



# Annual Activity Report 2021

THE EUROPEAN ANTI-FRAUD OFFICE (OLAF)

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## THE DG IN BRIEF

The European Anti-Fraud Office (OLAF) **protects EU revenue and expenditure** through independent administrative investigations into suspected fraud and corruption. OLAF also **investigates serious misconduct** by EU staff and members of the EU Institutions, bodies, agencies and offices, according to its mission. In addition to its investigative work, OLAF coordinates the implementation of the **Commission Anti-Fraud Strategy** and develops **fraud risk analysis and anti-fraud policy measures** to support Commission services. The Office also contributes to implementation of anti-fraud legislation and policies and contributes to upholding the **rule of law in the EU**.

**OLAF's mission and political priorities** are guided by the Treaty on the Functioning of the European Union and further defined by the political framework set out in the President's six headline ambitions and in a seventh horizontal objective: "A modern, high-performing and sustainable European Commission". OLAF's relations with stakeholders are guided by **cooperation, trust and transparency**. OLAF has its own Spokesperson and press team, communicating with media on investigative activities. During the COVID-19 pandemic, the team widened its outreach on social media and promoted OLAF activities to ensure citizens' health and safety and protection of the EU budget.

The new **OLAF Regulation**<sup>1</sup>, which entered into force on 17 January 2021, increased effectiveness of OLAF investigations and adapted the Office to a new anti-fraud landscape, which evolved with the arrival of the **European Public Prosecutor's Office** (EPPO) on 1 June 2021. OLAF underwent a small-scale reorganisation to centralise coordination of its operational cooperation with the EPPO, and strengthen monitoring of the follow-up to OLAF's recommendations.

OLAF has faced operational challenges during the **COVID-19 pandemic**. It has been difficult to carry out on-the-spot-checks and missions. The Office activated business continuity measures, which allowed investigators to continue their work and the Office to maintain cooperation with partners in the EU and third countries. OLAF worked intensively to tackle **COVID-19 related fraud attempts**. For example, OLAF conducted inquiries into the illicit trade of personal protective equipment linked to the COVID-19 pandemic with over 100 million items seized. OLAF warned governments and partners across the world against fake offers of COVID-19 vaccines.

In 2021, OLAF contributed to the assessment of national **Recovery and Resilience plans** and provided training on fraud risk to national authorities and bodies in charge of audit and control of the national plans. Since 2021, OLAF manages the **Union Anti-Fraud Programme** (UAFP)<sup>2</sup>. In 2021, OLAF continued its good cooperation with its **Supervisory Committee**. New working arrangements were signed on 21 October 2021.

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<sup>1</sup> Regulation (EU, EURATOM) 2020/2223 amending Regulation (EU, EURATOM) No 883/2013

<sup>2</sup> Regulation (EU) 2021/785 of the European Parliament and of the Council of 29 April 2021 establishing the Union Anti-Fraud Programme and repealing Regulation (EU) No 250/2014

## **EXECUTIVE SUMMARY**

This Annual Activity Report is a management report of the Director-General of **the European Anti-Fraud Office** to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties.

## **A. Key results and progress towards achieving the Commission's general objectives and DG's specific objectives (executive summary of section 1)**

The European Anti-Fraud Office (OLAF) is a modern investigative body at the service of EU taxpayers. It protects the integrity of the EU single market and the financial interests of the Union. The seven specific objectives presented below describe how OLAF contributed to the achievement of the President's six headline ambitions and to the seventh horizontal objective: "A modern, high-performing and sustainable European Commission" in 2021.

### **Specific objective 1: Efficient and effective management of OLAF's investigations**

In 2021, OLAF staff continued to work tirelessly to protect the interests of the EU and its citizens despite challenging circumstances. In all activities, OLAF investigators applied the highest standards of protection of fundamental rights and procedural guarantees, ensured also by the internal independent legality check and review function.

For the second year in a row, **COVID-19 restrictions** made it difficult for OLAF to carry out missions and investigative activities such as on-the-spot-checks and had a negative impact on operational effectiveness and the duration of investigations.

Another important factor influencing OLAF's operational activities was the start of a new important partner for OLAF, the EPPO, in June 2021. OLAF has adjusted its investigative procedures to optimise cooperation with the EPPO.

These two external factors had an impact on the **average duration of closed selections**, the first Key Performance Indicator. It increased from 1.7 months in 2020 to 1.9 months in 2021, which was still below the target of 2.1 months. The **average duration of closed investigations**, the second Key Performance Indicator, rose from 24.4 months in 2020 to 25.2 months in 2021, which was above the target of 24.3 months.

For investigations closed in 2021, the amount recommended for **financial recovery** was 525.9 million euro, compared with 293.5 million euro in 2020. The financial impact of OLAF investigations in relation to its administrative budget increased to 1.9 in 2021 compared with 1.4 in 2020.

OLAF, stepped up its work to tackle **fraudulent activities related to the COVID-19 pandemic** such as illicit trade in medical equipment and personal protective equipment (PPE). OLAF successfully conducted inquiries into the illicit trade of personal protective equipment linked to the COVID-19 pandemic with over 100 million items seized. OLAF warned governments and partners across the world against fake offers of COVID-19 vaccines. By the end of 2021, these fake offers represented almost 1.2 billion vaccine doses for a total asking price of over 16.4 billion euro.

### **Specific objective 2: Compliance with legal obligations under Regulation (EU) 2018/1725**

OLAF continued to ensure **timely replies to the European Data Protection Supervisor** (EDPS) as well as to citizens' requests for access to personal data, rectification, blocking, erasure and objection. Despite the challenges in complying with the short deadlines (one month that may be prolonged to three months in justified cases) introduced by Regulation 2018/1725, OLAF managed all requests on time.

### **Specific objective 3: Cooperation between OLAF and the European Public Prosecutor's Office (EPPO) to ensure better protection of the EU's financial interests**

When the **European Public Prosecutor Office** (EPPO) became operational in 2021, it was a game-changer for the EU's anti-fraud landscape. To facilitate cooperation between the two offices, OLAF set up a dedicated team in June 2021.

A **Working Arrangement between OLAF and the EPPO** was signed on 5 July 2021. OLAF also adopted new **Guidelines on Investigation Procedures for OLAF Staff** (GIPs) in September 2021 to transpose provisions of the revised OLAF Regulation into the internal guidelines, and to align the guidelines with the requirements of cooperation with the EPPO.

When the EPPO started on 1 June 2021, OLAF was ready to kickstart the operational cooperation between the two bodies from day one. In the first seven months of operational work of the EPPO, OLAF contributed considerably to the opening of criminal investigations by the EPPO, transferring some 169 cases to the EPPO. OLAF invested considerable efforts to successfully transfer all cases and engage with the newly appointed European Prosecutors and European Delegated Prosecutors.

The EPPO opened **criminal investigations** in more than 80 of these transferred cases. Some successes of OLAF-EPPO cooperation are already evident. For example, in June 2021, OLAF informed the EPPO about a potential fraud committed concerning a project co-funded by the European Regional Development Fund (ERDF) in Croatia. During its complementary investigation and in close cooperation with the EPPO, OLAF conducted two on-the-spot checks combined with digital forensic operations in Croatia. In November 2021, four suspects were arrested at the request of the EPPO.

### **Specific objective 4: Strengthen EU framework to combat customs fraud**

In 2021, OLAF negotiated three **international agreements containing mutual administrative assistance (MAA)** and anti-fraud provisions to facilitate exchange of information on breaches of customs legislation and fraud cases. A new agreement with the UK containing such provisions entered into force on 1 May 2021.

To support mutual assistance activities in the anti-fraud area, IT systems are accessible to authorities in the Member States and Commission departments. In 2021, OLAF developed and improved these systems, for example the new module on cash control of the Customs Information System and developed an automated system for the exchange of mutual assistance requests and replies, which went live on 21 January 2021.

In 2021, **11 Joint Customs Operations (JCOs) were co-organised** or supported by OLAF covering a broad spectrum of targets for example tobacco smuggling, counterfeit protective face-masks and COVID-19 and substandard oncological medicines and hormonal substances.

### **Specific objective 5: Strengthen EU framework to fight illicit tobacco trade**

In 2021, OLAF continued implementing the 2<sup>nd</sup> Action Plan to fight the illicit tobacco trade 2018-2022. The Action Plan contains 50 specific policy and enforcement measures, including the strengthening of cooperation with relevant European partners, the implementation of the WHO **FCTC Protocol to Eliminate Illicit Trade in Tobacco Products**, and activities linked to the EU traceability system for tobacco products. In 2021, 22 of the at least 25 actions for which OLAF is responsible, were completed.

In 2021, the Administrative Agreement between OLAF and the Joint Research Centre (JRC) as regards the operation of the laboratory facility for the analysis of seized cigarettes (TOBLAB) was renewed. **TOBLAB** produced and disseminated 91 analysis reports on tobacco samples submitted by Member States.

### **Specific objective 6: Implementation of the Commission Anti-Fraud Strategy (CAFS) to protect the financial interests of the EU**

Preventing fraud from happening - rather than correcting it later - is a crucial element to ensure that EU money reaches its intended beneficiaries. The **Commission Anti-Fraud Strategy (CAFS)** from 2019 plays a significant role to prevent the possible misuse of EU money. In November 2021, 75 % of measures under the CAFS Action Plan were completed.

In 2021, OLAF continued raising fraud awareness, notably by providing **32 training sessions to Commission** services and agencies, Joint Undertakings and external partners. OLAF also provided advice to Commission services on their anti-fraud strategies, and continued cooperation with the services in the framework of the Early Detection and Exclusion System (EDES).

Drawing on its analysis and experience, OLAF contributed to the assessment of the national **Recovery and Resilience plans**. It also delivered a specific training on fraud risks at an event organised by the Directorate-General for Economic and Financial Affairs (ECFIN) for national authorities and bodies in charge of audit and control of the implementation of the plans.

