

## **ANNEX 1: STATEMENT OF THE RESOURCES DIRECTOR**

*I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission <sup>1</sup>, I have reported my advice and recommendations to the Director-General/Head of Service on the overall state of internal control in the DG/service.*

*I hereby certify that the information provided in Parts 2 and 3.1 of the present AAR and in its annexes 2 to 5 [6] [7] is, to the best of my knowledge, accurate and exhaustive.*

*Brussels, 29 March 2012*

*[Signed]*

*Francine Goffaux*

*Acting Director*

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<sup>1</sup> [SEC\(2003\)59 of 21.01.2003.](#)

## ANNEX 2: HUMAN AND FINANCIAL RESOURCES BY ABB ACTIVITY

Code ABB Activity	ABB Activity	Human Resources by ABB activity		
		Establishment Plan posts	External Personnel	Total
24 02	<i>Fight against fraud</i>	295	35	<b>330</b>
24 AWBL-01	<i>Administrative support for the European Antifraud Office</i>	41	13	<b>54</b>
24 AWBL-02	<i>Policy strategy and coordination for the European Anti-fraud Office</i>	48	5	<b>53</b>
	<b>Total</b>	<b>384</b>	<b>53</b>	<b>437</b>

General remark: the above data rely on the snapshot of Commission personnel actually employed in each DG/ service as of 31/12/2011. These data do not constitute full-time-equivalent units throughout the year.

**Annex 3 Financial Reports - DG OLAF - Financial Year 2011****Table 1 : Commitments****Table 2 : Payments****Table 3 : Commitments to be settled****Table 4 : Balance Sheet****Table 5 : Economic Outturn Account****Table 6 : Average Payment Times****Table 7 : Income****Table 8 : Recovery of undue Payments****Table 9 : Ageing Balance of Recovery Orders****Table 10 : Waivers of Recovery Orders****Table 11 : Negotiated Procedures (excluding Building Contracts)****Table 12 : Summary of Contracts (excluding Building Contracts)****Table 13 : Building Contracts****Table 14 : Contracts declared Secret**

**Additional comments**

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2011 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
<b>Title 24 : Fight against fraud</b>				
24 01	Administrative expenditure of ` Fight against fraud¿ policy area	57,86	55,51	95,94 %
24 02	Fight against fraud	23,35	21,76	93,20 %
<b>Total Title 24</b>		81,22	77,28	95,15 %
<b>Total DG OLAF</b>		81,22	77,28	95,15 %

\* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

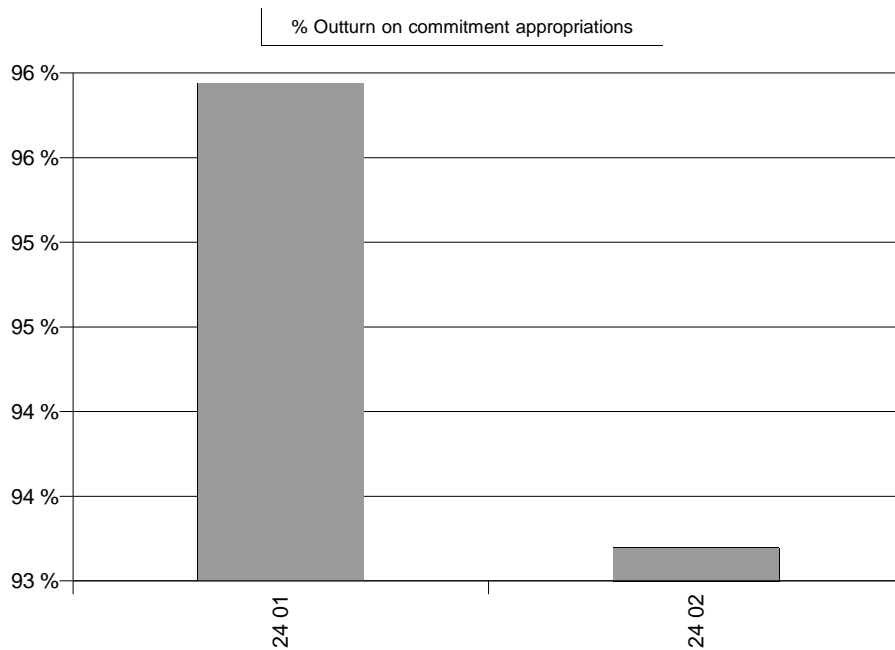
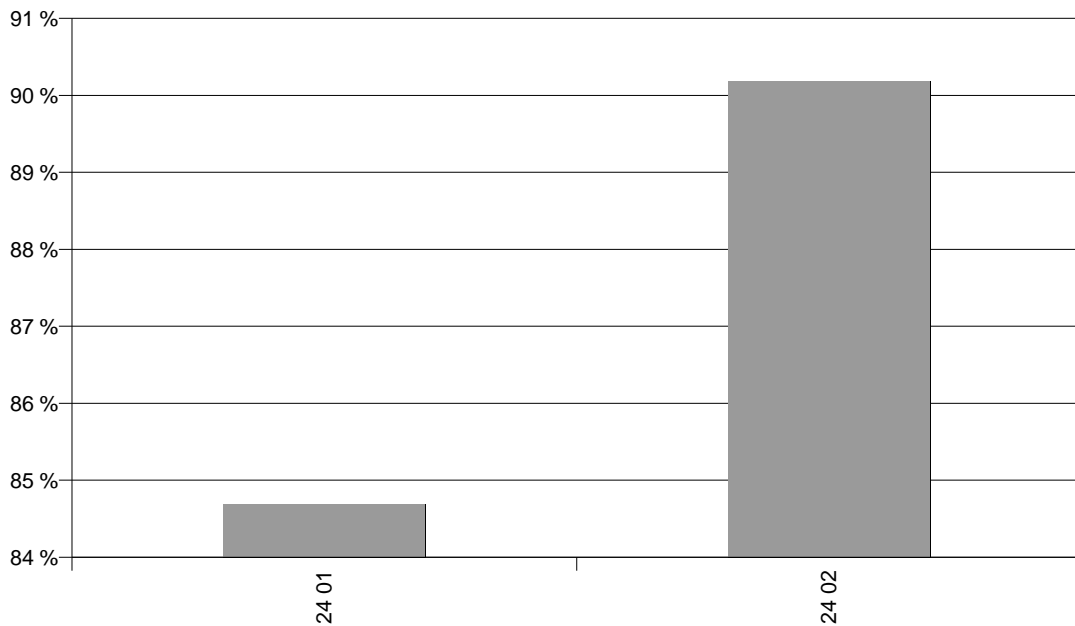


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2011 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
<b>Title 24 : Fight against fraud</b>				
24 01	Administrative expenditure of `Fight against fraud¿ policy area	64,44	54,57	84,69 %
24 02	Fight against fraud	18,27	16,48	90,19 %
<b>Total Title 24</b>		<b>82,71</b>	<b>71,06</b>	<b>85,91 %</b>
<b>Total DG OLAF</b>		<b>82,71</b>	<b>71,06</b>	<b>85,91 %</b>

\* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

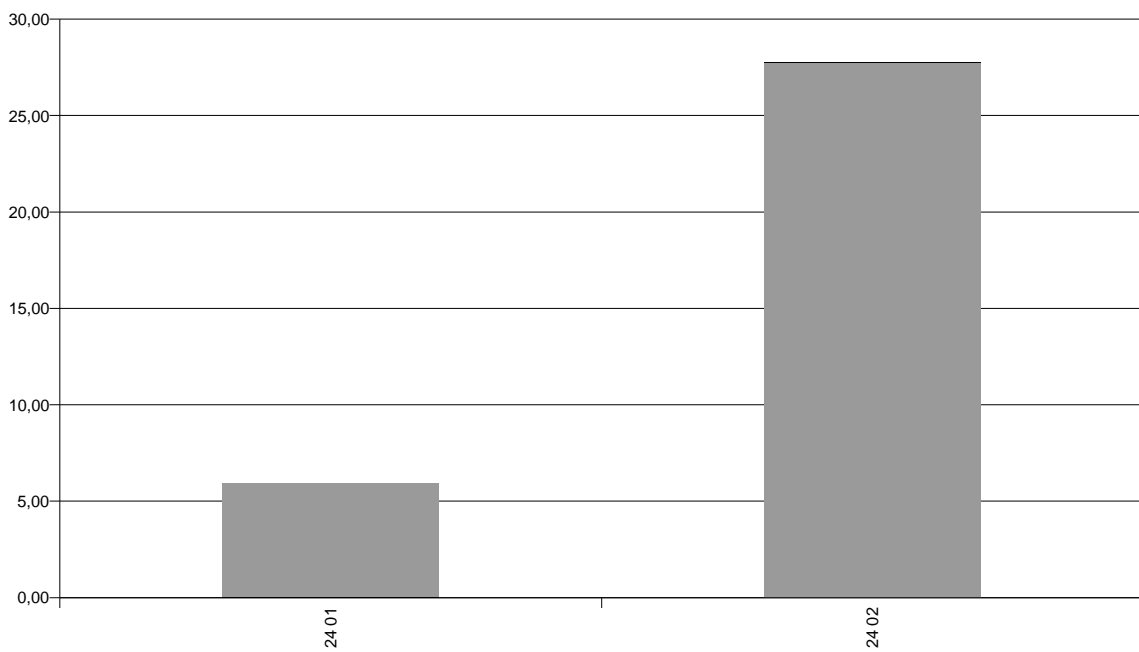
% Outturn on payment appropriations



**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2011 (in Mio €)**

Chapter	2011 Commitments to be settled				Commitments to be settled from financial years previous to 2011	Total of Commitments to be settled at end of financial year 2011 (incl.corrections)	Total of Commitments to be settled at end of financial year 2010 (incl.corrections)
	Commitments 2011	Payments 2011	RAL 2011	% to be settled			
	1	2	3=1-2	4=1-2/1			
<b>Title 24 : Fight against fraud</b>							
24 01	Administrative expenditure of Fight against fraud; policy area	55,51	49,56	5,95	10,72 %	0,00	6,57
24 02	Fight against fraud	21,76	6,06	15,70	72,16 %	12,03	25,23
<b>Total Title 24</b>		77,28	55,62	21,66	28,02 %	12,03	31,81
<b>Total DG OLAF</b>		77,28	55,62	21,66	28,02 %	12,03	31,81

Breakdown of Commitments remaining to be settled (in Mio EUR)



**TABLE 4 : BALANCE SHEET OLAF**

<b>BALANCE SHEET</b>	<b>2011</b>	<b>2010</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>4.250.736,07</b>	<b>3.918.120,60</b>
A.I.1. Intangible Assets	672.886,40	425.892,85
A.I.2. Property, plant and equipment	1.497.492,42	1.039.331,63
A.I.3. Long-term investments		
A.I.4. Loans		
A.I.5. LT Pre-Financing	2.080.357,25	2.452.896,12
A.I.6. LT Receivables		
<b>A.II. CURRENT ASSETS</b>	<b>4.211.197,66</b>	<b>3.049.944,92</b>
A.II.1. Inventories		
A.II.2. Short-term Pre-Financing	2.679.689,78	1.584.878,34
A.II.3. Short-term Receivables	1.531.507,88	1.465.066,58
A.II.4. Short-term Investments		
A.II.5. Cash and Cash Equivalents		
<b>ASSETS</b>	<b>8.461.933,73</b>	<b>6.968.065,52</b>
<b>P.I. NET ASSETS/LIABILITIES</b>		
P.I.1. Reserves		
<b>P.II. NON CURRENT LIABILITIES</b>		
P.II.1. Employee Benefits		
P.II.2. Long-term provisions		
P.II.3. Long-term financial liabilities		
P.II.4. Other long-term Liabilities		
<b>P.III. CURRENT LIABILITIES</b>	<b>65.601.891,39</b>	<b>-8.747.942,29</b>
P.III.2. Short-term provisions		
P.III.3. Short-term financial liability		
P.III.4. Accounts Payable	65.601.891,39	-8.747.942,29
<b>LIABILITIES</b>	<b>65.601.891,39</b>	<b>-8.747.942,29</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>74.063.825,12</b>	<b>-1.779.876,77</b>
P.I.2. Accumulated Surplus / Deficit	0,00	0,00
Non-allocated central (surplus)/deficit*	-74.063.825,12	1.779.876,77
<b>TOTAL</b>	<b>0,00</b>	<b>0,00</b>

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.



