

Opinion No 1/2017

OLAF Preliminary Draft Budget for 2018

Conclusions

- (A) The OLAF Supervisory Committee (SC) supports the preliminary draft budget of OLAF for the year 2018 and, in particular, OLAF's request for five additional posts to strengthen its investigative function.
- (B) Given that OLAF has an above-average vacancy rate and its turnover rate continues to be high, the SC underlines the importance of effective recruitment and of comprehensive, ongoing training.
- (C) Although no final act is yet in place, the SC considers that any transfer of posts from OLAF to the future European Public Prosecutor's Office must be carefully considered and managed so as not to adversely impact on OLAF's ability to discharge its continuing mandate. Given OLAF's current staffing levels, it is difficult to see how OLAF would absorb further reductions in posts unless there is a clear link between transfer of posts and transfer of functions.

Brussels, 1 June 2017



Legal framework and methodology

(1) In accordance with Regulation No 883/2013¹ and Commission Decision 1999/352/EC², the European Anti-Fraud Office (hereinafter OLAF) has full independence to exercise its investigative function in all EU institutions, bodies, offices and agencies established by or on the basis of the Treaties. With a view to ensure that OLAF is able to function in an efficient and effective manner and to contribute in a best possible way to the Union's objectives for the fight against fraud as defined in Article 325 of the Treaty on the Functioning of the European Union, the total budgetary appropriations for OLAF are entered under a specific budget line within the section of the general EU budget for the Commission.³

(2) In accordance with Article 15(1) and recital (37) of Regulation No 883/2013, one of the missions of the OLAF Supervisory Committee is to regularly monitor OLAF in order to reinforce its independence. With the adoption of the Regulation the monitoring role of the Committee has been strengthened and enlarged to the respect of procedural guarantees in OLAF's investigations. Recital (37) of the Regulation provides that the duties of the Committee *"also include assisting the Director-General in discharging his responsibilities"*. Pursuant to the third subparagraph of Article 15(1), the Committee shall address to the Director-General of OLAF opinions, including where appropriate, recommendations on, inter alia, the resources needed to carry out the investigative function of OLAF.

(3) The objective of the procedure in which the Committee is consulted and in which it adopts an Opinion on OLAF's Preliminary Draft Budget is to give assurance that the Draft Budget duly takes into account the independence of the investigative function of OLAF and that OLAF is resourced to function effectively and efficiently as an inter-institutional service in stepping up the fight against fraud as foreseen by Article 325 of the Treaty on the Functioning of the European Union and in Regulation No 883/2013.

(4) The Supervisory Committee's Opinion on Preliminary Draft Budget constitutes advice to the Director-General of OLAF to be forwarded by him to the Budgetary and the Discharge Authorities of the Union. It contributes to the discharge of duties of the Director General, responsible for the design, negotiation and implementation of the Office's budget.

(5) The Committee examined OLAF's Preliminary Draft Budget (hereinafter the budget) for 2018, with a particular focus on adequacy of resources.

(6) This opinion is based on a high-level review of budgetary information received from OLAF. A variance analysis of budgeted expenditure over the past three years, on a category-by-category basis, was conducted. This was followed by a process of enquiry with OLAF, including a number of meetings.

¹ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 and No 1074/1999, *OJ L 248*, 18.9.2013, p. 1–22.

² 1999/352/EC, ECSC, Euratom: Commission Decision of 28 April 1999 establishing the European Anti-fraud Office (OLAF), *OJ L 136*, 31.5.1999, p. 20–22, as amended by Decision of 27 September 2013, *OJ L 257*, 28.9.2013, p. 19–20.

³ See Art. 18 of Regulation No 883/2013.



Resources

(7) Nearly 70% of the budget relates to staff costs, which is consistent with previous years. About 80% of staff, including vacancies, is allocated to either the front-line investigations or investigative support. OLAF is requesting five additional administrator posts to be allocated to OLAF's investigative function. As indicated in its letter of 17 March 2017 to the OLAF Director-General, the Supervisory Committee supports this request, as this allocation would strengthen OLAF's investigative function.

(8) The remaining 30% of expenditure is also consistent with budgeting in the previous years. Although not material in the context of the overall budget, a significant increase in refurbishment costs is foreseen in 2018. In 2016 outturn on computer centre costs was 50% greater than the budgeted amount.

(9) OLAF continues to commit resources to the development of its case management system (OCM). Given the importance of this project, a post-implementation evaluation would be beneficial.

HR strategy

(10) OLAF has a detailed HR strategy for 2014-2016 and is now in the process of preparing an updated strategy for 2017-2019.

(11) OLAF continues to have an elevated vacancy rate – it was 6.6% on 1 April 2017. In 2016, the rate was 6.7%. By contrast, in 2015 it was 3%, which is a more standard rate for OLAF. On 1 April 2017, one directorate had an acting director and there were four acting heads of unit. When vacancies, retirements, new allocations and estimated departures based on the current turnover rate are taken into account, the current anticipated recruitment need is in excess of 35 posts. The average time to recruit is 138 calendar days.

(12) This level of recruitment increases the importance of an effective training programme. Currently the following key data on training are not available: the average number of training hours per employee and the total cost of training per employee.

European Public Prosecutor's Office

(13) The Supervisory Committee has no role in assessing the merits of the European Public Prosecutor's Office (EPPO) and does not express here any views on this. However, it notes that in October 2016, a cost-benefit analysis based on the Council draft text at that time provided for the transfer of 109 posts from OLAF to the EPPO. The negotiations on the establishment of the EPPO are on-going and currently there is no clarity on how many posts would be transferred from OLAF to the EPPO and over what period of time.

(14) It is the Committee's view that transfer of posts from OLAF to the EPPO should be carefully considered and managed in such a way so as to protect OLAF's ability to deliver on its continuing mandate, in particular its investigative capacity. Given OLAF's current staffing



level, it is difficult to see how OLAF would absorb further reductions in its establishment plan unless there is a clear link between the transfer of posts and the transfer of functions.

(15) The Supervisory Committee requests the Director-General of OLAF to keep it timely informed of any significant developments in this regard. Given the potential impact on OLAF, the Committee will consider submitting a report on this issue, under Article 15 (9) of Regulation No 883/2013, when the final proposal will have been adopted.

Recommendations to the Director-General of OLAF

As regards resources:

(I) OLAF should request the Internal Audit Service of the European Commission to carry out a post-implementation evaluation of the OCM which should incorporate the experiences of users, in addition to other elements.

As regards HR strategy 2017-2019, OLAF should pay particular attention to the following:

(II) Detailed workforce planning, which assesses the number of staff to be recruited each year over the period;

(III) Consideration of measures that can be taken to reduce the average recruitment period;

(IV) Identifying possible retention measures based on information gathered through the exit interview process as to the main reasons for employees leaving (other than due to retirement);

(V) A detailed assessment of training needs – this should incorporate both technical and interpersonal skills, as well as situational training, such as specific training for newly appointed managers or for dealing with highly contested cases;

(VI) Measurement and benchmarking of key training statistical data, such as expenditure on training and average days spent on training, compared with peer organisations.

For the OLAF Supervisory Committee

Jan Mulder, Chairman