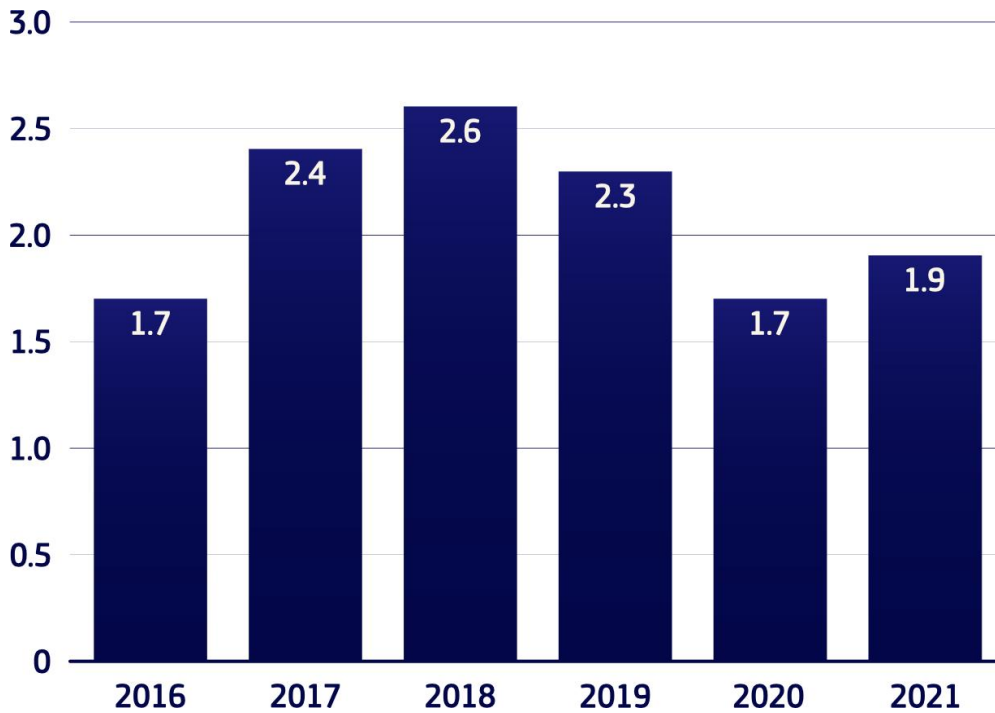
### **Specific objective 7: Support to national authorities and other partners in the protection of EU's financial interests through the EU Anti-Fraud Programme**

The Commission adopted the first Financing Decision for the **Union Anti-Fraud Programme (UAFP)** on 23 July 2021. On the same day, two calls for proposals were published on Technical Assistance and Training, Conferences, Staff Exchanges and Studies. 55 proposals were received, which at the end of the reporting period were still being reviewed.

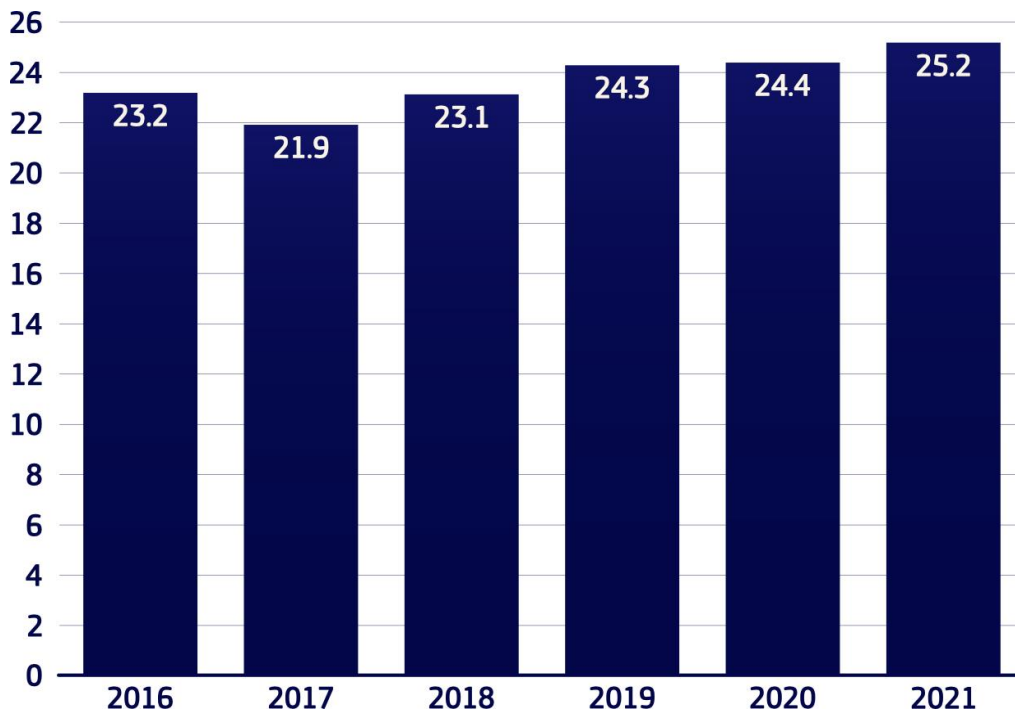
In addition, the Commission conducted the final evaluation of the **Hercule III Programme 2014-2020**. The evaluation report supported the rationale and implementation of the programme. The actions related to technical assistance and training were found to be highly effective and generating a both direct and indirect positive impact.

## B. Key Performance Indicators (KPIs)

### 1. Average duration of closed selections (in months) Target 2021: 2.1 months



### 2. Average duration of closed investigations (in months) Target 2021: 24.3 months





## **C. Key conclusions on Financial management and Internal control (executive summary of section 2.1)**

In line with the Commission's Internal Control Framework OLAF has assessed its internal control systems during the reporting year and has concluded that it is effective and the components and principles are present and functioning as intended. Please refer to AAR section 2.1.3 for further details.

In addition, OLAF has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2.1 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. The Director-General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

## **D. Provision of information to the Commissioner**

In the context of the regular meetings during the year between the DG and the Commissioner on management matters, the main elements of this report and assurance declaration, have been brought to the attention of Commissioner Hahn, responsible for Budget and Administration.

# 1. KEY RESULTS and progress towards achieving the Commission's general objectives and DG's specific objectives

## Specific objective 1: Efficient and effective management of OLAF investigations

In 2021, OLAF maintained an overall strong investigative performance despite difficult circumstances due to COVID-19 restrictions for a second consecutive year.

Missions and on-the-spot checks, with access to the premises of the economic operators and, where appropriate, forensic operations, are an essential investigative tool. During 2020 and 2021, the number of OLAF missions was only at around 30 % of pre-COVID-19 levels. The difficulty faced by OLAF in carrying out missions and on-the-spot checks was mitigated to a certain extent by cooperation with national authorities, but inevitably impacted on the duration of investigations. In 2021, despite a globally strong performance, certain cases had to be put on hold as investigative actions could not be carried out.

In addition, the entry into operations of the EPPO in June 2021 impacted the duration of OLAF's investigations. OLAF is bound to report to the EPPO cases from 20 November 2017 potentially falling under the EPPO's competence. The EPPO then has to decide whether to open a criminal investigation. Pending the EPPO's decision, OLAF could not carry out investigative activities in these cases. As the EPPO had to process simultaneously all cases from OLAF and national administrations, this inevitably resulted in an increased duration of the 169 cases reported by OLAF.

The **average duration of closed selections**, the first Key Performance Indicator, increased from 1.7 months in 2020 to 1.9 months in 2021, which was still below the target of 2.1 months. The **average duration of closed investigations**, the second Key Performance Indicator, rose from 24.3 months in 2020 to 25.2 months in 2021, which was above the target of 24.3 months.

OLAF's investigative activities have a strong preventive and deterrent effect. After an investigation, OLAF issues recommendations to EU institutions, bodies, offices or agencies (IBOAs) to recover taxpayer's money spent on projects subject to irregularities or to collect customs duties illegally kept from the EU budget. OLAF also addresses recommendations to Member States' judicial authorities to punish fraudsters under criminal law. Similarly, through its disciplinary recommendations, OLAF requests sanctioning of wrongdoing.

In 2021, OLAF closed investigations resulting in 525.9 million euro recommended for **financial recovery**. In 2020 it was 293.5 million euro. The financial impact of OLAF investigations in relation to its administrative budget increased to 1.9 in 2021 compared with 1.44 in 2020.

Since 2019, OLAF and other Commission services have been working together to reinforce the implementation of OLAF recommendations. The dedicated Task Force Monitoring established by the Director-General in December 2019, was transformed into a unit in June 2021 to further strengthen the monitoring of the follow-up to OLAF's recommendations.

Another key achievement in 2021 was the progress made at Commission level, with OLAF in the lead, on monitoring the follow-up of OLAF's recommendations. In 2020-2021, OLAF conducted a **stocktaking exercise of the follow-up to financial recommendations** in cooperation with the Directorate-General for Budget (BUDG). Between 2012 and 2020, OLAF financial recommendations amounted to 7.075 billion euro (or 4.324 billion euro when excluding five major traditional own resources-undervaluation cases representing particularly high amounts<sup>3</sup>). Based on OLAF's recommendations, the Commission departments have determined the actual financial amounts established to be recovered at 2.208 billion euro, of which 1.166 billion euro had already been recovered by the beginning of 2021.

OLAF stepped up its work to tackle **COVID-related fraud attempts** such as illegal trade and counterfeiting of for example medical equipment and personal protective equipment (PPE). OLAF successfully conducted inquiries into the illicit trade of personal protective equipment linked to the pandemic with over 100 million items seized. OLAF warned governments and partners across the world against fake offers of COVID-19 vaccines. By the end of 2021, fake offers represented almost 1.2 billion vaccine doses for a total asking price of over 16.4 billion euro.

### **OLAF's external communication**

In 2021, OLAF focused on explaining its unique and vital role in helping to keep Europe safe, healthy and fit for the future. OLAF also continued to stress its work to defend the money of European taxpayers from fraud and to make sure EU funding reaches the people and projects for whom it was intended.



The development of an impactful press, web and social media presence was at the centre of OLAF's external communication activities. OLAF supported journalists in reporting on our investigative achievements, such as complex cross-border fraud schemes, evasion of customs duties by organised criminal groups or operations against smuggling of counterfeit, illicit and dangerous products that risk harming the environment and EU's green ambitions such as illicit refrigerant gases, illegal pesticides and waste trafficking.