**TABLE 5 : ECONOMIC OUTTURN ACCOUNT OLAF**

<b>ECONOMIC OUTTURN ACCOUNT</b>	<b>2011</b>	<b>2010</b>
<b>II.1 SURPLUS/ DEF. FROM OPERATING ACTIVT</b>	15.049.023,23	30.195.249,22
II.1.1. OPERATING REVENUES	-7.574.923,15	745.771,74
II.1.1.0. Own resource and contributions		
II.1.1.1. Other operating revenue	-7.574.923,15	745.771,74
II.1.2. OPERATING EXPENSES	22.623.946,38	29.449.477,48
II.1.2.1. Administrative Expenses	9.828.221,35	11.959.928,09
II.1.2.2. Operating Expenses	12.795.725,03	17.489.549,39
<b>II.2. SURPLUS/DEF. NON OPERATING ACTIVIT</b>		453,96
II.2. FINANCIAL OPERATIONS		453,96
II.2.1. Financial revenue		-70,55
II.2.2. Financial expenses		524,51
II.2. OTHER NON OPERATING ACTIVITIES		
II.2.3. Movement in empl. benefits liabi		
II.2.4. Share of net surplus/def. associ		
<b>III.2. Extraordinary Gains</b>		
III.2. Extraordinary Gains		
III.2. Extraordinary Gains		
<b>III.3. Extraordinary Losses</b>		
III.3. Extraordinary Losses		
III.3. Extraordinary Losses		
<b>IV. Budgetary Adjustments (superseded)</b>		
IV. Budgetary Adjustments (superseded)		
IV. Budgetary Adjustments (superseded)		
<b>V. SAP/PS Accounts</b>		
V. SAP/PS Accounts		
V. SAP/PS Accounts		
<b>ECONOMIC OUTTURN ACCOUNT</b>	<b>15.049.023,23</b>	<b>30.195.703,18</b>

*Current Liabilities P.III.4*

*The important difference between 2010 and 2011 in the sub-heading 'Accounts Payable' lays in the fact that as from January 1st, 2011, OLAF is responsible for the distribution towards the Members States of the annual instalments received from the Cigarettes Manufactures (PMI, JTI, ITL and BAT) resulting from the implementation of the agreements signed with the Commission and Member States.*

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

**TABLE 6: AVERAGE PAYMENT TIMES FOR 2011 - DG OLAF**

<b>Legal Times</b>							
<b>Maximum Payment Time (Days)</b>	<b>Total Number of Payments</b>	<b>Nbr of Payments within Time Limit</b>	<b>Percentage</b>	<b>Average Payment Times (Days)</b>	<b>Nbr of Late Payments</b>	<b>Percentage</b>	<b>Average Payment Times (Days)</b>
30	2214	2076	93,77 %	14,39	138	6,23 %	39,94
45	248	215	86,69 %	17,98	33	13,31 %	105,45
<b>Total Number of Payments</b>	<b>2462</b>	<b>2291</b>	<b>93,05 %</b>		<b>171</b>	<b>6,95 %</b>	
<b>Average Payment Time</b>	<b>17,36</b>			<b>14,73</b>			<b>52,58</b>

<b>Target Times</b>							
<b>Target Payment Time (Days)</b>	<b>Total Number of Payments</b>	<b>Nbr of Payments within Target Time</b>	<b>Percentage</b>	<b>Average Payment Times (Days)</b>	<b>Nbr of Late Payments</b>	<b>Percentage</b>	<b>Average Payment Times (Days)</b>
20	14	12	85,71 %	8,00	2	14,29 %	26,00
30	2448	2244	91,67 %	14,43	204	8,33 %	50,00
<b>Total Number of Payments</b>	<b>2462</b>	<b>2256</b>	<b>91,63 %</b>		<b>206</b>	<b>8,37 %</b>	
<b>Average Payment Time</b>	<b>17,36</b>			<b>14,40</b>			<b>49,77</b>

