



OLAF Supervisory Committee

OPINION No 3/2011

OLAF's Preliminary Draft Budget for 2012

Brussels, 14 July 2011



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On 16/03/2011 and 10/05/2011 the OLAF Supervisory Committee (SC) examined “OLAF’s Preliminary Draft Budget for the European Anti-Fraud Office for 2012” and adopted the following opinion:

a) OLAF's administrative independence vis-à-vis the Commission

The OLAF budget proposal for 2012 was fully in line with that requested by the Commission in pursuing the zero growth policy for 2012 for all Commission services. However, the SC was informed that the Commission recently introduced a requirement for additional budget reductions to accommodate anticipated difficulties in the 2012 Budget negotiations with imposed reductions of 1,47% (€ 857 000) on the OLAF Draft Budget proposal. These reductions, in comparison with the OLAF original proposal, would be in the following three areas:

- 75 000 (2,8%) of external staff
- 159 000 (4,8%) other management expenditure (namely mission expenses)
- 587 000 (4,9%) Buildings and related costs
- 36 000 (2,25%) Financing anti-fraud measures

Whilst the SC acknowledges the political realities faced by the EU in the current difficult economic climate and the resulting need for further efforts on the part of the EU institutions to achieve savings in all areas of the administrative expenditure, the SC would like to express its concern with regard to the proposed additional budget cuts. In particular, in budget lines relating to staff management (A3 01 02), which would have a direct impact on the conduct of OLAF's investigation activities. The SC would question the proposed enforced cuts to the budget lines of OLAF's operational activities. OLAF is an investigative service and it is precisely in times of financial crisis when it should exercise increased control over both expenditure and revenue. According to OLAF the additional expenditure cuts proposed by the Commission would have the following implications for the operational departments:

- Discontinuation of five or more contractual agent contracts;
- Termination of two interim staff contracts;
- Delay in the launching of the recruitment process for the replacement of Directors for Directorates B and C;
- Additional delays in the temporary agent reclassification exercise which concerns, for the most part, investigators from the operational units mainly in the highest grades.



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Specifically, the SC would like to point out that, in order to strengthen OLAF's independence in its function as an investigative body, Regulation 1073/99 explicitly grants OLAF's Director General, as authorising officer, sole responsibility for the preparation of the draft budget following consultation with the SC. Furthermore, the principle of OLAF's budgetary autonomy was further reinforced by the Commission in 1999¹ when a special budget heading for OLAF was created.

Moreover, it goes without saying that whilst OLAF is administratively attached to the Commission, it should be fully independent in the conduct of its operational activities and henceforth be provided with sufficient resources for its investigatory capability. OLAF must accordingly retain the financial resources and manpower it needs to perform its tasks at least to the level which has been agreed during previous budgetary negotiations in terms of its personnel capacity. In the SC's view the principle of budgetary autonomy should be respected by the Commission, particularly since no budget increase vis-à-vis the adopted Budget 2011 has been proposed by OLAF. If, despite what is stated above, reductions take place up to the amount proposed by the Commission, OLAF should be expressly allowed to make such cuts as it sees fit to parts of its budget.

To summarize, the SC strongly disagrees with the position of the Commission during the budgetary discussions.

Recommendations:

- The SC supports OLAF's proposal for its Draft Budget 2012 which foresees no increase in administrative expenditure.
- The SC strongly disagrees with additional savings in personnel costs which should be reconsidered by the Commission to avoid adverse impact on OLAF case work.
- If additional savings are to take place anyway, the SC recommends that the Director General of OLAF should be allowed to freely allocate the effects to any budget line he decides.

b. OLAF's operational independence and human resources management

The personnel headings of OLAF Draft Budget account for nearly 70% of total administrative expenditure. For this reason the SC would like to reiterate once again the need for a better developed human resources policy by introducing a strategy to reflect the operational priorities set by management.

As already emphasised in previous SC Budget opinions, human resources management is the key investigation support function and should serve to underpin the efficiency and effectiveness of the investigative work. In the absence of a clear strategy in this area, it is difficult for the SC to form an opinion on the efficient and effective use of the resources of the administrative budget.

¹ Decision (EC) 1999/352 of 28 April 1999 on establishing the European Anti Fraud Office (OLAF).



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The SC fails to understand why, after six years, no action has yet been taken by the European Commission on the re-grading of all OLAF temporary agents. This has been a possible option since June 2005 and has been raised by the SC many times with OLAF's senior management. The SC is deeply concerned with regard to this situation.

The SC favours a better formulated human resources policy since it will strengthen OLAF's investigative function and thereby OLAF's operational independence through more efficient and effective management of investigations.

Recommendation:

- OLAF to develop its human resources strategy based on clear policy to be agreed by management.
- All OLAF temporary agents to be regraded as appropriate.

c. SC budget and secretariat staff

The SC confirms its position regarding the provision in the Draft Budget 2012 for eight Secretariat staff (five officials level AD and three official level AST). This would enable the SC to fulfil its legal mandate in full independence. The total number of eight posts required for the Secretariat is in line with that previously requested by the SC. In addition it is important that the SC is able to fulfill its monitoring and controlling function as conferred on it by the three institutions. Therefore the Parliament, the Council and the Commission should make sure that the present level of staff in the SC's secretariat is maintained.

Recommendations:

- Eight staff members to be reserved for the SC Secretariat in the Draft Budget 2012.

d. Conclusion

The SC supports OLAF's budget proposal for 2012, but strongly disagrees with the cuts and proposals made by the European Commission. Therefore the SC gives a negative opinion on the draft proposal of the European Commission for the OLAF Draft Budget 2012.