The **OLAF external communication team** explained OLAF's role in ensuring the safety of citizens (for example stopping shipments of fake or sub-standard masks and gels) as well as in

protecting the unprecedented levels of EU money in support of the EU economy and its recovery. OLAF's work on fraudulent offers of vaccines against COVID-19 to national authorities in the EU has been at the centre of attention during the first half of the year, while the protection of future

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<sup>3</sup> More than a third (EUR 2.751 billion) of the total OLAF recommended amounts for recovery (EUR 7.075 billion) relates to five major traditional own resources-undervaluation cases, which are pending in view of an ongoing case in the Court of Justice.

funding provided for the EU's recovery from the COVID-19 crisis and cooperation with the newly created European Public Prosecutor's Office have led to much media interest especially during the second half of 2021.

This meant a steady external outreach, in line with the previous year: OLAF **published 24 press releases and nine news items in 2021**. The solid number of interviews with influential media outlets across Europe – and beyond – was also maintained: 33 interviews and nine background briefings. Throughout the year, OLAF became more active on Twitter, with more than 5100 followers, a notable increase from 3900 followers the previous year. OLAF is now also active on LinkedIn with 1800 subscribers. Cooperation with national administrations via the OLAF Anti-Fraud Communicators' Network (OAFCN) and institutional partners intensified, resulting in many joint press items with national and international partners such as Europol and Eurojust.

OLAF's annual report focused on OLAF's role in keeping citizens healthy and safe. The report was presented during a virtual press conference, which drew considerable media attention.

## **Specific objective 2: Compliance with legal obligations under Regulation (EU) 2018/1725**

OLAF continued implementing its specific objective of compliance with legal obligations related to the processing of personal data.

Persons involved in OLAF investigations can complain to the European Data Protection Supervisor (EDPS) in relation to the processing of their personal data. In 2021, OLAF handled in a timely manner two complaints against OLAF submitted to the EDPS, which are ongoing. In 2021, OLAF provided timely replies to the EDPS in the context of an EDPS audit concerning the follow-up given to EDPS recommendations on Internal rules on restrictions under Article 25 of Regulation (EU) 2018/1725.

In relation to requests to exercise data subject rights (access, erasure, rectification, objection, restriction of processing), OLAF received eleven requests in 2021. One request received by OLAF in November 2021 is still pending and therefore not considered for the purpose of the 2021 results. Of ten requests treated in 2021, six were for access, one for access combined with rectification and objection to processing, two for erasure combined with restriction of processing, and one was for restriction of processing. Despite the challenges in implementing the short deadlines (one month that may be prolonged to three months in justified cases) introduced by Regulation 2018/1725, OLAF managed all requests on time.

## **Specific objective 3: Cooperation between OLAF and the EPPO to ensure better protection of the EU's financial interests**

The **European Public Prosecutor Office** (EPPO) became operational in June 2021. It is a game-changer for the EU's anti-fraud landscape with a substantial impact on OLAF operational activities. To facilitate cooperation between the two offices, OLAF set up a new team within one of its units in June 2021.

OLAF and the EPPO signed a **Working Arrangement** 5 July 2021. OLAF also adopted new **Guidelines on Investigation Procedures for OLAF Staff** (GIPs) to transpose provisions of the revised OLAF Regulation into the internal guidelines, and to align with the new operational cooperation with the EPPO. OLAF will continue to revise the guidelines in 2022 to include issues currently addressed in other internal instructions, and to take into account new practice established in the framework of OLAF cooperation with the EPPO.

The OLAF-EPPO cooperation was successful from the start. In the months leading up to the EPPO's operational start, OLAF conducted the necessary internal exercises to ensure it would be a strong partner from the beginning. This included:

- revision and selection of cases potentially falling under the EPPO's material and temporal competence,
- revision of internal procedures to accommodate EPPO decisions on these cases and ensure the operational implementation of the OLAF-EPPO working arrangements,
- reorganisation of the Office to simplify coordination with EPPO counterparts and awareness raising amongst staff in OLAF and the Commission

When the EPPO started on 1 June 2021, OLAF was ready to kickstart the operational cooperation between the two bodies from day one. In the first seven months of operational work of the EPPO, OLAF contributed considerably to the opening of criminal investigations by the EPPO, transferring some 169 cases to the EPPO. OLAF invested considerable efforts to successfully transfer all cases and engage with the newly appointed European Prosecutors and European Delegated Prosecutors.

The EPPO opened **criminal investigations** in more than 80 of these transferred cases. Some successes of OLAF-EPPO cooperation are already evident. For example, in June 2021, OLAF informed the EPPO about a potential fraud committed concerning a project co-funded by the European Regional Development Fund (ERDF) in Croatia. During its complementary investigation and in close cooperation with the EPPO, OLAF conducted two on-the-spot checks combined with digital forensic operations in Croatia. In November 2021, four suspects were arrested at the request of the EPPO.

The EPPO is competent for offences taking place since the entry into force of the EPPO Regulation in November 2017, although it did not start its operations until June 2021. All national authorities and EU bodies must report cases to the EPPO.

The two bodies have distinct and complementary mandates. The EPPO conducts criminal investigations and prosecutions to ensure the protection of the EU financial interests and OLAF conducts administrative investigations at Union level. The legal framework allows OLAF and EPPO to cooperate in complementary investigations.

Complementarity means that OLAF will address aspects of the protection of the financial interests, disciplinary or administrative actions. This facilitates a speedy recovery of funds, adoption of precautionary measures and development of systemic solutions where shortcomings are identified. These actions are crucial for ensuring a comprehensive protection of the EU budget.

**In 2021, OLAF and the EPPO cooperated in 26 complementary investigations** and in three instances so far OLAF made financial recommendations for the recovery of EU funds. One example concerns a major customs case with VAT fraud. In 2021, OLAF finalised an investigation involving import of goods from China. The case revealed a suspected 14 million euro fraud in underpaid customs duties and an estimated 93 million euro in VAT evaded. OLAF carried out an administrative investigation to determine if financial losses had occurred against the EU budget and issued financial recommendations to the 11 Member States affected. The criminal aspects were reported to the EPPO for a possible criminal investigation in respect of the Member States concerned.

The current legal framework allows the two bodies to support each other in the execution of their respective mandates. OLAF can support the EPPO in its investigations with expertise as well as operational and analytical tools. In 2021, OLAF supported the EPPO in nine cases.

To investigate fraud and corruption cases under the Recovery and Resilience Facility (RRF), as it does in other areas of EU funding, OLAF is cooperating with national authorities and partners at EU level. OLAF, the EPPO, Eurojust, and 19 EU Member States launched the **Operation Sentinel** on 15 October 2021 to fight fraud against the stimulus package NextGenerationEU. The operation will run for at least a year with focus on proactive intelligence sharing, information exchange and coordination of joint activities targeting tax evasion, excise fraud, corruption, embezzlement, misappropriation and money laundering.

#### **Specific objective 4: Strengthen EU framework to combat customs fraud**



In 2021, following an evaluation of Regulation (EC) No 515/97, OLAF assessed the need for a revision. The Regulation is the main instrument on customs mutual assistance and allows Member States' national authorities to exchange information among themselves and with the Commission to ensure the correct application of the EU legislation. During this evaluation, stakeholders, in particular the Member States, expressed general satisfaction with the regulation. They considered it fulfils its objectives and is a good instrument to tackle new challenges arising in the customs anti-fraud area. OLAF will explore how to implement the suggestions for improvement expressed during the evaluation through practical and non-legislative actions.

At international level, in 2021, OLAF negotiated three international agreements containing **mutual administrative assistance** (MAA) and anti-fraud provisions to facilitate exchange of information on breaches of customs legislation and fraud cases. A new agreement with the UK containing such provisions entered into force on 1 May 2021.

In order to support the mutual assistance activities in the anti-fraud area, Regulation (EC) No 515/97 establishes several IT systems (CIS – Customs Information System, FIDE – Customs File Identification Database, CSM – Container Status Messages directory, and IET – Import, Export and Transit directory), which are accessible to competent Member States' authorities and designated Commission departments. In 2021, OLAF pursued its efforts in developing and improving the systems. In particular, OLAF managed to make sure that the new module on cash control of the CIS was up and running on 3 June 2021 - the date of the entry into force of Regulation (EU) 2018/1672<sup>4</sup>. OLAF also continued to develop an automated system for the exchange of mutual assistance requests and replies (MAS – Mutual Assistance System), which went live on 21 January 2021. All these applications are available under the umbrella of the Anti-Fraud Information System (AFIS). In 2021, OLAF also developed a strategic vision on the future development of the AFIS applications in order to strengthen the collection, the interconnectivity and the analysis of data.

In addition to its investigative activities, OLAF coordinates and cooperates in large-scale **Joint Customs Operations** (JCOs) involving EU and international operational partners. In 2021, 11 JCOs were co-organised or supported by OLAF covering a broad spectrum of targets: from the fight of tobacco smuggling, counterfeit and/or substandard protective face-masks and COVID-19 related medical equipment, counterfeit and substandard oncological medicines and hormonal substances, counterfeit food and beverages, counterfeit and hazardous toys to the detection of goods undervaluation, the smuggling of CITES protected species of wild fauna and flora and the control of cash entering or leaving the EU.

In 2021, OLAF and the Commission's Joint Research Centre (JRC) started the implementation of a project called '**Customs Anti-Fraud Emerging Technologies**' (CAFET) to help Member States make best use of the data at their disposal in existing databases and IT systems, and strengthen their analytical capacities in the customs anti-fraud area. This new project replaces the previous INTEL4CUSTAF (Data analysis for customs anti-fraud purposes). Whilst opportunities to associate Member States to CAFET were limited during 2021, OLAF intends to more closely associate Member States with this work in the coming years.

## **Specific objective 5: Strengthen EU framework to fight illicit tobacco trade**

In 2021, OLAF continued implementing the 2<sup>nd</sup> Action Plan to fight the illicit tobacco trade 2018-2022. The Action Plan contains 50 specific policy and enforcement measures, including the strengthening of cooperation with relevant European partners, the implementation of the WHO **FCTC Protocol to Eliminate Illicit Trade in Tobacco Products**, and activities linked to the EU traceability system for tobacco products. In 2021, 22 of the at least 25 actions for which OLAF is responsible, were completed.

