contribution. The OLAF investigation also revealed that much of the equipment was not used at all and other equipment was found to be located at sites outside disadvantaged regions, in breach of the objectives of the programme governing the project.

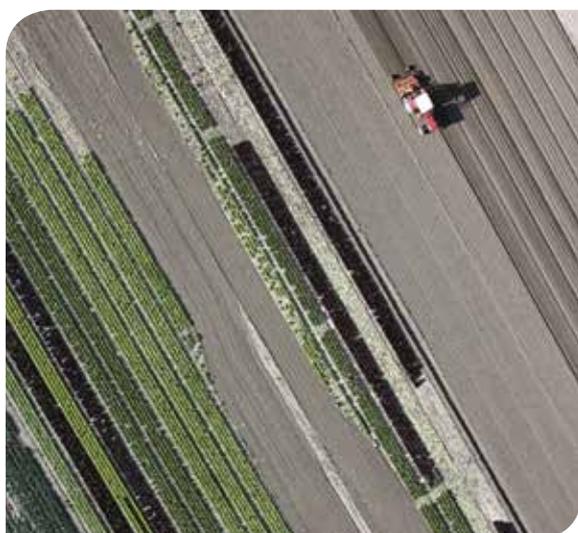
In 2014, OLAF recommended to the Commission and the Hungarian authorities that they make arrangements for the full recovery of the ERDF subsidy and the national funding provided for the centre. OLAF also made recommendations to the Hungarian judicial authorities.



Implementation of judicial recommendations in a case regarding fraudulent use of Agriculture and Rural Development Funds

Authorities in Bulgaria sent information on two companies to OLAF, both beneficiaries of 'Special accession programme for agriculture and rural development' (Sapard) funding. OLAF acquired further information and decided to open a criminal assistance case in 2010 (according to OLAF's previous legislative framework), as well as an external investigation.

OLAF's investigators subsequently extended their investigation to cover another eight companies that received Sapard funding and that were linked to each other. Evidence on the other beneficiary companies that took part in a tendering process for the supply of machinery was acquired through on-the-spot checks and inspections carried out at company premises in Germany, Spain, Italy, the Netherlands, Slovakia, Sweden and the United Kingdom. OLAF requested cooperation from some Member States, which carried out checks and inspections at the premises of companies involved in supplying machinery. The investigation revealed that many tendering processes relating to the supply of machinery had been manipulated and that the supplies had been provided at substantially inflated prices. The findings allowed OLAF to discover fraud amounting to EUR 7.6 million. National judicial authorities were kept informed throughout the investigation. Following OLAF's recommendations in 2014, national proceedings against some of the businesses involved were launched.



Cases illustrating OLAF's investigations into staff and members of EU bodies

Internal investigation uncovers corruption and conflict of interest

The Commission's Directorate-General for Development and Cooperation informed OLAF of potential corruption and a possible conflict of interest involving a contract agent in an EU delegation in South America. The allegation related to a forecast for a land-use planning project.

The contract agent allegedly made unauthorised contact with a German company in the period between the publication of the project and its launch, offered his assistance in facilitating the awarding of the contract for this project to the firm and made reference to 'consultancy services' offered by his wife's company. The German company turned down the offer, so no financial impact or damage occurred. The company informed the EU delegation and provided supporting documents.

OLAF interviewed the contract agent and searched his office. He admitted to contacting the company to help his wife acquire a client for her consultancy firm. His wife submitted a written statement on a voluntary basis, in which she mainly confirmed the contract agent's statements regarding his assistance in helping her acquire a new client.

OLAF's evaluation concluded that this behaviour might constitute a criminal offence and was in breach of the contract agent's statutory obligations. In September 2013, OLAF issued a recommendation to the judicial authorities in Germany and made a recommendation to the European Commission for further disciplinary proceedings. Judicial proceedings are ongoing and, throughout 2014, OLAF has provided additional information to the relevant national prosecutor.



Internal investigation leads to judicial proceedings and financial recovery

OLAF received information from an EU institution that one of its members had been filing claims for the reimbursement of his travel expenses based on supporting documents that seemed to have been manipulated.

OLAF opened an internal investigation and analysed the reimbursement claims. Two on-the-spot checks were carried out in travel agencies that had provided travel services to the member. The aim was to compare the tickets that the member had submitted to his institution as supporting documents with the documentation stored by the travel-service providers.

OLAF established that the ticket receipts had been forged with help from an employee of one of the travel agencies. This enabled the member to claim and receive reimbursement for travel that was higher than the costs actually incurred. It was established that between October 2006 and July 2013, over EUR 182 000 was wrongly refunded to this member.

The institution ceased reimbursement to this member, following OLAF's suggestion for precautionary measures, thus preventing the unjustified payment of a further EUR 50 000. Following OLAF's judicial recommendations, the relevant national judicial authorities informed OLAF in July 2014 that a criminal investigation was in progress. OLAF also recommended that the institution launch procedures to recover the undue payments. In November 2014, the institution informed OLAF that the full amount had been recovered. The institution also introduced improved control mechanisms to mitigate the risk of future damage to the EU budget.



Joint customs operations carried out in 2014

In 2014, OLAF coordinated and facilitated seven joint customs operations (JCOs) by providing intelligence and technical and/or financial support.

The anti-fraud information system (AFIS) platform ensured secure access and exchange of information for all participants in these JCOs.

Operation Replica targeted the import of counterfeit goods by sea. It led to the seizure of over 1.2 million counterfeit goods and 130 million cigarettes. OLAF coordinated the operation, which involved all the EU Member States, Norway, Switzerland, 11 international partners, Interpol, Europol and the World Customs Organisation. During the operational phase, coordination was supported by a team of 11 liaison officers. They came from the EU Member States and, for the



first time, from China, and worked from OLAF's operational headquarters.