<b>Suspensions</b>							
<b>Average Report Approval Suspension Days</b>	<b>Average Payment Suspension Days</b>	<b>Number of Suspended Payments</b>	<b>% of Total Number</b>	<b>Total Number of Payments</b>	<b>Amount of Suspended Payments</b>	<b>% of Total Amount</b>	<b>Total Paid Amount</b>
17	47	106	4,31 %	2462	3.731.137,35	3,29 %	113.344.302,57

<b>Late Interest paid in 2011</b>			
<b>DG</b>	<b>GL Account</b>	<b>Description</b>	<b>Amount (Eur)</b>

**TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2011**

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5		
<b>Title 5: REVENUE ACCRUING FROM THE ADMINISTRATIVE OPERATION OF THE INSTITUTIONS</b>								
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	85.925,81	0,00	85.925,81	80.057,74	0,00	80.057,74	5.868,07
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTIONS	27.510,97	1.225,24	28.736,21	27.510,97	1.225,24	28.736,21	0,00
	<b>Total Title 5</b>	<b>113.436,78</b>	<b>1.225,24</b>	<b>114.662,02</b>	<b>107.568,71</b>	<b>1.225,24</b>	<b>108.793,95</b>	<b>5.868,07</b>
<b>Title 6: CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH UNION/COMMUNITY AGREEMENTS AND PROGRAMMES</b>								
66	OTHER CONTRIBUTIONS AND REFUNDS	25.086,70	0,00	25.086,70	17.086,70	0,00	17.086,70	8.000,00
	<b>Total Title 6</b>	<b>25.086,70</b>	<b>0,00</b>	<b>25.086,70</b>	<b>17.086,70</b>	<b>0,00</b>	<b>17.086,70</b>	<b>8.000,00</b>
<b>Title 9: MISCELLANEOUS REVENUE</b>								
90	MISCELLANEOUS REVENUE	8.641.665,20	0,00	8.641.665,20	8.499.301,66	0,00	8.499.301,66	142.363,54
	<b>Total Title 9</b>	<b>8.641.665,20</b>	<b>0,00</b>	<b>8.641.665,20</b>	<b>8.499.301,66</b>	<b>0,00</b>	<b>8.499.301,66</b>	<b>142.363,54</b>
<b>Total DG OLAF</b>		<b>8.780.188,68</b>	<b>1.225,24</b>	<b>8.781.413,92</b>	<b>8.623.957,07</b>	<b>1.225,24</b>	<b>8.625.182,31</b>	<b>156.231,61</b>

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

**TABLE 8 : RECOVERY OF UNDUE PAYMENTS**  
**(Number of Recovery Contexts and corresponding Transaction Amount)**

RECOVERY ORDERS ISSUED IN 2011  Year of Origin (commitment)	Error		No error / irregularity		TOTALS	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2009	3	44.072,31	2	11.019,73	5	55.092,04
2010			8	177.272,84	8	177.272,84
2011			2	50.939,60	2	50.939,60
No Link			44	8.510.449,59	44	8.510.449,59
	3	44.072,31	56	8.749.681,76	59	8.793.754,07

**EXPENSES**

	Nbr	Amount
INCOME LINES IN INVOICES	0	

	Error		No error / irregularity	
	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS	12	152.820,38	33	256.687,43

	No error / irregularity	
	Nbr	Credit Note Amount
CREDIT NOTES	72	-1.654.737,07

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 28/02/2011.

