



OLAF Supervisory Committee

Opinion No 3/2009

OLAF's Preliminary Draft Budget for 2010

Brussels, 28th May 2009



OLAF Supervisory Committee

In accordance with Article 11 of the Regulation 1073/99 the mission of the OLAF Supervisory Committee (SC) is to reinforce the independence of OLAF in the exercise of OLAF's investigative function. To do this and to ensure that OLAF is able to function in an efficient and effective manner a specific budget article within the Commission budget was created for OLAF. In this context, and with a view to the powers conferred by the Commission on the SC¹ the SC has considered OLAF's Preliminary Draft Budget (PDB) and delivers the following Opinion.

I. Allocation of resources to priority activities

The SC notes that the number of vacant posts (general rate of occupancy 94.5% on 31st December 2008) has continued to be reduced since last year. The SC welcomes this trend, which will enhance OLAF's capacity to carry out its activities more efficiently. Furthermore, the SC is satisfied that some of the posts occupied up to now by 'acting' management personnel, have been published. The SC trusts that OLAF will finalise the recruitment of personnel to these posts as soon as possible and complete the selection of personnel from the reserve lists of the external competitions to fulfil the vacant permanent posts.

The PDB of 2010 does not include an increase in the number of posts and, as a result, the overall budget will decrease (-1,22%) in 2010. It appears, from the statistics submitted to the SC by OLAF, that personnel were allocated in the following way at the end of 2008:

Directorate A (investigations and operations):	84	(17%)
Directorate B (investigations and operations):	84	(17%)
Directorate C (operational support):	125	(25%)
Directorate D (administration and general affairs):	181	(36%)
General Director and SC:	25	(5%)
Total staff	499	(100%)

This information shows that a minor part of total resources (34%) is currently allocated to investigations, with two support and/or administrative staff for each investigator. OLAF has explained that while a smaller proportion of staff carries out investigations, nearly all staff should be considered as working within OLAF's 'operations' sector, albeit not necessarily directly attached to investigation units.

The distinction made by OLAF between investigations and operations raises some issues that should be considered in the context of resource allocation. The SC is not clear as to the reason for inclusion of certain activities within the 'operations' area of OLAF's work, either with regard to the nature of the work performed or regarding the added value of OLAF's input in these areas. Given the increasing diversity and complexity of OLAF's activities (either on OLAF's initiative or imposed on it by the Commission), a point has now been reached where it is pertinent to define and weight the importance of those activities carried out to date. In the SC's view OLAF

¹ Article 6 of the Commission Decision of 28th of April, 1999.



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could conduct a general evaluation of its activities with the aim of better allocation and prioritisation of its resources, followed by an eventual gradual suppression or reinforcement of activities.

As in preceding budgets, the note provided by OLAF for the SC on the PDB does not include an explanation on priorities for 2010, resource planning or policy regarding OLAF's personnel. Therefore, there is neither any evidence available to determine OLAF's future direction, nor any indication as to whether those activities carried out have made the most efficient use of OLAF's budget.

The SC recommends that OLAF's future activities should be built on its current strengths, core competencies and fields of expertise which will guarantee its future success. The SC questions the need for OLAF to reinforce the areas of administrative work, which require no specialised anti-fraud knowledge or proficiency, when its long term existence depends on the expertise and efficiency of its investigation teams.

The SC reiterates the importance of a human resources strategy built on the identified and real needs of the organisation and its priorities, with the aim of giving direction and maximising the use of existing resources. The SC is concerned of the capacity of Directorates A and B to deal with the increased workload foreseen for future years (and confirmed in the OLAF activity reports) when it is clear that resources will not increase. The SC has made reference to these points in its Opinions of 3/2008 and 2/2007 and in a number of discussions with OLAF management.

The SC also emphasises the importance of finding a practical solution to improving cooperation between OLAF and DG Admin and the provision of continuous training for investigators. Secondly, it would be worth reflecting how OLAF could benefit from internal mobility and rotation, with the aim of improved staff development. Investing in staff development is important since some investigators, particularly temporary staff, will remain in OLAF long-term.

Another point of concern for the SC is the difficulty in putting in place a system of promotion (or reclassification) of temporary staff. The SC finds it disappointing that no solution has yet been found to this problem despite a number of discussions between the SC and OLAF.

Recommendations:

- Ø OLAF should provide justification of the current division of personnel between investigation and other operational work and define what 'operations' activities mean in practical terms.**
- Ø A human resources strategy based on a needs assessment or evaluation of OLAF's current activities should be developed and focus given to cooperation with DG Admin and training, as well as the mobility of investigators.**
- Ø Promotion of temporary agents to be put in motion at the earliest possible date.**



II. Individual items of expenditure

Overall, the SC notes the decrease of 1.22% in OLAF's 2010 budget, due to lower administrative expenditure related to various types of personnel costs. The SC also notes that despite the overall PDB decrease, some management expenditure items are expected to increase in 2010, particularly in the area of "research and development IT systems" (an increase of 35% over two years). Furthermore, based on above observations regarding the need to step up the training for investigators, the SC is concerned that there appears to be an estimated decrease (12%) in the "further training, retraining and information for staff".

Thirdly, the SC considers that the overall mission and travel expenses and incidental expenditure (2.5 MEUR), albeit decreasing by 2% in 2010, still represents a considerable proportion of the overall budget, especially since investigatory staff only represent a small proportion of the total personnel. This observation is obtained from evidence from the monitoring exercises which indicate that management control over mission expenditure leaves room for improvement.

Recommendations:

OLAF to clarify

- Ø **The increased expenditure in the area of "research and development IT systems".**
- Ø **The decreased expenditure in "training, retraining and information for staff".**
- Ø **The expenditure of the "overall mission and travel expenses and incidental expenditure".**

III. The Secretariat of the SC

The SC maintains its position on the minimum requirement of eight Secretariat staff, which is equivalent to the current needs of the SC and reiterates that the number of staff should be reserved in the OLAF establishment plan for the SC using the "footnote" or other appropriate method to earmark these posts specifically for the Secretariat.

The SC has requested publication of the Post of the Head of the Secretariat and one post at AD level. Furthermore, the SC has expressed a desire to be closely involved in both selection processes.



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As a result of the ruling of the Court of First Instance² the SC's monitoring role will expand with the resulting implications for the staffing of the Secretariat in 2010. Since the new mechanism is not yet in place, the SC is not in a position to assess the specific additional staffing needs but will do so in early 2010.

The SC acknowledges that the European Commission staff rules and the appraisal and promotion system therein do not currently permit the members of the SC to evaluate the performance of the staff of the Secretariat. However, the SC considers it is unsatisfactory that the annual performance level of the Secretariat staff is ultimately decided by the Director General of OLAF and that there is no involvement of the SC in this exercise despite the secretariat working under its direct authority.

Recommendations/observations :

- Ø OLAF should earmark eight staff members for the Secretariat.**
- Ø Appointments of the SC Secretariat staff should only be made following the approval of the SC, thus ensuring the full independence of the SC in the performance of its duties.**
- Ø Current appraisal and promotion system for the staff of the SC secretariat is not appropriate.**

IV. Conclusion

The SC supports OLAF's budget proposal for 2010 with the proviso that the above recommendations be taken into consideration.

In accordance with Article 7 (para graph 2) of the Commission Decision of 28 April 1999 the Opinion should be transmitted to the Budgetary Authority by OLAF. Furthermore, the SC would like to be updated regularly on measures taken by OLAF towards implementation of the recommendations of the Opinion.

² T-48/05 Francet and Byk European Commission.