Operation Snake specifically targeted the undervaluation of imported goods, which causes huge losses to public budgets every year. Over a 1-month period, OLAF and the participating customs authorities found more than 1 500 containers where the declared customs value was heavily undervalued, preventing estimated losses of over EUR 80 million in customs duties. The operational phase of Operation Snake took place from February to March 2014 and was coordinated by OLAF and the Anti-Smuggling Bureau of the General Administration of China Customs. It involved the customs administrations of all EU Member States, as well as those of China.

Operation Ermis was carried out in March 2014. Customs authorities performed intensified controls and exchanged intelligence on parcels coming into the EU from non-EU countries via mail. During the operation, over 70 000 counterfeit items were seized in 634 different raids. The goods varied in nature from mobile phones, sunglasses and small vehicle spare parts to medicine and pharmaceutical products. Most goods were found to come from the Far East. Operation Ermis followed up on previous operations coordinated by OLAF (Operations Fake, Sirocco, Diabolo I and Diabolo II), which aimed to curb the smuggling of counterfeit goods. Operation Ermis was carried out by the Greek Customs Administration and OLAF, and involved customs experts from the Commission, Member States, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.

Operation Athena IV mainly aimed to detect undeclared cash to the value of EUR 10 000 or more to prevent money laundering within the territory of the European Union. The operational activities focused

on accelerating the exchange of operational information in cases where natural persons were discovered with undeclared cash or where there was a suspicion of undeclared cash. During the operation, the national contact points produced 349 reports, as a result of which more than EUR 1.2 million in cash was detained and seized. The operation was a continuation of the previous Operations Athena I, II and III and involved the EU Member States.

Operation Warehouse II also took place in 2014 and was a successor to Operation Warehouse, which had been successfully co-organised in 2013 by OLAF and the Customs Department under the Ministry of Finance of Lithuania. It aimed to combat smuggling and tax fraud related to high-excite goods, tobacco products and alcohol originating from non-EU countries and moving under customs duties and tax suspension regimes through multiple Member States. Operation Warehouse II was jointly organised by the European Commission/OLAF and the Italian Customs and Monopolies Agency.

Operation Icare was a joint regional customs operation relating to maritime surveillance and aimed to detect illicit trafficking of sensitive goods by sea, in the Atlantic area. It was coordinated by French customs services and included the participation of the customs authorities of Germany, Ireland, Spain, Italy, the Netherlands, Portugal and the United Kingdom.

Operation Isis 2014 was a joint maritime operation carried out by Spanish, French and Italian customs services and aimed to fight the illicit trafficking of sensitive goods in the Mediterranean Sea.

5. Focus on OLAF's staff

OLAF's ability to fulfil its mandate relies on the wealth of professional backgrounds, expertise and commitment of its 421 staff members ⁽⁸⁾. This is why, in the last few years, OLAF has made considerable efforts to improve and modernise its human resources management. OLAF has diversified its talent pool, is offering its experts continual training which is specifically tailored to the Office's needs and keeps encouraging equal opportunities. In this report, OLAF has chosen to present a specific chapter focusing on its staff.

EXPERTS WITH VARIED BACKGROUNDS BOOST THE FIGHT AGAINST FRAUD IN EUROPE

Fighting against fraud and protecting the EU's financial interests require a strong knowledge of the Member States' legislation and organisation. OLAF's staff come from 27 EU Member States, enriching the organisation with in-depth knowledge of national anti-fraud legal proceedings and a very wide range of language skills.

A small part of that staff consists of seconded national experts (SNEs), of which 16 were working in OLAF at the end of 2014. These experts help the Office to stay abreast with the latest developments in their home-countries as far as fraud patterns, investigative techniques and anti-fraud policy are concerned.

The ever-changing environment in which OLAF is operating requires the Office to work continuously on the development of its next generation of investigators and anti-fraud experts. Consequently, OLAF organised a specialised competition for operational digital forensic examiners in 2014 and plans a competition for fraud investigators for early 2016.

OLAF PROVIDES INTERNAL AND EXTERNAL TRAINING ON A CONTINUOUS BASIS

Internal training programmes make it possible for the most experienced members of the team to share expertise and knowledge with junior team members. In 2014, the main focus remained on investigative training. Throughout the year, experienced investigators conducted several sessions on interviewing techniques, evi-

dence gathering, on-the-spot checks, report writing and inspection of premises. In addition, all new investigators that arrive at OLAF participate in a general introductory session on OLAF's investigative activity.

OLAF also hired external experts to provide training on country profiles. These included presentations on the general legal setting of criminal investigations in the respective countries, explanations of relevant infringement cases and presentations of OLAF's national counterparts in criminal and administrative investigations. OLAF's forensic experts and operational analysts also regularly participate in specialised external training sessions. They share their knowledge by training OLAF's staff on the use of open sources.

In order to strengthen management skills, a management training programme was developed in 2014. In addition, team building for all staff was promoted through various actions (team events, lunchtime debates, an additional welcome day for newcomers, etc.). The importance of ethics in OLAF was addressed by establishing and distributing a new ethics and conduct guide ⁽⁹⁾ and making training on ethics and conduct in OLAF mandatory for all staff.

OLAF PROMOTES EFFECTIVE EQUAL OPPORTUNITIES

Over a number of years, OLAF has worked to improve the gender balance of staff and ensure effective equal opportunities.

In 2014, the percentage of female investigators and case handlers, i.e. staff working on OLAF's core activities, increased from 25 % to 35 %.

OLAF's efforts to improve gender equality have also resulted in a sharp increase in the number of female managers. The number of female middle managers has multiplied by 3 between 2013 and 2014, currently reaching 29% of the total middle managers from only 11% in 2013. As far as senior management is concerned, out of four directors at OLAF, three are women.

⁽⁸⁾ Posts filled on 31 December 2014.

⁽⁹⁾ Published in May 2014.