At the international level, in 2021, OLAF took an active part in the work under the FCTC Protocol (now comprising 64 Parties, including the EU and the majority of its Member States) by taking a leading role in the two working groups established under the FCTC Protocol, namely the **Working Group on Tracking and Tracing** and the **Working Group on Assistance and Cooperation**. The reports of these two groups were adopted in April 2021.

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<sup>4</sup> Regulation (EU) 2018/1672 of the European Parliament and of the Council of 23 October 2018 on controls on cash entering or leaving the Union and repealing Regulation (EC) No 1889/2005



On 15-17 November 2021, the 2<sup>nd</sup> Meeting of Parties to the FCTC Protocol (MOP2) took place in a virtual setting. OLAF ensured close coordination with the Member States to express a common position at each stage of the decision making process. All the decisions submitted to the Parties were adopted, including the reports of the two working groups, a comprehensive Assistance Strategy, as well as the budget and workplan for the next biennium 2022-2023 and a mandate to launch an investment fund to seek for complementary financing for the Protocol. MOP2 also confirmed the continuation of the Working Group on Tracking and Tracing to prepare for the implementation of the Global Information-Sharing Focal Point, which aims to allow Parties to make enquiries and receive relevant information for the purpose of the detection or investigation of illicit trade in tobacco products by 2023. Moreover, in 2021, OLAF continued to promote the FCTC Protocol with relevant third countries, notably in our Eastern neighbourhood and in key source and transit countries.

In 2021, the Administrative Agreement between OLAF and the Joint Research Centre (JRC) as regards the operation of the laboratory facility for the analysis of seized cigarettes (TOBLAB) was renewed. TOBLAB produced and disseminated 91 analysis reports concerning tobacco samples submitted by Member States.

### **Specific objective 6: Implementation of the Commission Anti-Fraud Strategy (CAFS) with a view to protecting the financial interests of the EU**

Preventing fraud from happening – rather than correcting it later – is a crucial element to ensure that EU money reaches its intended beneficiaries. The **Commission Anti-Fraud Strategy (CAFS)** adopted in April 2019 plays a significant role to prevent the possible misuse of EU money. The CAFS is accompanied by an Action Plan with 63 actions to be implemented mainly by OLAF and other Commission services.

Two and a half years after its adoption, significant progress has been made in the implementation of the CAFS Action Plan, in both OLAF and the Commission actions, despite considerable resource constraints. The progress is the result of persistent efforts and cooperation within OLAF and the Commission. Implementation has been discussed in the regular meetings of the Fraud Prevention and Detection Network.

75 %, or 47 of the 63 actions, of the CAFS Action Plan were completed by November 2021. 16 actions are either partially done or ongoing<sup>5</sup>. This is considerable progress compared to the situation last year with 35 % of the actions completed in 2019 or 2020.

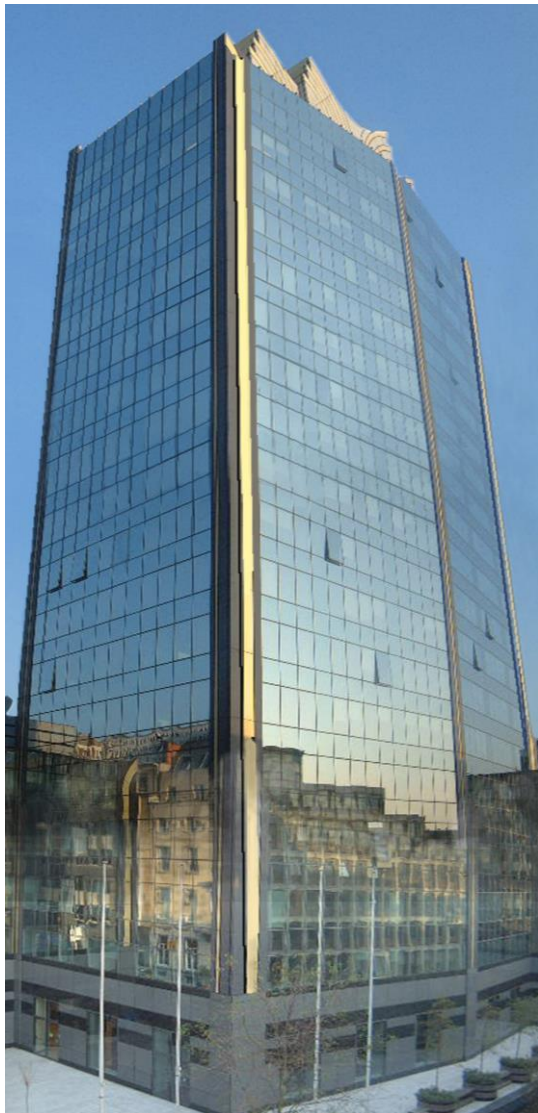
As regards the first of the main objectives, “data collection and analysis”, a number of actions were taken. For example, the 2020 Annual Report on the Protection of the EU’s financial interests (the PIF Report) contained an analysis of irregularities and fraud affecting healthcare infrastructure investments financed from the European Structural and Investment Funds (ESIF) and highlighted the risks linked to the COVID-19 crisis and the implementation of the Recovery and Resilience Facility (RRF). The report contained recommendations to the Member States to review their risk assessment frameworks taking these risks into account. OLAF’s strategic

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<sup>5</sup> OLAF has implemented 80 % (20 of 25) of the actions in the CAFS Action Plan for which OLAF is responsible.

analysis team progressed on a report on the “future of fraud” in line with the Commission’s ambition to improve strategic foresight.

To further improve one of its main sources of anti-fraud data, OLAF launched an external study on the future of the Irregularity Management System (IMS) with a particular focus on possible interoperability with other corporate IT tools.



As regards the second of the main objectives, “coordination, cooperation and processes”, considerable progress has been achieved. Most notably, contacts and cooperation with other Commission services have been intensified in recent years. One of the more successful OLAF actions has been the setting up of Fraud Prevention and Detection Network subgroups of the Commission Directorates-General by management mode. These groups meet regularly, to discuss for instance the implementation of the CAFS Action Plan and challenges related to the specific policy areas. On demand from members of the Fraud Prevention and Detection Network, two additional subgroups were launched in spring 2021, one on internal cases and one on fraud risk management. Furthermore, a subgroup has been created to coordinate the Commission’s relations with the EPPO.

In July 2021, OLAF launched a stocktaking exercise on the follow-up of administrative recommendations issued between 2016 and 2020, including recommendations related to the Early Detection and Exclusion System (EDES).

In 2021, OLAF continued raising fraud awareness, notably by providing 32 training sessions to Commission services and agencies, joint undertakings and external partners. OLAF also provided advice to

Commission services on their anti-fraud strategies, and continued cooperation with the services in the framework of the EDES. Smooth cooperation with the EDES panel remained a high priority for OLAF, as such cooperation contributes to sanctioning fraudulent and other unreliable recipients of EU funding swiftly and with a deterrent effect.

Drawing on its analysis and experience, OLAF contributed to the assessment of national Recovery and Resilience plans. It also delivered a specific training on fraud risks at an event organised by the Directorate-General of Economic and Financial Affairs (DG ECFIN) for national authorities and bodies in charge of audit and control of the implementation of the plans.

The respect for the **rule of law** in the Member States is important for the protection of the EU’s financial interest. Drawing on its investigative experience, OLAF contributes to the Commission’s rule of law toolbox, including the Commission Rule of Law Report and the new Rule of Law

conditionality mechanism. In this respect, OLAF is developing a concept to embed in the OLAF Case Management System ('OCM') to ensure that any possible rule of law breaches, encountered in the conduct of its administrative investigations, will be recorded and documented to feed into the Rule of Law Conditionality Mechanism.

In 2021, the Directorate-General for Justice and Consumers and OLAF continued to monitor the **transposition of the PIF Directive**<sup>6</sup> into national law. In its initial transposition check, the Commission launched infringement proceedings in 2019 against 14 Member States for incomplete transposition. By the end of 2021, 13 out of these 14 procedures were closed. In the subsequent conformity check, the Commission services was assessing the compatibility of these notified national transposition measures with the Directive's provisions and obligations. In December 2021, the Commission launched infringement proceedings for incorrect transposition against eight Member States.

### **Specific objective 7: Support to national authorities and other partners in the protection of EU's financial interests through the EU Anti-Fraud Programme**

Following the political agreement on the Multiannual Financial Framework 2021-2027, the trilogue negotiations on the Commission Proposal for the **Union Anti-Fraud Programme (UAFP)** were concluded on 8 December 2020. The UAFP Regulation<sup>7</sup> entered into force on 18 May 2021 and was applied retroactively as from 1 January 2021.

To implement the UAFP, the Commission adopted the Financing Decision 2021 and the Annual Work Programme 23 July 2021, allocating 15.2 million euro to the fight against fraud, corruption and any other illegal activities affecting the EU budget. On the same date, two calls for proposals were published: (1) Technical assistance (indicative budget 9.3 million euro) and (2) Training, Conferences, Staff Exchanges and Studies (indicative budget 1.6 million euro). 55 proposals were received in response, and the review of these was nearing its finalisation at the end of the reporting period.

In addition, the Commission in 2021, with the support of an external contractor, conducted a final evaluation of the Hercule III Programme 2014-2020. The Commission Communication<sup>8</sup> on the final evaluation and the accompanying Staff Working Document were adopted on 16 December 2021. The report contains a number of conclusions and recommendations, which support the rationale and implementation of the programme. The Evaluation notes that the UAFP is highly relevant in supporting the Member States activities related to fighting fraud. The actions related

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<sup>6</sup> Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law

<sup>7</sup> Regulation (EU) 2021/785 of the European Parliament and of the Council of 29 April 2021 establishing the Union Anti-Fraud Programme and repealing Regulation (EU) No 250/2014

<sup>8</sup><https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12435-Fraud-prevention-final-evaluation-of-the-Hercule-III-programme-2014-20- en>

to technical assistance and training were found to be highly effective and generating positive direct (technical equipment) and indirect (training) impact. For the future a stronger focus on expenditure and emerging threats such as cyber issues was recommended. Finally, the programme is considered internally and externally coherent, even if continued attention will be required for the proper alignment of the successor programme to Hercule III with relevant other Commission programmes.