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2011 FOR OLAF**

<b>Year of Origin</b>	<b>Number at 01/01/2011</b>	<b>Number at 31/12/2011</b>	<b>Evolution</b>	<b>Open Amount (Eur) at 01/01/2011</b>	<b>Open Amount (Eur) at 31/12/2011</b>	<b>Evolution</b>
2010	1		-100,00 %	1.225,24		-100,00 %
2011		5			156.231,61	
Totals	1	5	400,00 %	1.225,24	156.231,61	12651,10 %

**TABLE 10 : RECOVERY ORDER WAIVERS IN 2011 >= EUR 100.000**

	<b>Waiver Central Key</b>	<b>Linked RO Central Key</b>	<b>RO Accepted Amount (Eur)</b>	<b>LE Account Group</b>	<b>Commission Decision</b>	<b>Comments</b>
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<b>Total DG OLAF</b>	
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<b>Number of RO waivers</b>	<b>0</b>
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**No data to be reported**

**TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG OLAF - YEAR 2011****Contracts > 60.000**

<b>Negotiated Procedure Legal base</b>	<b>Number of Procedures</b>	<b>Amount (€)</b>
Art. 126 1b	7	1.815.324,00
<b>Total</b>	<b>7</b>	<b>1.815.324,00</b>

**TABLE 12 : SUMMARY OF PROCEDURES OF DG OLAF EXCLUDING BUILDING CONTRACTS**

Internal procedures > €60,000	2010		2011	
	Count	Amount (€)	Count	Amount (€)
Contract Class				
Service	13	12.391.598,00	16	22.315.968,21
<b>TOTAL</b>	<b>13</b>	<b>12.391.598,00</b>	<b>16</b>	<b>22.315.968,21</b>
Procedure Type	Count	Amount (€)	Count	Amount (€)
Negotiated Procedure without publication of a contract notice Art. 126 IR	7	3.067.922,00	7	1.815.324,00
Open Procedure (Art. 122.2 IR)	6	9.323.676,00	9	20.500.644,21
<b>TOTAL</b>	<b>13</b>	<b>12.391.598,00</b>	<b>16</b>	<b>22.315.968,21</b>

External procedures > €10,000
Contract Class
<b>TOTAL</b>
Procedure Type
<b>TOTAL</b>

### **Additional comments**

*The use of negotiated procedures for procurement contracts is justified by the nature of the services contracted.*

*In the field of reliable financial information on companies there are world wide in reality only two suppliers which provide access to databases with information on different companies and from different countries worldwide.*

*In the field of information on vessel movements and cargo manifests the situation is the same as for the financial information databases, with only a limited number trustworthy suppliers each covering a non-overlapping area.*

*The contract with the JRC is covered by the provision in the Implementing Rules for the Financial Regulation Art 126.1.g.ii, as the contract covers the development of a data mining tool.*

*The contract with QINETIQ contains proprietary software technology, further the costs of transferring the tasks to another economic operator would be disproportionate in relation to the size of the contract.*



**TABLE 13 : BUILDING CONTRACTS**

<b>Total number of contracts :</b>	<b>0</b>
<b>Total amount :</b>	

<b>Legal base</b>	<b>Contract Number</b>	<b>Contractor Name</b>	<b>Description</b>	<b>Amount (€)</b>
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**No data to be reported**

**TABLE 14 : CONTRACTS DECLARED SECRET**

<b>Total Number of Contracts :</b>	<b>0</b>
<b>Total amount :</b>	

<b>Legal base</b>	<b>Contract Number</b>	<b>Contractor Name</b>	<b>Type of contract</b>	<b>Description</b>	<b>Amount (€)</b>
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**No data to be reported**

## **ANNEX 4: MATERIALITY CRITERIA**

OLAF used the following materiality criteria to assess the relevance of a reservation to the declaration:

### **Quantitative threshold**

The quantitative threshold for materiality in OLAF is 2%, i.e. when the total amount of transactions affected by the deficiencies detected represents more than 2% of the amount for the budget line allocated to the ABB activity for the year concerned, the issue will be reported as material and thus may give rise to a reserve.

### **Qualitative criteria**

As regards qualitative measures, OLAF identifies deficiencies to be relevant as a reserve to the declaration if they:

- (1) concern significant (repetitive) errors;
- (2) concern a significant weakness in one of the control systems;
- (3) risk compromising the Commission's reputation;
- (4) concern a breach of rights of individuals.