Figure 29: OLAF's staff by nationality (2014)

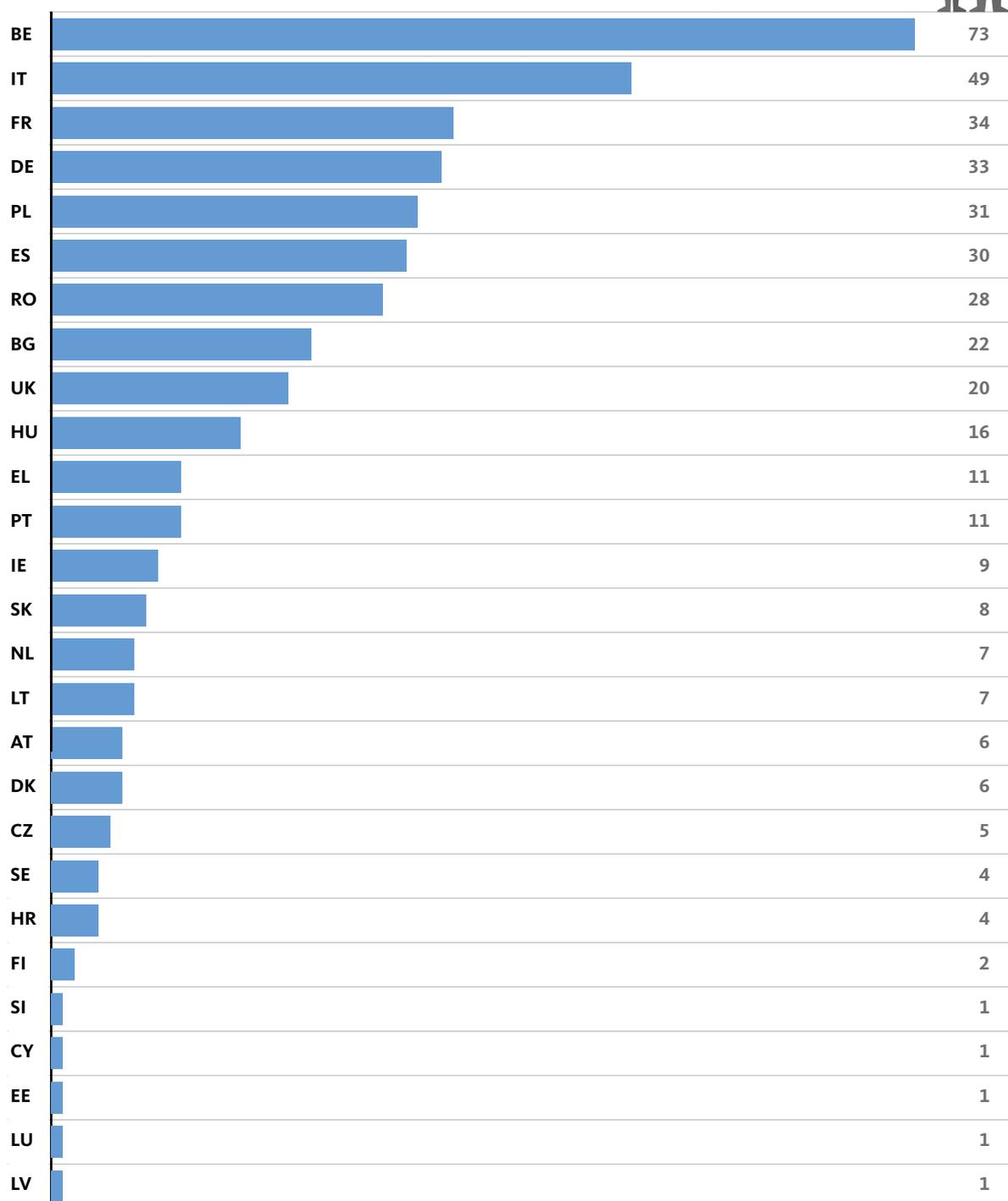
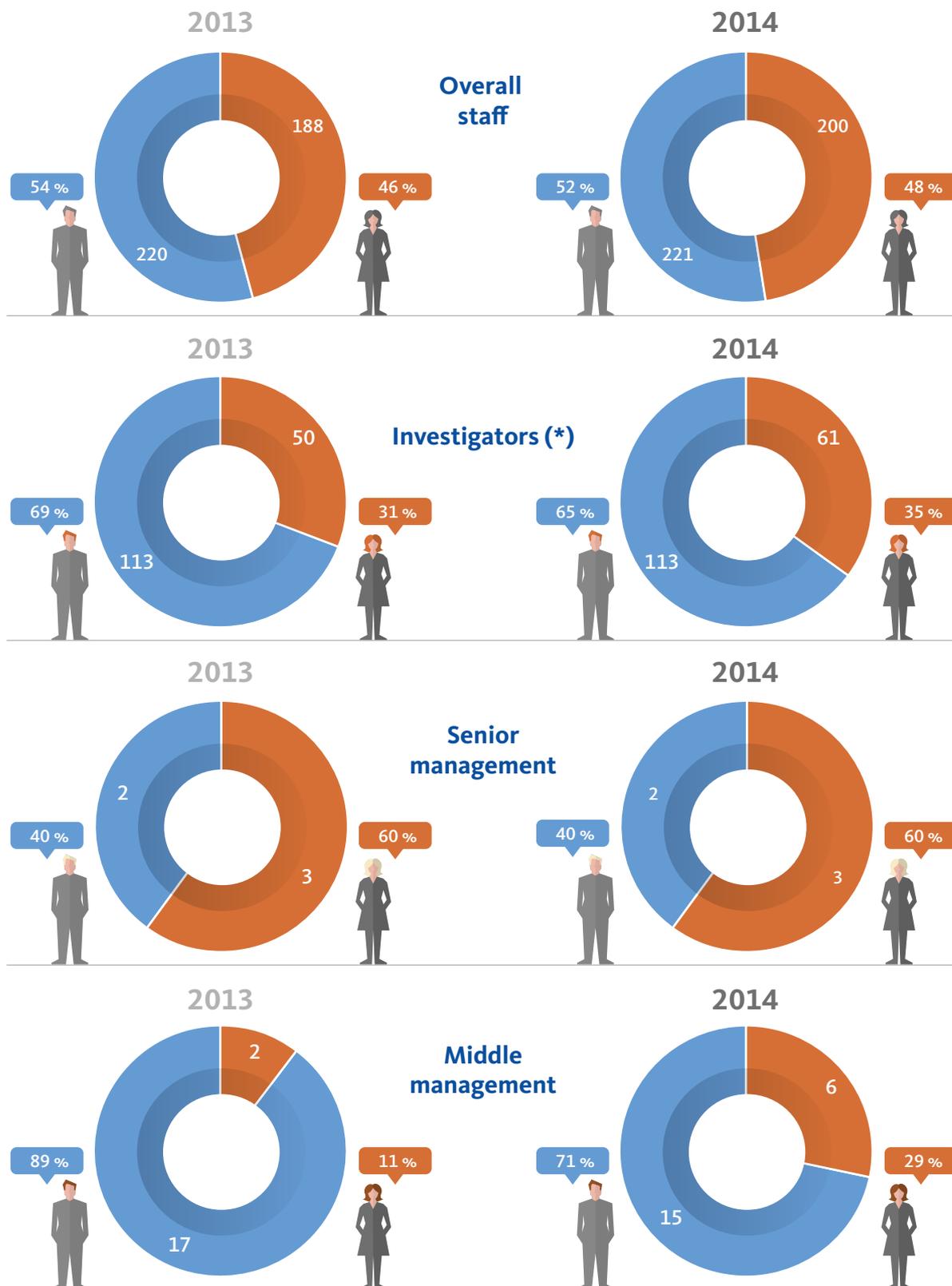