The 2021 Financing Decision and Work Programme under the new UAFP largely anticipated these findings. Notably, there is full alignment with other programmes as well as a stronger focus on expenditure and emerging threats. In that sense, there is a high level of convergence between the findings of the Evaluation, based on the consultant's study, and the new practice under the UAFP.

## **2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL**

### **2.1. Financial management and internal control**

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitor the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director-General. The following reports have been considered:

- the reports from Authorising Officers in other DGs managing budget appropriations in cross-delegation;
- the reports from Authorising Officers by Subdelegation (AOSD);
- the contribution by the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at DG level;
- the reports of the ex-post supervision and audit results;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Article 92.3 of the Financial Regulation<sup>9</sup>);
- the opinion of the internal auditor on the state of control, and the observations and recommendations reported by the Internal Audit Service;
- the observations and the recommendations reported by the European Court of Auditors and
- periodic reports to management on resource issues.

These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of OLAF.

This section covers the control results and other relevant elements that support management's assurance. It is structured into 2.1.1 Control results, 2.1.2 Audit observations and recommendations, 2.1.3 Effectiveness of internal control systems, and resulting in 2.1.4 Conclusions on the assurance.

Although in 2021, Europe was strongly impacted by the COVID-19 pandemic, which has posed challenges as regards performance, control, audit and assurance in relation to the 2021 EU budget, OLAF's budget implementation was not affected. Hence, OLAF maintained the same control standards as in previous years.

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<sup>9</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012

### 2.1.1. Control results

This section reports and assesses the elements identified by management, which support the assurance on the achievement of the internal control objectives<sup>10</sup>. OLAF's assurance building and materiality criteria are outlined in AAR Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

OLAF is a low spending DG in the Commission with a total budget of 85.9 million euro (61.6 million euro administrative and 24.3 million euro operational<sup>11</sup> managed in direct management mode). Financial resources managed by the Office fall into four types:

- administrative expenditure managed through the Office's own budget, which is annexed to that of the Commission;
- operational expenditure: Union Anti-Fraud Programme;
- crossed-subdelegated funds received from Directorate-General for Neighbourhood and Enlargement Negotiations (15 000 euro)
- internal assigned revenue under Article 21(3)(c) of the Financial Regulation.

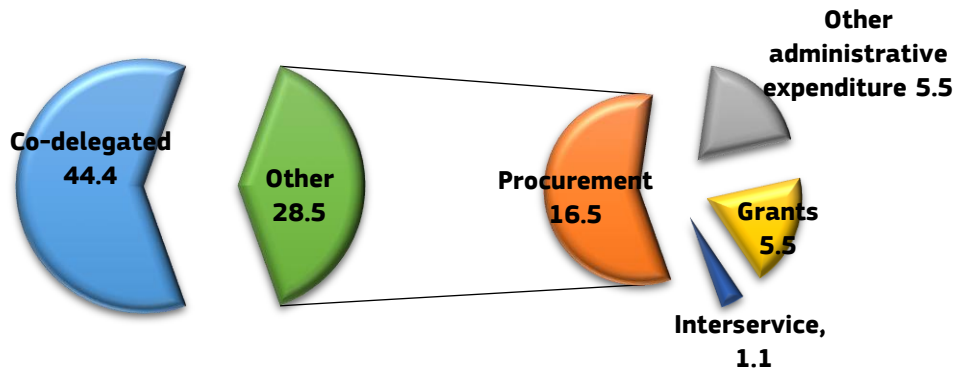
Approximately 61 % (44.4 million euro) of OLAF's administrative budget was co-delegated to the Paymaster Office (PMO), Infrastructure and Logistics Office (OIB), Publications Office (OP), Secretariat-General and Directorates-General for Human Resources (HR), Competition (COMP), International Partnerships (INTPA) and Informatics (DIGIT). Additionally, OLAF has co-delegated the implementation of a share of its operational budget (AFIS) to the Directorate-General for Taxation and Customs Union (TAXUD). Management assurance for this part of the budget depends on the assurance provided by the Authorising Offices by Delegations (AOD) of these entities in their own Annual Activity Reports.

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<sup>10</sup> 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.

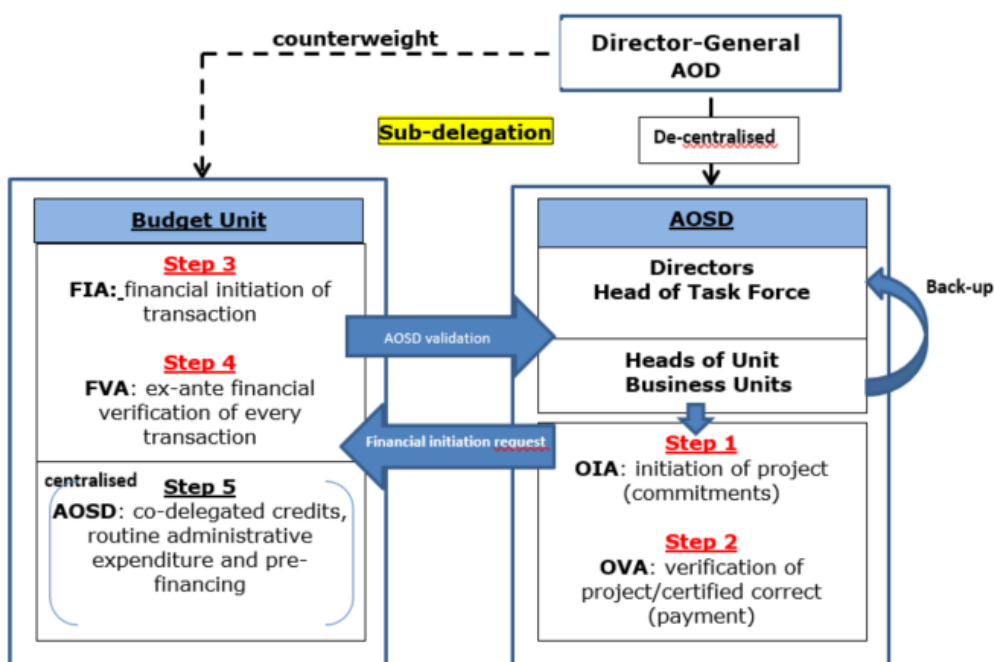
<sup>11</sup> OLAF's operational budget finances activities in the framework of the UAF programme, and the operation of AFIS.

## Payments in 2021 (million €)



The Office combines a centralised management mode for the overheads and the prefinancing payments, with a decentralised financial mode with counterweight of the financial unit for the projects managed by the business units. Every Head of Unit and Director has been granted the powers of Authorising Officer by sub-delegation (AOSD). Both modes follow a full validation workflow (Financial Initiating Agent (FIA), Financial Verification Agent (FVA) and Authorising Officers by Subdelegation) for commitments, recovery orders and payments.

## Financial management model



The expenditure managed by OLAF falls into the following categories:

- Procurement contracts mainly related to ICT (e.g. intra-muros staff for development and OLAF's IT helpdesk).

- Grant agreement: co-financing projects proposed by law enforcement services in the Member States.
- Administrative expenditure of which 61 % was entrusted to other Directorates-General and Offices such as PMO for the settlement of the monthly salaries. Those funds have been managed under the same Commission rules and control framework. OLAF is not aware of any issues or weaknesses, which may have a significant impact on the assurance and thus concludes that there are no control weaknesses affecting the assurance statement of the DG.
- Inter-service agreements with the Joint Research Centre.

In 2021, OLAF dealt with payments worth EUR 28.5 million by processing some 979 transactions. Many of these payments are routine in nature and around 19 % of them are associated with OLAF's grants programme related to the Union Anti-Fraud Programme, which is subject to a highly automated approval workflow integrated in the corporate application Compass (eGrants).

### Overall conclusion table (payment in million euro)

Risk-type Activities	Grants Actual costs based	Procurement	Other types	Cross-delegations received from other DGs	Total Expenditure	Reservations
Administrative expenditure		7.7	5.5	0.015	13.215	No
UAFP – strand 1	5.4	1.6	1.1		8.1	No
UAFP – strand 2 IMS		0			0	No
UAFP – strand 3		6.7			6.7	No
Co-delegated by another DG		0.5			0.5	No
<b>Totals (coverage)</b>	<b>5.4</b>	<b>16.5</b>	<b>6.6</b>	<b>0.015</b>	<b>28.515</b>	
ICO	Residual error rate: <2% Sound Financial Management=OK Anti-Fraud Strategy=OK Assurances cross sub-delegated funds = OK					
ICO-Conclusions	Positive	Positive	Positive	Positive		
Links to AAR annex 3	See table 2 page 5					
Legend: OP=Operational Programme, AOxDs =Authorising Officer by Cross-Delegation, ICO = Internal Control Objective, SFM= Sound Financial Management, AFS= Anti-Fraud Strategy measures, SAI=Safeguarding Assets and Information, RER=Residual Error Rate, CEC=Cost-effectiveness of controls, Mngt =Management.						
A total of EUR 44.4 million were charged-back by other Commission directorates-general using type II and III co-delegations. It should be noted that the Office does not apply any standard costing models and only charges-back externally contracted costs. The Guidance on the provision of services to other EU institutions, agencies and bodies is not applicable to the Office.						

OLAF determines its error rate in financial processes through the following measures:



- Ex-ante verification of all transactions by the Financial Verification Agent (FVA) in the finance unit;
- Ex-post controls performed both by the finance unit and the internal control capacity. The latter, coordinates the overall exercise and ensures that the associated rules are adopted coherently;
- Regular reviews by OLAF's accounting correspondent in the framework of the accounting quality campaign.

The ex-post control is well established in OLAF. Its primary objective is to estimate the Office's error rate and thus the controls are based on a randomly-selected representative sample of transactions. A second objective of the ex-post control campaigns is to identify and remedy any control weaknesses in financial management.

Although slightly increased, OLAF considers that controls are cost-effective if their costs are considered acceptable by management and if periodically these controls are re-assessed, improved, made less costly and/or more risk differentiated. Nonetheless, some controls, identified through periodic risk-assessments, have to be exercised irrespectively of their historic outcome.