## ANNEX 5: INTERNAL CONTROL TEMPLATE(S) FOR BUDGET IMPLEMENTATION (ICT)

<b>ICT N°: OLAF/1</b>		
<p><b>Management mode and Key Figures:</b></p> <p>OLAF had a total budget of €81.749 million (€58.249 million administrative and € 23.500 million operational<sup>1</sup>), which is managed through direct management, i.e. without any involvement of Member States or non-member countries in which the recipients of the expenditure reside.</p> <p>The financial circuit is a partially decentralised model for which all of the ex-ante verification is carried out in the central Finance Unit.</p>	<p style="text-align: center;"><i>Graph illustrating the number of transactions and the average amount - please see below</i></p>	
<b>Outturn 2011 – Number of transactions</b>		
	<b>Administrative</b>	<b>Operational</b>
<b>Outturn</b>	<b>55.514.161</b>	<b>21.764.478</b>
<b>Number of transactions</b>	<b>436</b>	<b>161</b>
<b>Average</b>	<b>127.326,06</b>	<b>135.183,09</b>
<b>Management and control systems: stages and main actors</b>		
<p><b>Selection process:</b></p> <p><i>(of beneficiaries, intermediaries, agencies, contractors etc), including <b>preventive</b> measures</i></p>	<p>In order to complete the selection process for both beneficiaries and contractors, the tender and grant procedures written down in the Financial Regulation and Implementing Rules are implemented. The selection process is set up and managed by each line manager or Head of Unit (designated as sub-delegated authorising officer) for its own specific activity.</p> <p>Beneficiaries are checked against the Early Warning System.</p> <p>Grants are exclusively awarded to national or regional administrations or research and educational institutes and non-profit making entities.</p>	

<sup>1</sup> OLAF's operational budget finances activities in the framework of the Hercule II and Pericles programmes; the operation of the anti-fraud information system (AFIS) and a pilot project. For further information please refer to Part 1 in this report.

	<p>Internal procedures exist and are respected</p> <p>Main actors in relation to the set up and management of these selection processes are:</p> <ul style="list-style-type: none"> <li>• The Heads of Unit of the following units<sup>2</sup> managed the Hercule Programme in 2011 <ul style="list-style-type: none"> <li>• Unit C.4, C5 and D6 (Operational Intelligence) for grants and procurements relating to technical support</li> <li>• D.6 for grants and procurements relating to cigarette smuggling</li> <li>• Unit D.7 (Training Programme) for grants relating to training and seminars</li> <li>• Unit D.4 (Corporate Planning and Policy) for grants relating to the associations of lawyers (studies, conferences)</li> </ul> </li> <li>• The Head of Unit of C.5 (Protection of the Euro) for the management of the Pericles Programme</li> <li>• The Head of Unit of D.8 (Information Services) for the procurement of the required IT-services for the AFIS Programme</li> <li>• The Head of Unit of D.6 (Budget) for <ul style="list-style-type: none"> <li>• horizontal support on the implementation</li> <li>• advice on the interpretation of the Financial Regulation and Implementing rules</li> </ul> </li> </ul>
<p><b>Communication and information:</b></p> <p><i>measures to improve the quality of financial management and provision of supporting data by beneficiaries, contractors and intermediaries</i></p>	<p>The <b>communication and information</b> used to follow up the financial management are the monthly reports on the financial situation, which state the indicators mentioned under the section "planning, programming, monitoring and reporting" of this table. These figures are reviewed in more detail during the intermediate review of the management plan.</p> <p>Furthermore, OLAF provides finance-related information through:</p> <ul style="list-style-type: none"> <li>• Contributing to the Commission's annual report on the control of application of EU law</li> <li>• The Publications on the OLAF Programme website</li> <li>• Training and guidance notes for beneficiaries on how to apply for projects</li> <li>• Contributing to the Commission's Financial Transparency website.</li> </ul>
<p><b>Detective and corrective controls:</b></p>	<p>As a low spending DG, controls are based on the specific checks carried out as part of the ex-ante transaction flow</p>

<sup>2</sup> Following the old organisation chart in force until 31 January 2012.