Figure 30: Gender balance in OLAF



(*) Investigators also include heads of unit, deputy heads of unit, team leaders, senior experts or assistants, case handlers, legal reviewers and intelligence analysts in units doing investigations, their selection and review, and operational analysis and digital forensics.



Meeting OLAF's staff

AMIRA

Agricultural and Structural Funds investigator

Amira first joined OLAF as a trainee in 2004 following her studies in law, with specialisation in comparative criminal law, at the Universities of Strasbourg, Bologna and Nancy. Prior to joining, she worked as a legal assistant for the Court of First Instance in Strasbourg. In 2005, Amira joined OLAF's Policy unit as a coordinator and liaised with the Member States and different Commission teams on cross-cutting issues.

Three years later, she moved to an investigative unit where her legal training and language skills — in addition to her native Hungarian, Amira is fluent in English, French and Italian — were greatly needed. She was very enthusiastic about moving to what she describes as 'OLAF's core business'. Initially, Amira dealt with external aid cases where OLAF is responsible for investigating alleged fraudulent or illegal activities, since these cases fall mostly under the Commission's direct management. Currently, Amira works on shared management funds where the EU and Member States are jointly responsible for the management and control of expenditure.

'Each case is different, so you have to be an expert in many different things or at least find the right expertise', she explains, as some cases can be very technical. She recently worked with a colleague from the Directorate-General for Research and Innovation on a case involving a software development project. While she enjoys dealing with a wide range of subjects, the lawyer in her most appreciates finding the correct legal basis for action in each case. She takes pride when the judicial authorities convict fraudsters based on the findings of her investigations.

In addition to investigative missions, office work and being a mother of three, Amira is also interested in martial arts. After having learnt different disciplines she became a Krav Maga instructor and is delighted to share her knowledge with her EU colleagues.

ALINA

OLAF's spokesperson

Alina became the OLAF spokesperson in mid-2013, bringing a great deal of expertise in law, communications and public relations. Her first stint in the EU institutions was during her studies, as an intern in the European Parliament, when she had the opportunity to work on political communication and to delve into interinstitutional negotiations. Following the completion of her law studies, she worked for several years in the private sector on government relations and public affairs, notably in the field of intellectual property and telecommunications, which she describes as 'an extremely valuable experience to understand the real economy, the way companies and markets operate and to acquire solid work culture'.

In 2007, she joined the Directorate-General for Competition as a case handler and policy officer, putting to good use the law degrees she acquired at the University of Leicester, the Université Robert Schuman (Strasbourg) and the College of Europe (Bruges). She then moved to the Communications and Interinstitutional Relations unit, working on communicating the benefits of competition policy.

In her current job as spokesperson, she explains, 'there is no typical day and that is quite fun. As a spokesperson you are in the frontline, liaising with journalists, stakeholders and quite often with regular EU citizens. There is a lot of interest in our anti-fraud work in Member States because fraud cases usually have a national dimension. Every time I answer a question, I feel I have helped others understand the value of our work, especially in the current economic climate.' Her fluency in five EU languages certainly facilitates such exchanges.

Alina and her team have engaged in more proactive communications in recent years, informing the public of the importance of OLAF's work.



HANS
Policy officer in the Fraud Prevention, Reporting and Analysis unit

Curiosity is one of the main drivers of Hans, a seconded national expert from the Netherlands working in OLAF. His curiosity proved instrumental in his career as an auditor in the Dutch civil service, a job that he says ‘is often about asking the right questions’.

He studied public administration at the Erasmus University in Rotterdam and worked as an auditor for a Dutch municipal administration before moving on to internal auditing at the Dutch Ministry of Justice. He then provided training for auditors in Bosnia and Herzegovina, Moldova and Romania in twinning programmes supported by the EU.

There his interest in Europe grew, so when a vacancy came up in the Fraud Prevention unit in OLAF, he got approval to apply for this position and came out as the best candidate. His home ministry will benefit from his experience at OLAF when he finishes his secondment and returns to The Hague.

Together with his colleagues, Hans is responsible for identifying ‘red flags’ — fraud indicators — and responding with the right policy tools, information material and training. By its very

nature, this is teamwork. ‘When analysing fraud cases you need to rely on the investigators to identify patterns and you then need to rely on Commission services, like the Directorate-General for Regional and Urban Policy, to share this information with practitioners in Member States’, he explains.

The Commission’s work can sometimes be a balancing act. ‘Take OLAF’s mission of protecting EU’s financial interests and hence its taxpayers’, he says. ‘It can easily result in more rules and regulations. However, with the latest developments in anti-fraud tools, we are better able to strike a balance and keep the administrative burden to a minimum’.