In line with the 2018 Financial Regulation, OLAF's assessment for the new reporting requirement is as follows:

- Cases of "confirmation of instructions" (new FR art 92.3): no such cases for the DG
- Cases of financing not linked to costs (new FR art 125.3): no such cases for the DG
- Financial Framework Partnerships >4 years (new FR art 130.4): no such cases for the DG
- Cases of flat-rates >7 % for indirect costs (new FR art 181.6: no such cases for the DG
- Cases of "Derogations from the principle of non-retroactivity of grants pursuant to Article 193 FR" (new Financial Regulation Article 193.2): no such cases for the DG

## **1. *Effectiveness = the control results and benefits***

### **Legality and regularity of the transactions**

OLAF uses internal control processes to ensure the adequate management of the risks relating to the legality and regularity of its underlying transactions, taking into account the multiannual character of programmes and the nature of the payments concerned. The control objective is to ensure that the estimated error rate does not exceed 2 % annually.

Ex-ante controls are carried out by the Financial Verifying Agent (FVA) on every transaction (administrative, grants and procurement files) which requires an approval of the Authorising Officers by Subdelegation (AOSD). During these ex-ante controls, the legality and regularity of transactions are checked on the basis of checklists. When errors and/or weaknesses are noted, the checklists are updated to cover the risk identified.

The accounts are also systematically checked in the framework of the Accounting Quality exercise by OLAF's Accounting Correspondent supervised by the AOSD of the Budget Unit.

A third layer are the sample based ex-post controls. In 2021, ex-post controls were carried out and the proportion of the underlying errors is 0%. The conservatively estimated future corrections for 2021 payments are thus negligible (non-existent). The consideration of the amounts concerned leads to the estimated overall risk at closure for the 2021 expenditure of 0.210 million euro. The most prudent approach in estimating an overall theoretical amount at risk, by taking into account the maximum possible error rate in the administrative expenditure recommended in the AAR instructions.

In the context of the protection of the EU budget, the Office's estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level. OLAF's data is shown in Table (X) and its accompanying notes below.

Error rates achieved are also measured by exceptions and non-compliance events (ex-ante controls) complemented by ex-post controls and third-party assurance.

The control objective is to ensure reasonable assurance that the amount of financial operations authorised during the reporting year and which would not be in conformity with the applicable contractual or regulatory provisions, does not exceed 2% of the total expenditure for the reporting year. Analysis of the registry of exceptions and non-compliance events in 2021 revealed 9 cases (50% less compared to previous year). The majority relates to OLAF's spending programme:

- In 4 grant files as requested by the beneficiary, the eligibility period was extended after the action end date.

Mitigation actions: main reason behind the late requests for extension of the action period is "force majeure" invoked because of the COVID-19 pandemic.

- In 2 files the legal & budgetary commitments were signed before adoption of the financing decision

Mitigation actions: appropriations will be blocked in the EC accounting system until adoption date

- In 1 file, the procedure was not included in the Annual Work programme.

Mitigation actions: difficult to mitigate when new projects are presented late, when the AWP adoption has already started.

- In 1 grant file, costs were accepted while the eligibility period had been surpassed.

Mitigation actions: sending reminders to beneficiaries

- In 1 file the contractor already started deliveries while the contract was not signed.

Mitigation action: the current procedures are sufficient, no adaption needed.

OLAF's portfolio consists of segments with a relatively low error rate. This is, respectively, thanks to the inherent risk profile of the beneficiaries (framework contractors and Member States (grants)) and the performance of the related control systems.

OLAF's relevant expenditure, estimated overall risk at payment, estimated future corrections<sup>12</sup> and risk at closure are disclosed in Table X below. The estimated overall risk at payment for 2021 expenditure amounts to 0.2 million euro, representing 0.57 % of the DG's total relevant expenditure for 2021. This is the Authorising Officer by Delegation's best, conservative estimation of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years. Because of the intensive and adequate ex-ante controls, the conservatively estimated future corrections for 2021 expenditure amounts to zero.

The difference between those two amounts results in the estimated overall risk at closure of 0.2 million euro, representing 0.57 % of the DG's total relevant expenditure for 2021. This is a slight decrease of 0.03 % compared to 2020, which was in line with the expectations since OLAF maintained the same intensive way of controlling as last year (with an explicit focus on ex-ante controls).

In the context of the protection of the EU budget, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level in the AMPR.

In conclusion, the analysis of the available control results, the assessment of the weaknesses identified and that of their relative impact on legality and regularity have not unveiled any significant weakness, which could have a material impact as regards the legality and regularity of the financial operations. It is therefore possible to conclude that the control objective as regards legality and regularity has been achieved.

Evolution over time of risk at closure: OLAF's risk at payment and risk at closure therefore remained stable over 2021, confirmed by the results of the ex-post controls where no errors were detected, of the DG's expenditure under direct management, hence further management actions are not considered necessary.

**Table X - Estimated risk at closure**

OLAF	Relevant expenditure	Estimated Risk (error rate %) at payments		Estimated future corrections and deductions		Estimated (error rate %) risk at closure	
		(1)	(2)	(3)	(4)	(5)	(6)
	m EUR	m EUR	%	m EUR	%	m EUR	%

<sup>12</sup> The adjusted average recovery and corrections percentage is based on the 7 years historic average of recoveries and financial corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years (cfr footnote table X in annex 9).

20.0317	13.23	0.08	0.6	0	0	0.08	0.57
03.030100	0.23	0.00	0.6			0.00	0.57
03.030200	0.00	0.00	0.6			0.00	0.57
03.030300	2.31	0.01	0.6			0.01	0.57
03.039901	18.80	0.11	0.6			0.11	0.57
03.029905	0.53	0.00	0.6			0.00	0.57
<b>DG total</b>	<b>35.1</b>	<b>0.2</b>	<b>0.6%</b>	<b>0</b>	<b>0.0%</b>	<b>0.2</b>	<b>0.57%</b>

20.0317 – Administrative expenses of the European Anti-fraud Office

03.0301 - Preventing and combatting fraud, corruption and any other illegal activities affecting the financial interests of the Union

03.0302 - Support the reporting of irregularities, including fraud

03.0303 - Provide funding for actions carried out in accordance with Regulation (EC) No 515/97

03.0399 - Completion of previous programmes and activities

03.0299 - Completion of previous activities in the field of internal market and financial services (prior to 2021) CODEL DG FISMA AER applied for the calculation of the estimated risk at payment for the different budget lines.

(1) Differentiated for the relevant portfolio segments at a level which is lower than the DG total

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. In all cases of Co-Delegations (Internal Rules Article 3), "payments made" are covered by the Delegated DGs. For Cross-SubDelegations (Internal Rules Article 12), they remain with the Delegating DGs.

(3) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used – or an equivalent.

(4) The recoveries and financial corrections decreased. In the previous year 2020, the financial corrections was 0.0886%.

## Fraud prevention, detection and correction

The new **OLAF Anti-Fraud Strategy** (AFS) was adopted in October 2021. The review was done on the basis of the methodology provided by OLAF at corporate level. The review took into account the fraud risk screening conducted internally and an evaluation of the 2018 OLAF AFS. The two strategic objectives identified remained the same:

- Promote the highest standards of professional ethics
- Maintain a high level of control for funds managed by OLAF.

On the basis of the available information, OLAF has reasonable assurance that the anti-fraud measures in place are effective overall.

In the AFS, the means and resources (actors involved and their responsibilities, IT tools, specific networks, procedures and guidelines) are identified. The following additional measures will be taken; an action plan, designed to put into effect OLAF's AFS, covering the period 2021 to 2024, will be implemented throughout this period. The action plan identifies 15 actions under the objectives mentioned. They concern training and awareness raising, conflict of interest, mission expenses, protection of sensitive information and the control of funds managed by OLAF.

Based on OLAF's AFS, the fraud risks are monitored and updated through the annual risk management exercise. For the reporting year, their potential impact has been mitigated by a series of recurrent activities mentioned in the action plan and ex-post controls. In view of OLAF's core business, the fraud prevention and detection system put in place is assessed as sufficient and adequate. OLAF contributed to the implementation of the Commission Anti-Fraud Strategy. For details, please see above Specific objective 6.

## Other control objectives: safeguarding of assets and information, reliability of reporting

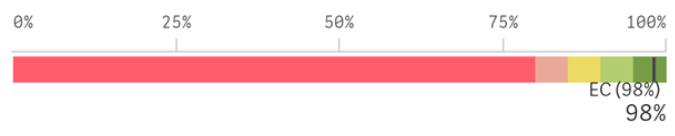
OLAF manages one in-house development project - the **OLAF Case Management System (OCM)** for which the direct costs are capitalised as intangible assets. This system is built for storing, filing and managing sensitive data related to OLAF's investigations. The project will be completed in 2022 and will then enter in maintenance mode. An IT projects' risk log is regularly updated and project status reports are submitted to the IT steering committee at the required intervals.

OLAF's tangible assets are mainly IT assets that include hardware and off-the-shelf software, which are recorded in ABAC Assets and their declassifications are well documented. Every piece of hardware booked as an asset is labelled with a barcode and under normal circumstances a physical inventory is performed once a year, to identify discrepancies with the electronic inventory. As a consequence of the COVID-19 restrictions, the last physical inventory took place in 2019.

In compliance with Commission Decisions (EU, Euratom) 2017/46<sup>13</sup> and 2015/443<sup>14</sup> in 2021 OLAF continued to develop or maintain IT security plans for its information and physical security systems, and to deliver IT, physical and information security awareness actions such as staff training, posters campaign and Intranet publications about phishing.

Actions for enhancing physical and personnel security have been implemented. This include new technology access control system, badges, CCTV cameras and electronic locks at most sensitive office doors, as well as more effective procedures for security screening of statutory and external staff.

