

**OLAF Supervisory Committee**

**OPINION 1/2003  
of 1 April 2003**

**on OLAF's preliminary draft budget  
for 2004**

**Rapporteurs: Mr DE SOUSA and Mr NOACK**

The Supervisory Committee wishes to make the preliminary remark that the opinion it has to give to the budgetary authority on OLAF's preliminary draft budget for 2004 is subject to a large degree of uncertainty because the European Commission is late in sending to Parliament and the Council the report referred to in Article 15 of Regulation 1073/1999.

Should the legislative authority assign new areas of competence to OLAF, it may then be necessary to adopt specific budgetary measures to enable the office to adjust to the new situation.

Generally speaking, the Supervisory Committee would restate the matters of principle laid down in its opinions on the preliminary draft budgets for past years.

The Supervisory Committee stated, in particular, that OLAF's budgetary forecasts had to be seen in the light of the programme of activities provided for in Article 11(7) of Regulation 1073/1999 and that in support of any new appropriations or posts requested detailed information should be given on the use of available resources in earlier years.

Last year in particular the Committee stated that in order to give the opinion required by Article 6(2) of the Decision of 28 April 1999 and Article 25 of its Rules of Procedure, it must:

- (a) receive in good time the preliminary draft budget with figures for each heading and subdivision;
- (b) make the comparison with the previous budget and have information on the increases (if any) in each heading and subdivision, in particular as regards Articles 01 (staff expenditure) and 04 (financing antifraud measures);
- (c) be informed of priorities for investigation activities in the year in question underlying requests (if any) for additional posts.

In November 2002 the Committee requested that it be informed of the progress of the procedure for preparing the preliminary draft for 2004.

The Committee was informed in February 2003 that OLAF was taking part in the annual policy strategy (APS 2004) exercise that the Commission applies in each of its Directorates-General. For the purposes of this exercise the Office had to identify the additional resources required to prepare the candidate countries and ensure stability in the enlarged European Union. For this the Office stated that it needed new posts relating to the priorities set by the Commission for the general budget, in particular priority 1 "enlargement" (57 posts).

To enhance stability, OLAF proposed assigning a number of experienced investigators to the five geographical regions bordering on the enlarged Union (8 posts).

OLAF's requests for these two priorities give a total of **65** posts (**37 A, 21 B and 7 C**).

For its own internal development OLAF planned **12** additional posts.

The Committee notes that these requests for posts were drawn up and sent to the Commission before OLAF's work programme had been drafted and presented and then appraised by the Committee.

At its meeting on 4 and 5 February 2003, the Committee was told that a work programme setting out the grounds for these requests would be presented for its March 2003 meeting.

At that meeting on 4 and 5 February 2003 the Committee pointed out that it would not be sufficient for the budgetary authority that OLAF's budgetary proposals should simply fit in with the Commission's plans; OLAF would also have to refer to its own objectives.

With the entry into force of the new Financial Regulation, OLAF, despite its own specific features, will have to incorporate its forecasts into the Commission's procedures and priorities. Forecasts will therefore have to be founded on convincing objectives.

It was not until 28 March 2003, just before the Committee's meeting, that two provisional documents initially announced for 5 March (an assessment of resources for 2004 and draft budget for 2004) were sent by the Director of OLAF to the Supervisory Committee, which thus had to give its opinion at its meeting on 1 April 2003.

The Committee notes that the requests for new posts were once again drawn up and communicated before OLAF's "programme of activities" had been drafted, presented and appraised by the Committee. It is true that the prime objective of assessing resources for 2004 is not to provide grounds for the budget requests, but these requests would have a sounder foundation if they fitted into the "Office's programme of activities" referred to in Article 11(7) of Regulation 1073/1999.

The assessment of resources for 2004 which OLAF presented to the Committee as a preliminary draft is a response to a request made by the Commission to its departments. This exercise amounts to an assessment of basic functions assumed by OLAF. The Committee notes that this document contains no comment or assessment concerning the Office's standard intelligence functions.

In this framework OLAF could have based its request for new posts on an extrapolation of the increase in ongoing investigations regarding the accession countries and of the growth of the Community budget following enlargement on 1 May 2004.

The Committee accordingly feels that OLAF's effort to assess its resources for 2004 reflects a more proactive approach to management of its staff but that the link between assessment of resources for 2004 and the budgetary requests presented is still only formal.

As things stand OLAF still does not have instruments for programming its activities and coordinating operations with its partners which would enable it to control their development. In particular, OLAF is still not in a position to assign human resources to what are seen as its priority tasks: its internal structures are too rigid for this.

The Committee notes that OLAF has still not completed the catalogue of activities which do or do not fall within its jurisdiction and that it organises its relations with its partners on a one-off basis. It is therefore just as tricky to comment on the proper use of available resources as it is on the relevance of the new requests.

The Committee accordingly feels that the opinion it is required to give is based more on the budgetary considered already laid down by the Commission and reflected in the requests made by the Office.

However, the Supervisory Committee wishes to add the following remarks for the information of the budgetary authority:

- the Office has completed the consolidation of its structure and this is now tailored to the performance of the new functions and missions assigned to it by the legislative authority. However, the Office still has to produce the catalogue of tasks which do not belong to its missions and which unnecessarily use up some of its resources;
- generally speaking the Office should demonstrate whether it is making optimum use of the resources allocated to perform the missions set by the legislative authority;
- the Office does not state with sufficient precision to what extent the objectives of the legislative authority have been satisfied or are being satisfied as regards internal investigations and external investigations (in particular coordination of national measures).

Finally, the Office has still not presented to the Committee a draft programme of all its operational activities.

Subject to the above remarks and observations, the Supervisory Committee delivers a favourable opinion on the proposals of the Director of OLAF concerning the preliminary draft budget for 2004 in its present provisional state.