GWENN
Assistant to the Director of the Policy Directorate

Gwenn started working for OLAF in 2005 ‘by chance’, she says, ‘but I became quickly committed to OLAF. Its work and mission motivate me, having always been attracted to the idea of the European construction’.

During her studies at the Law University of Rennes (France) and the Institute for European Studies in Brussels, she specialised in European

law. This helped her in her first post as a trainee in the European Commission's delegation in Washington DC. After brief experiences in the European Commission and the European Parliament, Gwenn worked in the private sector, in a high-tech company and in a law firm.

Her interest in the European public service led her back to OLAF. She started in the Customs team, discovering many aspects of the investigative work. This experience was very useful when she moved to the position of coordinator for parliamentary questions. Over the following years, Gwenn used her strong communication skills and in-depth knowledge of OLAF's various projects to draft answers to parliamentary questions. From 2007, she also took on a project on cooperation with African authorities. She took part in the creation of a network of contacts and in negotiating administrative cooperation arrangements.

In 2012, she became the assistant to the director in charge of the Policy Directorate: 'As the right hand of the director my tasks are varied, as I work on many cross-cutting issues, such as the management plan, and I assist the director in the management of the directorate. A personal touch is important, and I try to have a human, direct and simple approach, always result-oriented. I know everyone in our directorate and I do my best to support newcomers' integration'.

Always interested in other cultures, Gwenn dances Argentinian tango in her free time.

SALVATORE

Head of Sector for tobacco

Salvatore joined OLAF's predecessor, UCLAF, in 1996. He saw it change from a unit of 60 people to a service of more than 400 investigators, lawyers, policymakers and support staff.

Salvatore is one of OLAF's most knowledgeable experts in the fight against tobacco smuggling and had already worked in this area in the Italian Guardia di Finanza. For several years, he also served as a military helicopter pilot of the Guardia di Finanza. In the mid 1990s, Salvatore investigated violations of the UN embargo against Serbia, where cigarette smuggling from the Montenegrin coast to Italy was frequent.

At OLAF, Salvatore has been involved in coordinating major cross-border anti-smuggling operations in an ever-changing smuggling landscape. From the inspection of containers in northern ports to the shady routes used by smugglers in the Mediterranean and illegal factories on the EU's eastern border, Salvatore has seen it all. Together with his team he uses this expertise every day to investigate and coordinate cases to fight tobacco smuggling, an illegal activity that deprives the EU and national budgets of substantial revenues each year. In one of the latest cases, Salvatore helped Greek customs officers to seize over 20 million cigarettes.

CVETELINA

Head of the Centralised Expenditure and External Aid Sector in the Selection and Review unit

After a career as a case handler in the Bulgarian Competition Protection Commission and a head of department in Bulgaria's Supreme Judicial Council, Cvetelina joined OLAF as an investigator in 2006. Prior to that, she studied law at St Kliment Ohridsky University in Sofia and at King's College London. The work experience in her home country equipped her well for what was needed in OLAF, as she had already acquired investigative experience and was an expert in the Bulgarian judicial anti-corruption commission.

At OLAF, she initially worked mostly on cases involving Bulgaria's pre-accession funds, but her proficiency in Russian proved valuable on cases in former Soviet countries. As an investigator, she finds it interesting to learn about situations and meet people she otherwise never would. Cvetelina sees investigation almost as an art. 'In order to be a good investigator, you need to put your mind and soul to work.' Investigative work brings her a lot of satisfaction, as it provides her with opportunities to learn with each new situation and makes a tangible difference to protecting EU taxpayers' money.

Since 2012 Cvetelina has worked in the Selection and Review unit, where she deals with the selection of cases and the organisational aspects of her sector. 'Having been a lawyer, this was a logical path and the links with investigations are still present', she says. However, she finds it hard to pass cases to her colleagues in the Investigative

units 'just when it gets interesting'. She interrupted her flying lessons during a busy period at work last year, but she is determined to continue.

PAUL

Leader of the expenditure analyst team

Paul joined OLAF in 2003 and was recruited as a temporary agent. A former Belgian police officer, he worked as an analyst for the Belgian judiciary, and later for Europol. He and most of his team members have a background in operational and strategic analysis of law enforcement. Their 'clients' are OLAF's investigators or national judicial authorities in cases of international cooperation. The members of the team combine their skills and experience with advanced software tools to exploit complex and high-volume digital case data.

Analytical findings can often be enriched with information from a selection of specialised sources. This information is put together into analytical reports outlining the newly discovered intelligence and evidence, and these are given to investigators. In response to the growing amount, complexity and diversity of digital data, the team has invested in developing far-reaching automated text-mining capabilities that are leading to a higher detection rate for fraud and corruption cases.

OLAF's operational analysts are pleased to have assisted in many important cases over the years and to have helped recover significant amounts of EU money.



6. Policies to combat fraud

In addition to its investigative work, OLAF contributes to developing EU anti-fraud policy. The Office is engaged in the drafting and negotiation of legislative proposals concerning the protection of the EU's financial interests against fraud and corruption. Thanks to its anti-fraud expertise, OLAF can support the EU institutions in building a legal framework that offers improved protection to the EU budget.

In 2014, when the new European Commission took office, OLAF was placed under the responsibility of Ms. Kristalina Georgieva, Vice-President in charge of Budget and Human Resources. While OLAF remains fully independent in its investigative function, it actively contributes to the Vice-President's initiatives to counter fraud and corruption and to ensure that EU taxpayers' money is put to good use to create jobs and growth in Europe.

6.1. OLAF's cooperation with its partners

In a context where fraud cases are increasingly transnational, OLAF is making significant efforts to strengthen cooperation with its EU and international partners. Cooperation is essential in facilitating the sharing of information on cases of suspected fraud, in promoting operational assistance among partners and in monitoring the implementation of OLAF recommendations by their addressees.