## 2. Efficiency of controls

<b>Indicator</b>	<u>Timely Payments</u>		
<b>Category</b>	Efficiency of Controls / Timeliness		
<b>Objective</b>	<b>Timely Payments</b>	<b>OLAF Score</b>	<b>EC Score</b>
		<b>98%</b>	<b>98%</b>
	Ensure efficient processing of payments within the legal deadlines		
<b>Result</b>	OLAF achieved <b>98.53%</b> compared to the EC result of <b>98%</b>		
<b>Comment</b>	The mitigation actions deployed in 2020 continued to have a positive effect on		

<sup>13</sup> Commission Decision (EU, Euratom) 2017/46 of 10 January 2017 on the security of communication and information systems in the European Commission; OJ L 6, 11.1.2017, p. 40–51

<sup>14</sup> Commission Decision (EU, Euratom) 2015/443 of 13 March 2015 on Security in the Commission; OJ L 72 17.3.2015, p. 41

	the time to pay and should be considered efficient. OLAF managed to decrease the amounts paid late and doing even better than the EC average. OLAF will continue to closely monitor the payment deadlines and strengthen even more the follow-up of the invoices or cost claims.
<b>Definition</b>	<i>Indicator = Value A / Value B</i> <i>Value A : Payment Accepted Amount in time (EUR 55 935 842)</i> <i>Value B : Payment Accepted Amount (EUR 56 771 578)</i>

### **Time-to-procure**

OLAF launched five call for tenders: three open procedure, one negotiated and one low value and nominated 27 evaluators who spent the equivalent of 3.8 FTE's. The average time between the publication in the Official Journal and the signature of the Framework contract depends on many unmanageable variables (availability of evaluators, holidays, etc...) but on average is between four and five months, which is unchanged from 2020.

OLAF has started the initiative to streamline the different validation workflows and processes applied for the acquisition of ITC equipment in order to improve the efficiency, which would systematically lead to saving time, which could be dedicated to the core business of each business unit.

### **Time-to-grant and Time-to-inform**

Despite the late adoption of the relevant legislation, OLAF managed to decrease the Time-to-grant (TTG) to 169 days in 2021 compared with 203 days in 2020. The Time-to-inform (TTI) increased by one week in 2021 to 163 days compared to 156 days in 2020. TTI was still within the maximum target deadline.

### ***3. Economy = the estimated cost of controls***

The cost of controls has been estimated following the corporate methodology, i.e. on the basis of the workload (full-time equivalents (FTEs)) allocated to these control functions/activities.

In 2021, the total costs of controls for grants, procurement and other administrative expenditure was 1.127 million euro or 3.94 % of the managed funds as compared with 3.43 % in 2020. See Table Y in Annex 7 for further details. The cost increased because of the increased number of call for tender procedures (see heading 2 in supra).

The ex-post controls (desk reviews) carried out covered 8 transactions on grants for a value of 3.991 million euro (representing 73.3 % of the payments of 2021 for grants) and did not identify any financial errors that could have had a negative impact on the assurance. Programmes ran smoothly in 2021 without any reported litigation cases.

The ex-post controls (desk reviews) carried out on procurements covered 21 transactions for a value of 2.751 million euro (representing 16.6 % of the value of the payments made in 2021 for procurements). The ex-post controls did not identify any significant financial error that could have had a negative impact on the assurance.

The ex-post controls (desk reviews) carried out covered 3 transactions concerning administrative expenditure for a value of 3 031 euro (representing 20.5 % of the reimbursements made for

experts. The ex-post controls did not identify any significant financial error that could have had a negative impact on the assurance.

OLAF has assessed these costs of controls as adequate taking into account the atypical position of OLAF as the Office in charge of the fight against fraud which pleads for a strong control environment.

#### **4. Conclusion on the cost-effectiveness of controls**

Based on the most relevant key indicators and control results, OLAF has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of its controls. It can be assumed that the costs of controls are lower than the benefits derived from avoiding errors.

The procurement, commitment and payment procedures are, to a large extent, a regulatory requirement which cannot be curtailed. Therefore, OLAF considers that the necessity of these controls is undeniable and, as shown by the risks outlined in Annex 5, a significant proportion of the appropriations would be at risk should they not be in place.

Ex-ante controls are performed on a file-by-file basis and checked by at least three OLAF agents, while ex-post controls are carried out on a sample basis, applying a stratified methodology. Furthermore, in the framework of OLAF's accounting quality, OLAF's accountant carries out random periodical checks at least four times per year.

OLAF reviews its control strategy on a regular basis depending on identified needs and risks.

The reorganisation in 2020 of the budget sector allowed for a more efficient use of resources dedicated to the management of financial transactions. Hence, OLAF is constantly reviewing its processes to update the risk assessment and to identify further efficiencies including in terms of control.

#### **2.1.2. Audit observations and recommendations**

This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings on the achievement of the internal control objectives, and therefore on management's assurance.

OLAF is audited by both internal and external independent auditors: its Internal Audit Function (IAF), the Commission Internal Audit Service (IAS) and the European Court of Auditors (ECA). Furthermore, OLAF's investigative function is regularly monitored by the OLAF Supervisory Committee, in accordance with Article 15 of Regulation (EU, EURATOM) No 883/2013.

#### **Internal Audit Function (IAF)**

The Internal Audit Service's (IAS) audits and consulting services do not cover issues, which fall under OLAF Director-General's independence with respect to investigations<sup>15</sup>. To ensure internal audit coverage for processes and procedures not covered by the IAS, OLAF management maintains internal audit function in-house.

Two audit engagements were completed in 2021, which concerned investigations (data protection in international transfers) and administration (budget implementation). Some of the recommendations have been implemented already and for others implementation is ongoing. The recommendations aim to further improve governance in the two areas mentioned.

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

Since 2019, the IAS has issued the following audit reports on OLAF:

- Audit of IT project management practices in OLAF (2019)
- Audit on human resources strategy in OLAF (2019)
- Audit on performance management (2020)
- Audit on preparedness of OLAF to implement the EPPO regulation (2021)

OLAF has accepted all recommendations issued by the IAS. To implement these recommendations, OLAF management has adopted action plans, which the IAS considers adequate to address the residual risks identified by the auditors. For the audit on performance management, OLAF adopted an action plan in February 2021<sup>16</sup>. OLAF is preparing an action plan to address the recommendations from the audit on preparedness of OLAF to implement the EPPO regulation.

The IAS issued a limited conclusion on the state of internal control<sup>17</sup> in OLAF based on the audit work in previous years and concluded that the internal control systems in place for the audited processes are effective, except for the observations giving rise to:

- three 'very important' recommendations on planning and monitoring of the internal preparatory process, investigation and data protection guidelines and information technology (IT) related aspects of the Audit on preparedness of OLAF to implement the EPPO regulation and
- one 'very important' recommendation on human resources strategic plan and monitoring resulting from the Audit on human resources strategy.

OLAF will address these recommendations and ensure that they are implemented.

The audit recommendation issued by the IAS on the human resources strategic plan and monitoring was not fully implemented by the end of 2021 as the adoption of the new Commission HR strategy, was delayed due to the reorganisation of the Directorate-General for Human Resources and Security (HR). OLAF has planned to adopt its HR strategy in the

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<sup>15</sup> Article 17 of Regulation 883/2013 and Articles 3, 5 and 6 of Commission Decision 1999/352

<sup>16</sup> [Ares\(2021\)1266086](#)

<sup>17</sup> [Ares\(2022\)1077993](#)



second quarter of 2022 taking into account the Commission HR strategy, the results of the 2021 Staff Survey and the lessons learnt from OLAF reorganisation in 2021.

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

In 2021, there were no new recommendations from the ECA to OLAF. However, OLAF made progress on the outstanding ECA recommendations issued in the context of three 2019 Special Reports:

#### **Special Report 1/2019 “*Fighting Fraud in EU Spending: Action Needed*”**

- **Recommendation 1:** OLAF made progress on the two priority objectives of the Commission Anti-Fraud Strategy (CAFS) and the corresponding actions in its Action Plan,
- **Recommendation 2:** OLAF continued developing its analytical capabilities, providing advice on the service-level anti-fraud strategies and fraud risk assessments,
- **Recommendation 4:** has been implemented via the amended Regulation (EU, EURATOM) No 883/2013, the CAFS and OLAF’s coordination and advisory functions vis-à-vis the Member States.

#### **Special Report 6/2019 “*Tackling fraud in EU cohesion spending: managing authorities need to strengthen detection, response and coordination*”**

- **Recommendation 3:** the Commission has included in the Recovery and Resilience Facility Regulation a provision to make available to the Member States an integrated and interoperable information and monitoring system including a single data-mining and the risk-scoring tool ARACHNE, which contains a database on recipients and projects of EU funding and enriches that data with other sources of information as well as alerts to risks of irregularities, fraud and conflicts of interest.
- **Recommendation 4:** the legislative proposals for post 2020 spending programmes under shared management provide the legal bases for the reporting of irregularities. The implementing provisions take into account the definition of fraud in the PIF Directive. The Irregularity Management System release from February 2021 adapted the system to be ready for the new MFF programmes.

#### **Special Report 12/2019 “*E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved*”**

- **Recommendation 1 a:** implementation is ongoing. On customs matters, the Commission is carrying out a monitoring of the existing legislation and of the Union’s system of international cooperation and mutual administrative cooperation announced in the Customs Action Plan, with a special attention to the e-commerce challenges; OLAF is actively involved in such monitoring. As regards tax matters, the Commission has no general competence to collect information, but monitoring is possible for the EU-Norway Agreement on administrative cooperation in the area of VAT. The EU-UK Trade and Cooperation Agreement includes a Protocol on administrative cooperation and combating fraud in the field of VAT and on mutual assistance for the recovery of claims relating to taxes and duties.

## **The OLAF Supervisory Committee (SC)**

The Supervisory Committee monitors OLAF's investigative function to reinforce and guarantee its independence in compliance with Regulation (EU, EURATOM) No 883/2013. The Director-General of OLAF regularly informs the Committee about the activities of the Office. The Committee publishes opinions, which can include recommendations to the OLAF Director-General. OLAF reports annually on the state of implementation of these recommendations. In 2021, the Committee issued five opinions with 29 recommendations:

- *Opinion No 1/2021 on OLAF's recommendations not followed by the relevant authorities*
- *Opinion No 2/2021 on Working arrangements between OLAF and EPPO*
- *Opinion No 3/2021 on Supervision of OLAF internal investigations: Strategic conclusions and best practices*
- *Opinion No 4/2021 on OLAF's Preliminary Draft Budget for 2022*
- *Opinion No 5/2021 on Analysis of OLAF's investigations lasting more than 36 months in 2019.*

In its report on the implementation of the Committee's recommendations for 2021, OLAF assessed the majority of the recommendations as implemented or ongoing.