<p><i>Checks and monitoring during the initial phases of the programme/contract</i></p> <p><i>Checks and monitoring during the final/ closure phases of the programme/contract</i></p>	<p>The financial circuit applied for all transactions is the "partially decentralised model (with counterweight)", where the operational initiation and verification functions are executed within each unit. The financial initiation and ex-ante financial verification is performed by the financial unit.</p> <p>Only for the pre-financing payment of grants, a centralised financial circuit is used. In such cases, payments are made by the financial unit without the involvement of the operational units.</p> <p>Controls before and during the implementation period of the projects related to:</p> <ul style="list-style-type: none"> <li>- Control provisions provided in the contracts (penalty, recovery clauses, termination)</li> <li>- Review and checks during the contract preparation phase of technical action plan and budget for consistency and plausibility</li> <li>- Desk checks of expenditure based on documents, including progress reports, final technical implementation report</li> <li>- Controls carried out by operational units on technical implementation report in order to deliver the "true for fact"</li> <li>- Controls carried out by financial unit on financial and legal matters.</li> </ul> <p>Each project or proposal is assessed (ex-ante) by an evaluation committee. The activities related to training, seminars and exchange programmes are assessed after each event by the operational units, through the use of surveys and observation by OLAF staff at the event</p>
<p><b>Preventive and corrective controls and audit:</b></p> <p><i>Desk reviews, on-the-spot audits carried out either ex-ante or ex-post.</i></p>	<p>- For the grants in the technical assistance area awarded to the Law enforcement agencies in the Member States (65% of the budget of the HERCULE II programme), a specific ex-post control is organised with on the spot checks by the operational units.</p>
<p><b>Anti-fraud measures (if applicable):</b></p> <p><i>Fraud prevention and detection measures taken, like anti-fraud strategy, systematic controls and risk analysis, close monitoring of selected contracts or grants, etc.</i></p>	<p>Not applicable</p>
<p><b>Feedback which enables control activities to be optimised</b></p>	
<p><b>Verification that processes are working as designed</b></p>	<p>A <b>Risk Self-Assessment</b> is conducted or updated on a yearly basis, whereby key staff and management review their activities. Where necessary action plans are set up to address risks. For strategic risks, these action plans</p>

	<p>are integrated in the AMP.</p> <p>The <b>Internal Audit capability (IAC)</b> has two full time staff members. The Head of the IAC reports directly to the Director General. His main task is to keep the Director General informed of the effectiveness of the internal control procedures. Furthermore he is also responsible for the evaluation of the community programmes managed by OLAF.</p> <p>Besides Internal audits, the organisation is also audited by <b>The Internal Audit Service (IAS)</b>.</p>
<p><b>Monitoring of performance</b></p> <p><i>of independent bodies, 3rd party auditors, externally contracted auditors</i></p>	<p>OLAF's investigation activity is regularly monitored by the <b>Supervisory Committee</b>, an independent body, which is appointed by a common accord of the European Parliament, the Council and the Commission.</p> <p>The role of the Supervisory Committee is set out in Regulation 1073/99 Art 11. It is set up to reinforce the Office's independence by regular monitoring of the investigation functions. It issues its own annual activity report.</p>
<p><b>High level management reporting</b></p> <p><i>(e.g. to the Director General and its role in monitoring problem issues)</i></p>	<p>All major strategic, organisational and management issues are discussed in the weekly Directors meeting or in the monthly management meeting. Ad hoc and restricted management meetings are convened to deal with specific problems.</p> <ul style="list-style-type: none"> <li>- In 2011, the financial unit drafted a detailed manual covering all the financial procedures and expenditure cycles within OLAF.</li> <li>- The political priorities are transposed into specific objectives in the OLAF's Annual Management Plan.</li> <li>- The progress made during the year is reported in the Annual Activity Report (AAR).</li> <li>- Monthly budgetary reporting to the DG and staff members: <ul style="list-style-type: none"> <li>o Use of appropriation per mission</li> <li>o Transfer of appropriations</li> <li>o Commitments and payments per authorising officer</li> <li>o Respecting Payment and invoice registration deadlines</li> <li>o Recovery orders made (with cashing information)</li> <li>o Follow up of abnormal outstanding commitments</li> <li>o Various accounting ratios</li> </ul> </li> <li>- Meetings with the cabinet, biannual report on financial matters sent to the Commissioner.</li> </ul>