COOPERATION WITH EU INSTITUTIONS AND BODIES

Over recent years, OLAF has reinforced its cooperation with EU institutions by entering into formal administrative arrangements. These are based on the applicable legal framework, in particular on the OLAF Regulation. Arrangements were signed with the European Parliament in July 2013. Discussions with other institutions continued in 2014, leading to the signature of new administrative arrangements with the European Commission and with the European External Action Service in early 2015. These provide for faster, easier and more transparent cooperation procedures and information

exchange, while fully respecting OLAF's independence in its investigative function. Progress achieved in 2014 with the European Central Bank, the European Economic and Social Committee and the European Investment Bank is also expected to serve as a basis for the conclusion of such arrangements in 2015. OLAF has invited the Council of the European Union and the European Court of Auditors to negotiate similar arrangements and both have responded favourably.

OLAF participates in the EU policy cycle for organised and serious international crime in COSI, the Council's Committee on Operational Cooperation on Internal Security, organised by Member States and Europol. Europol actively participates in joint customs operations organised by OLAF and Member States. In addition, OLAF and Europol continue to work towards a new practical arrangement, which would further improve their cooperation.

Similarly, OLAF cooperates with Eurojust on specific cases where prosecution services may need to be involved from an early stage in OLAF's investigations. In 2014, OLAF and Eurojust worked together on four such cases (which correspond to four cases registered in OLAF and five cases registered in Eurojust). OLAF and Eurojust organised three coordination meetings in 2014, and a joint training session for OLAF and Eurojust staff was held in February 2015.

ANNUAL EXCHANGE OF VIEWS WITH THE EU INSTITUTIONS

The OLAF Regulation provides for an annual exchange of views at political level between the European Parliament, the Council, the Commission and the Director-General of OLAF, with the participation of the OLAF Supervisory Committee. Representatives of the Court of Auditors, Eurojust and/or Europol may be invited to attend on an ad hoc basis⁽¹⁰⁾. This exchange of views may cover, inter alia, strategic priorities for investigation policies, the effectiveness of OLAF's work and relations between OLAF and other Institutions and authorities in the EU, its Member States or other countries.

⁽¹⁰⁾ See Article 16 of Regulation (EU, Euratom) No 883/2013.

These discussions must not, however, interfere with the conduct of OLAF's independent investigations.

The first exchange of views took place in April 2014. Discussions focussed on OLAF's new investigative procedures, including procedural guarantees, OLAF's investigation policy priorities, the (then) new working arrangements between OLAF and its Supervisory Committee and the designation of Anti-Fraud Coordination Services (AFCOS) in the Member States.

COOPERATION WITH MEMBER STATES

Under the OLAF Regulation, all Member States are required to designate an AFCOS to facilitate effective cooperation and exchange of information with OLAF. By the end of 2014, all Member States had designated an AFCOS. A first meeting of the new AFCOS subgroup under the Advisory Committee for the Coordination of Fraud Prevention (Cocolaf) was held in October 2014. Building on the AFCOS example and with the participation of several AFCOS, OLAF also organised a seminar in September 2014 in Bulgaria aimed at supporting candidate and potential candidate countries to consolidate their anti-fraud efforts.

COOPERATION WITH COUNTRIES OUTSIDE OF THE EU AND WITH INTERNATIONAL ORGANISATIONS

OLAF has stepped up its collaboration with authorities in countries outside the EU, as well as with international organisations and international financial institutions. In 2014, OLAF signed new administrative arrangements with the World Bank, the UN Development Programme, the UN Office of Internal Oversight Services and the Global Fund to Fight AIDS, Tuberculosis and Malaria. Such arrangements are very useful for OLAF, as these organisations are major partners of the EU in the field of development assistance and either implement EU funds or co-finance projects together with the EU.

As part of its work on promoting anti-fraud policies worldwide, OLAF is actively involved in a number of international networks and organisations, often as a founding member of such bodies.

Thus, OLAF is a founding member of the European Partners against Corruption/European Contact-Point Network against Corruption (EPAC/EACN), a twin network of over 80 police oversight bodies and anti-cor-

ruption authorities from Member States of the Council of Europe and the EU. In 2014, OLAF's Director-General was re-elected EPAC/EACN President.

OLAF is also a founding member of the Economic Crime Agencies Network (ECAN), a worldwide network of heads of law enforcement agencies working on economic crimes, and of the Conference of International Investigators (CII), a platform for investigators from over 40 international organisations who meet annually. In 2014, OLAF hosted the 15th edition of the CII.

OLAF is also a member of the International Association of Anti-Corruption Authorities (IAACA).

Furthermore, in 2014, OLAF organised the first regional operational training course in Senegal. It was financed through the Technical Cooperation Facility (TCF-COM) managed by the Directorate-General for International Cooperation and Development. This is part of OLAF's continued involvement on external aid, in cooperation with the aforementioned DG. The training course was hosted by the president of the National Anti-Fraud and Anti-Corruption Office in Senegal. The national authorities of Benin, Côte d'Ivoire, the Congo Democratic Republic, Morocco, Senegal and Tunisia took part, as well as a representative of the African Development Bank.

ADVANCING A SOUND ANTI-FRAUD POLICY IN EUROPE

In 2014, OLAF contributed to a number of legislative proposals to further develop the EU's anti-fraud policy.

In the customs field, OLAF supported the Commission's initiatives to improve risk assessment and information exchange. One of the main tools for detecting customs-related fraud is risk assessment. This requires the analysis of large volumes of data in order to create risk profiles that identify suspicious consignments. OLAF as the Commission lead service has prepared a legislative proposal to rectify a number of technical difficulties that limited the effectiveness of such risk profiling. It is planned that the revised legal framework, involving amendment to Regulation (EC) No 515/97⁽¹⁾, will become applicable in mid-2016.

⁽¹⁾ Council Regulation (EC) No 515/97 of 13 March 1997 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters.