### **Overall conclusion**

The audit work and opinions by both internal and external auditors reveal that the internal control system in place at OLAF gives reasonable assurance regarding the achievement of the business objectives.

#### **2.1.3. Assessment of the effectiveness of internal control systems**

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

OLAF uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

#### **2.1.4. Conclusions on the assurance**

OLAF has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning well overall, but some improvements are needed in relation to the very important recommendations issued by the IAS (see 2.1.2), which are pending implementation. The improvements and/or remedial measures implemented or envisaged are included in an action plan currently being developed, which will cover all the recommendations to be implemented in 2022.

This section reviews the assessment of the elements already reported above (in sections 2.1.1, 2.1.2 and 2.1.3), and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations.

The information reported in section 2.1 stems from the results of the management and auditors monitoring. The reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of OLAF.

The intrinsic risk for expenditures managed by OLAF, including procurement and grants, is relatively low because of the limited budget as well as the centralised and direct mode of budget implementation. The risks are effectively mitigated by means of controls put in place. The Authorising Officer by Delegation's best estimation of the risks relating to the legality and regularity for the expenditure authorised during the reporting year is below 0.57%.

Further assurance is obtained by the risk management process put in place, and the decreased number of exceptions and non-compliance events reported in 2021.

Management has obtained satisfactory evidence that the internal control system in its entirety is implemented effectively in OLAF.

Results from audits during the reporting year give an overall positive feedback and did not include any critical findings. The very important recommendations identified in 2.1.2. are currently being implemented or will be addressed through action plans.

OLAF has put in place suitable control measures to limit risks of errors and guarantee that assets and information are safeguarded to prevent, detect and correct fraud and irregularities. Comprehensive ex-ante controls were put in place within the financial circuits. Their effectiveness has been positively assessed in an independent ex-post review and received an independent assurance in an independent

### **Overall Conclusion**

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director-General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

### **2.1.5. Declaration of Assurance**

#### **Declaration of Assurance**

*I, the undersigned,*

*Director-General of OLAF, in my capacity as authorising officer by delegation, declare that the information contained in this report gives a true and fair view<sup>18</sup>.*

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

*This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.*

*Confirm that I am not aware of anything not reported here which could harm the interests of the institution or those of the Commission.*

*Brussels, 4 April 2022*

.....

*(signature)*

*Ville ITÄLÄ*

**2.2. Modern and efficient administration – other aspects**

**2.2.1. Human resource management**

In 2021, OLAF underwent a small-scale reorganisation to fine-tune its structure by centralising the coordination of its operational work and the cooperation with the European Public Prosecutor’s Office (EPPO) and other law enforcement stakeholders in one horizontal unit. The new working structure started with strategic recruitments, specialised training and development for existing staff, and specialised competitions in grades AD7 and AD9. Due to the COVID-19 pandemic, OLAF continued to deploy alternative solutions to traditional recruitment processes via remote platforms and virtual tools.

In 2021, OLAF staffing was reduced by eleven full-time equivalents (FTE). Nine FTEs were transferred to the EPPO, one FTE was returned to the Commission in the framework of the cuts for synergies and efficiencies and one FTE was returned to the Commission for BREXIT. To preserve effectiveness, despite a reduction of staff, OLAF reviewed priorities and redeployed internally staff during the implementation of June 2021 reorganisation.

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<sup>18</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

OLAF organised virtual coffee meetings with newcomers and trainees as well as training activities on intranet on for example mindfulness, teleworking and confinement, and activities for parents and children. When the COVID-19 restrictions were relaxed, the OLAF Green Team organised an outdoor cleaning activity in a park in Brussels.

## **Equal opportunities**

The Commission target on gender balance in management remained a priority for OLAF. In 2021, OLAF paid special attention to women candidates in general, and proactively encouraged female candidates to apply for junior, middle and senior management positions. In 2021, women accounted for 40 % of OLAF's management.

The female representation in middle management increased from 41.2 % in 2020 to 43.8 % in 2021. Two colleagues were selected to participate in the 2021 EC Female Talent Development Programme.

To ensure that OLAF proactively supports female colleagues, it has designed and implemented a 'Local Female Talent Development Programme'. This is the first of its kind in the Office and will kick-off during Q1 2022. OLAF will sponsor, via its independent external training budget, 11 female colleagues of AD 7 grade and above who aspire to pursue a career in pre-management and management. The programme combines individual, targeted learning actions and group activities. The different training methods and activities should help participants to develop their management competences and leadership behaviours in the areas required for successful managers in OLAF.

In 2021, the percentage of first female appointments to junior and middle management positions was 75 % and 100 % respectively. OLAF has reached its objectives for the appointment of first female appointment as middle managers and as senior managers. Thus, the Office contributes to the general policy of the Commission.

Following a dedicated Open Council in February 2021, OLAF has created an OLAF Equality Network under the direction of OLAF Director D. The Equality Network is comprised of colleagues across all directorates, it has produced a work plan with concrete actions including awareness raising through training and communications, and will draft an OLAF Charter on Equality, Diversity and Inclusion, which is planned to be adopted by senior management in 2022.

## **Well-being**

OLAF continued encouraging its staff to participate in wellbeing activities offered by the Commission's fit@work programme, always in compliance with the COVID-19 related restrictions. In spring 2021, OLAF created its first cycling group, and a group of staff proudly participated in the EKIDEN marathon. Regarding mental health, OLAF has continuously communicated, via its intranet, monthly training activities and events to promote mindfulness, coping with teleworking and confinement, and activities for parents and children. In addition, OLAF has continuously encouraged staff to stay in touch with each other via internal virtual tools organised virtual coffee meetings with newcomers and trainees. In autumn 2021, OLAF organised an Open Council in hybrid form to discuss about the future of work, based on the draft Commission decision on working conditions. The

Open Council brought together more than 155 colleagues physically meeting with senior management and the Directorate-General for Human Resources and Security (DG HR) plus another 150 colleagues attending the event remotely.

### **Talent management and career development**

With regard to its current and future workforce, targeted training has been organised to ensure that staff are ready and able to rise to the new challenges. In addition, OLAF invested in targeted recruitments through specialist competitions of grades AD7 and AD 9 to ensure that profiles that are needed will be soon recruited. Throughout 2021, OLAF invested in external training absorbing the entirety of its independent training budget to ensure that its workforce is well equipped with the relevant specialised skills and knowledge.

In 2021, OLAF focused on managerial coaching, making use of primarily external coaches who could actively support the OLAF managers to reach their full potential by developing their commitment to improve organisational performance, to motivate and engage their staff during challenging times, and to start moving towards a new culture and management style.

OLAF will continue to invest in its staff via a tailor-made learning and development (L&D) package that includes both in-house and external training. 2021 paved the way for a new OLAF learning and development strategy to be adopted in 2022.

Lastly, the organisation of Open Councils on relevant topics (e.g. equality, new working conditions) resulted in staff engagement and increased involvement in decision-making.

### **HR Strategy**

In 2021, OLAF has started developing its local HR strategy. It will be finalised in 2022 and will take into account the new working conditions.

### **2.2.2. Digital transformation and information management**

OLAF achieved its objectives related to the information management. With a view to implement Commission data governance and data policies regarding data assets, OLAF cooperated extensively with DIGIT, DG AGRI, DG RTD and JRC in the area of data reusability and integration with new analytical tools. This fruitful cooperation led to exchange best practices and use cases that OLAF applied in its operational analysis activities. OLAF actively supported the Innovation Track sessions organised by DIGIT with a presentation on KNIME (free and open-source data analytics, reporting and integration platform). OLAF met the targets concerning the extension of publicly available data sources (all of them in the area of shared management), some of which are being actively exploited in the operational activities. OLAF has also added i2 Connect to its operational tools' portfolio.

The OLAF Case Management System (OCM) was upgraded with four major versions in 2021. Key new features or modules were released such as simplification of generic workflows, new reporting module (reports on cases, activities and data protection) and a dedicated module for the OLAF Supervisory Committee. The e-Signature module was

upgraded to use the new corporate service provided by the Directorate-General for Information (DG DIGIT) and the move of the legal review function from OLAF.01 to the DDG was also implemented. OLAF's legal base was changed in 2021 and following the entry into force of the updated Regulation 883, OLAF underwent a subsequent reorganisation. These business changes were under development in 2021 and will be put in production in beginning of year 2022. OCM as a project is planned to finish by July 2022 and it will then enter in maintenance mode.

The key developments for the Anti-Fraud Information System (AFIS) in 2021 strengthened the implementation of the Commission's digital strategy core principles. The Mutual Assistance System (MAS), a new AFIS application, automated the manual collection and processing of data ('digital by default') and gathered all mutual assistance related files in one central place ('data driven'). The new module of the Customs Information System (CIS+) for the application of the new Cash Control Regulation (Regulation EU 2018/1672), supported three different interfaces to ensure the timely and efficient reporting of cash declaration data by MS ('user-centric'): a web user interface, an upload feature and even a Business-to-Business interface that allows the Member States to connect their national systems, and hence avoids double encoding of data ('once-only').

OLAF is committed to meet the objectives of the Commission's Data Protection Action Plan and has ensured timely and qualitative handling of data subject requests as well as transparency of OLAF processing operations.

In particular, OLAF, under the supervision of the OLAF Data Protection Officer, addressed the horizontal target of awareness raising activities by continuing to organise training sessions. Such trainings have been regularly provided over the last couple of years with the long term objective of 100 % trained staff by 2024. In 2021, data protection trainings sessions were attended by 233 OLAF staff. It is estimated that at least 90 % of OLAF staff has been reached by these trainings since 2019.

### 2.2.3. Sound environmental management

OLAF participated in EMAS actions and campaigns throughout 2021. As teleworking was mandatory for most of 2021, this was mainly through the OLAF intranet and in its internal messages to staff which are sent by the internal communication team. The OLAF Green Team took advantage of the period when some of the COVID-19 restrictions were relaxed to organise an outdoor cleaning activity in a park in Brussels. This was part of the actions set by the team in order to combine an activity and allow a meeting in person. The Green Team continued to raise environmental awareness by developing some online activities, in particular the publication of three OLAF's EMAS team and Green Team articles in OLAF's newsletter. These activities are also aimed at encouraging more staff to volunteer to join the team.