Throughout 2014, negotiations continued in the European Parliament and the Council on the draft regulation on setting up the European Public Prosecutor's Office (EPPO) ⁽¹²⁾ and on the draft directive on the fight against fraud to the EU's financial interests by means of criminal law (PIF directive) ⁽¹³⁾. Although the objective of better protecting EU finances enjoys wide support, discussions have shown that there is significant disagreement on the practical ways to achieve this objective. To enhance the understanding of the Commission's concept of the EPPO, OLAF dedicated the 12th annual conference of fraud prosecutors in October 2014 to discussing the EPPO project with practitioners. The Council's decision to set up the EPPO with a college structure was also discussed. On the draft PIF directive, the European Parliament adopted its report in first reading in April 2014. The negotiations entered the trilogue stage in October 2014, in which the European Parliament and the Council are attempting to reconcile their diverging views on this proposal.



6.2. Fraud prevention and detection activities

Within the framework of the Commission's anti-fraud strategy ⁽¹⁴⁾, OLAF also supports the Commission services in their work to raise awareness about fraud issues and develop appropriate anti-fraud training. The first report on the implementation of the strategy was published as an annex to the 2013 'Report on the protection of the financial interests of the EU' ⁽¹⁵⁾.

⁽¹²⁾ COM(2013) 534 final.

⁽¹³⁾ COM(2012) 363 final.

⁽¹⁴⁾ COM(2011) 376 final.

⁽¹⁵⁾ COM(2014) 474 final.

In 2014, OLAF organised a conference on the fight against fraud in the area of cohesion policy in Athens. It also contributed to a Commission seminar series on anti-fraud and anti-corruption in the area of European Structural and Investment Funds. In this context, OLAF ran a workshop on fraud prevention tools and guidance available to Member State authorities.

Two guidance documents were developed in 2014. One focused on the role of Member States' auditors in fraud prevention and detection; the other aimed to help Member States set out or further develop their national anti-fraud strategies for European Structural and Investment Funds.

In 2014, OLAF prepared and negotiated the four draft delegated and implementing regulations, which are required to set out the working arrangements for reporting irregularities during the 2014–20 programming period for structural actions. Their adoption is planned for 2015.

6.3. Financial support

Figure 31: OLAF's budget for expenditure programmes in 2014

Hercule programme	EUR 13.7 million
Anti-Fraud Information System (AFIS)	EUR 6.4 million
Pericles programme	EUR 0.9 million

HERCULE PROGRAMME

The Hercule programme offers funding for projects that aim to prevent and fight fraud, corruption and any other illegal activities that affect the EU's financial interests, including cigarette smuggling and counterfeiting. In February 2014, the Parliament and the Council adopted the Hercule III programme ⁽¹⁶⁾ for 2014–20 with an overall budget of over EUR 100 million. It is implemented based on annual work programmes.

⁽¹⁶⁾ Regulation (EU) No 250/2014 of the European Parliament and of the Council of 26 February 2014 establishing a programme to promote activities in the field of the protection of the financial interests of the European Union (Hercule III programme) and repealing Decision No 804/2004/EC.

The annual work programme for 2014 was adopted in May ⁽¹⁷⁾. It made EUR 13.7 million available for funding technical assistance and training projects to strengthen the capacity of customs and police forces in the Member States. In 2014, several projects funded under the 2013 budget were also launched, including technical assistance projects, training projects and conferences.

Conferences and seminars enabled staff from law enforcement agencies and non-governmental organisations/non-profit organisations from different Member States and non-EU countries to share information on best practices in the fight against irregularities, corruption and fraud. The Commission funded two digital forensic training sessions for staff of law enforcement agencies responsible for securing evidence from devices (PCs, mobile phones, etc.) seized or investigated during OLAF's investigations.

The Hercule programme funded external databases that provide, inter alia, information on vessel movements and cargo, and details of companies. Member States have access to these databases.

Eucrim journal

Eucrim is a periodical publication that serves as a Europe-wide forum for European criminal law and intends to encourage discussion among practitioners and academics. The magazine is also a forum for the Network of the Associations for European Criminal Law and for the Protection of Financial Interests of the EU. Eucrim is issued four times a year and is available in paper and electronic versions ⁽¹⁸⁾. The project is funded by OLAF under the Hercule programme.

ANTI-FRAUD INFORMATION SYSTEM

The Anti-Fraud Information System (AFIS) is a set of anti-fraud applications operated by OLAF under a common technical infrastructure that ensures the timely and secure exchange of fraud-related information between national and EU administrations. It encompasses two major areas: mutual assistance in customs matters and irregularities management on the expenditure side of the budget. All EU Member States and numerous non-EU countries, as well as the European Commission, Eurojust, Europol and some international organisations, have access to specific AFIS applications. The programme budget for 2014 was EUR 6.4 million.

PERICLES PROGRAMME

Until the end of 2014, OLAF managed the Pericles 2020 programme on behalf of the European Commission. Pericles 2020 is an exchange, assistance and training programme for the protection of the euro against counterfeiting. The amount allocated to the programme in 2014 was EUR 924 200. The overall budget for the Pericles programme for 2014–20 amounts to EUR 7.3 million. From 2015, the Pericles programme and the protection of the euro were moved under the responsibility of the Directorate-General for Economic and Financial Affairs.

⁽¹⁷⁾ C(2014) 3391 final.

⁽¹⁸⁾ <http://www.mpicc.de/eucrim>.

7. Supervisory Committee

The Supervisory Committee's mandate is to monitor OLAF's investigative function in order to reinforce the Office's independence as outlined in the OLAF Regulation. The Committee delivers opinions and recommendations to OLAF's Director-General. It may deliver these on its own initiative, at the request of the Director-General or at the request of an EU institution, body, office or agency, without however interfering with investigations in progress. The Committee furthermore adopts reports on its own activities and on the results of the investigations of OLAF ⁽¹⁹⁾.

The Supervisory Committee is composed of five members, appointed by the common agreement of the European Parliament, the Council and the Commission. In carrying out their duties, the members must not take instructions from any government, institution, body, office or agency.

The Supervisory Committee is composed of Mr Tuomas Pöysti (member since March 2013), who was elected as Chairman in November 2014, Mr Herbert Bösch (member since January 2012), Mr Johan Denolf (member since January 2012), Ms Catherine Pignon (member since January 2012) and Mr Dimitrios Zimianitis (member since February 2014). According to the OLAF Regulation, the term of office is 5 years, non-renewable. To preserve the Supervisory Committee's experience, three and two members are to be replaced alternately. In late 2013, in line with the OLAF Regulation, the president of the European Parliament drew by lot two of the current Committee members whose mandate is to end upon expiry of the first 36 months of their term in office. The European Parliament, the Council and the Commission are expected to agree on a new reserve list of candidates to allow for the replacement.

On 14 January 2014, OLAF and its Supervisory Committee signed new working arrangements. The text is available on the OLAF website.

The working arrangements set out:

- ▶ the general information that OLAF provides to the Supervisory Committee on its investigative activities;
- ▶ an agreed methodology for providing extensive information on OLAF's investigations, while fully respect-

ing the rules concerning the confidentiality of information and personal data contained in the case files;

- ▶ a time frame for the provision of this information, taking into account the Supervisory Committee's need to have regular and reliable information on OLAF's investigative activities, while reducing the burden of continuous reporting for OLAF.

In 2014, OLAF invested considerable efforts and resources to support the Supervisory Committee in its monitoring function by implementing the agreed working arrangements and providing the Committee with the information that it had requested. During the year, OLAF replied positively to all the Committee's requests for full access to cases in OLAF's case management system and granted the Committee full access to 119 cases. In accordance with the OLAF Regulation, OLAF transmitted to the Supervisory Committee 658 reports on cases lasting more than 12 months and informed the Committee of 376 recommendations issued as a result of OLAF's investigations. The Office also provided the Committee with 343 reports containing specific case-related data, as foreseen by the working arrangements. In addition, OLAF replied to the opinions issued by the Committee during 2014, namely Opinion 2/2013 on establishing an internal OLAF procedure for complaints, Opinion 1/2014 on OLAF investigation policy priorities, Opinion 2/2014 on case selection in OLAF and Opinion 3/2014 on OLAF's preliminary draft budget for 2015. The Office also assessed the implementation of 57 recommendations issued by the Committee between 2012 and 2014 and replied to the Committee's report on the implementation by OLAF of the Supervisory Committee's recommendations.

As part of an evolving process, the working arrangements are being revised to better serve the needs expressed by the Supervisory Committee and to further improve the efficiency and effectiveness of the working relationship between OLAF and the Committee.

In accordance with the OLAF Regulation, OLAF provides the Supervisory Committee with its secretariat and its budget. In September 2013, the secretariat was increased to eight staff members. Despite cuts in the financial and human resources of OLAF, as in other Commission services, the budget allocated to the Supervisory Committee and the number of staff in its secretariat have not been reduced.

⁽¹⁹⁾ http://ec.europa.eu/anti_fraud/about-us/supervisory-committee/index_en.htm.

8. Data protection

The protection of personal data is key to a successful investigation because it is a crucial element in safeguarding the rights of individuals concerned by investigations. Since OLAF was set up as an independent body, it has appointed its own data protection officer (DPO) who ensures that OLAF implements the requirements of Regulation (EC) No 45/2001 on the protection of personal data ⁽²⁰⁾, including recommendations of the European Data Protection Supervisor (EDPS).

The decisions and recommendations of the EDPS have a significant impact on how OLAF carries out its investigative activities, such as on-the-spot checks or the forensic examination of digital media.

OLAF is committed to guaranteeing the implementation of data protection requirements by staff in their daily work. To this end, OLAF's investigators are guided by the *Instructions to staff on data protection* ⁽²¹⁾, adopted by the Director-General of OLAF in April 2013. In early 2014, all OLAF investigators participated in mandatory training on respecting data protection requirements in the course of investigations.

KEY FIGURES ABOUT OLAF'S ACTIVITIES IN 2014

During 2014, OLAF received a total of 17 requests for access to data subjects' personal data, which also included one request for erasure and one objection. It granted access to each request, refused the request for erasure and rejected the objection.

Two new complaints were filed in 2014, and the two filed in previous years were still ongoing.

These figures should be seen against the fact that 1 400 cases have been opened since 1 January 2009, involving nearly 4 000 relevant data subjects (informants, whistle-blowers, witnesses and people concerned).

⁽²⁰⁾ Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community Institutions and bodies and on the free movement of such data.

⁽²¹⁾ http://ec.europa.eu/anti_fraud/olaf-and-you/data-protection/guidelines/index_en.htm.

DATA PROTECTION TRAINING FOR OLAF'S INVESTIGATORS

In early 2014, the DPO and assistant DPO offered training on the practical implementation of data protection requirements for OLAF's investigators. The training session, which was obligatory for all OLAF's investigators, was intended to ensure that:

- ▶ all relevant data subjects are identified in the case management system and that their right of information and other rights (access, rectification, blocking, erasure, objection, etc.) are respected;
- ▶ all deferrals of data subjects' rights are recorded and reviewed every 6 months during the course of the investigation and every year after the investigation is concluded;
- ▶ all transfers of personal data to non-EU countries and international organisations are recorded in the register of transfers; and
- ▶ the requirements of data quality (purpose limitation, necessity, proportionality, fair and lawful processing, etc.) are respected in all processing of personal data.

The training was repeated for newcomers in November 2014, and will become a regular part of newcomers' training.

DATA PROTECTION PAGES ON OLAF'S EUROPA WEBSITE

The Office has comprehensive information available on its Europa website concerning data protection at OLAF. A button on OLAF's homepage leads directly to the data protection pages, from which it is possible to view:

- ▶ the register of OLAF's personal data processing operations;
- ▶ the privacy statements for all OLAF's personal data processing operations;
- ▶ the legal framework for data protection at OLAF (including an up-to-date summary of EU case-law addressing data protection issues);
- ▶ OLAF's Instructions to staff on data protection; and
- ▶ documentation concerning the role and functions of the DPO.

The information is regularly updated.



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