

**OLAF Supervisory Committee**

**OPINION 03/2002**

**on the  
preliminary draft budget for OLAF  
for 2003**

**Rapporteur: Mr Alfredo José De Sousa**

## **1. Introduction**

The European Anti-fraud Office (OLAF) is to exercise its powers in full independence of the Commission, the Governments and the other institutions and bodies (Article 3 of Decision 1999/352).

The prime task of the Supervisory Committee is to reinforce OLAF's independence in the exercise of its investigation function (Article 11(1) of Regulation No 1073/99).

OLAF's independence is also expressed in budgetary terms by appropriations for its operation entered in a separate annex to Part A of the Commission budget. The posts set aside for OLAF are also provided for in an annex to the Commission establishment plan.

This is the context in which the Committee is to give the Opinion provided for by Article 6(2) of the Decision of 28 April 1999 and Article 25 of its Rules of Procedure on the preliminary draft budget presented by the Director of OLAF for 2003.

By way of introduction, the Committee notes that this is the first time that it is giving an Opinion on the preliminary draft budget on the basis of the official schedule.

But if the Committee is to do this, it must:

- Receive in good time the preliminary draft budget with figures for each heading and subdivision;
- Make the comparison with the 2002 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 anti-fraud measures);
- Be informed of priorities for investigation activities in 2003 underlying requests (if any) for additional posts.

Article 11(7) of Regulation No 1073/99 provides that "The Director shall forward to the Supervisory Committee each year the Office's programme of activities", and Article 25(2) of the Committee's Rules of Procedure requires the Director of OLAF to present "a regular report on the implementation of the budget", so that an Opinion on the next preliminary draft budget can be prepared in sound conditions.

This information is important to enable the Committee to give its Opinion on the preliminary draft budget 2003. We regret that we were not given the information.

## **2. Circumstances in which the Opinion was prepared**

At its meeting of 5 December 2001 the Committee was informed by OLAF that the broad lines of the structure of the preliminary draft budget 2003 would be put to it at the end of February 2002.

On 5 February 2002 OLAF informed the Committee that the following needs for additional posts (26) had already been identified for 2003: 11 for measures to support applicant countries' anti-fraud activities; 7 to reinforce AFIS; 5 for protection of the euro; 3 for monitoring the Green Paper on the European Public Prosecutor.

The allocation of posts between units in the Office on the basis of the structure established by the latest change in the organisation chart on 1 February 2002 was as follows: 60 attached to the Director-General (including the Judicial Advice Unit); 54 in Directorate A (Policy, Legislation and Legal Matters); 127 in Directorate B (Investigations and Operations); 48 in Directorate C (Intelligence, Strategy, Operation and Information Technology); and 6 at the Committee's Secretariat.

At its meeting of 5 March 2002 the Committee reminded the Director of the need to set priorities for action by the Office, in particular as regards investigations, noting that the Office's organisation chart had been changed without priorities first being set.

At that meeting the Director undertook to present a document within two weeks, setting investigation priorities.

On 12 March the Committee sent the Director a note reminding him of the need to supply the rapporteurs for this Opinion with all the information they needed by 2 April, and in particular with OLAF's priorities for 2003 and the grounds for all additional appropriations or posts requested.

The preliminary draft budget for 2003 prepared by the Office was given to the rapporteur, Mr De Sousa, on 5 April.

These are the circumstances in which this Opinion was prepared and adopted by the Committee at its meeting of 9 April 2002.

## **3. Budgetary and procedural framework for the preliminary draft budget**

The budgetary authority has determined the budgetary framework within which OLAF is to operate. As regards the determination of appropriations, OLAF enjoys the budgetary autonomy generally conferred on Offices, enabling it to adopt its estimates on the basis of its own priorities. Regarding its establishment plan, the political authority gave it 300 budgetary posts in 2002, within which the Office is to establish structures corresponding to its tasks and status. In particular, OLAF is to manage the transition from 149 to 300 staff that the budgetary authority decided

should proceed in two stages of 75 and 76 posts. The authority decided to make the approval of the second tranche subject to verification whether OLAF's organisation chart and staffing truly corresponded to its objectives.

For the preparation of its preliminary draft budget for 2003, OLAF began by informing the Commission (APS procedure, January 2002) of its forecast request for additional posts corresponding to new tasks, evaluated at 26 posts. The Commission observed that only 8 posts corresponded to priorities in its own activities, in particular in relation to enlargement.

According to the Commission, the remaining 18 posts should be found through internal redeployment in view, among other things, of the large number of posts still vacant.

The Committee had hoped last autumn that structures reflecting OLAF's own priorities would be in place for the preparation of the preliminary draft budget 2003. But the Director of Directorate C did not take up office until 1 February 2002 and was not able to present the Committee with guidelines for the future organisation of his department until the meeting of 5 and 6 March 2002. Since Directorate C will play a key role in determining OLAF's future policy on investigations, that policy, obviously, has not yet been established.

Regarding Directorate B, the situation is not much brighter as the Director has still to take up his post. The structure of Directorate B is not yet definitively established, and it is not yet possible to define the prospects for establishing and developing the OLAF project, in particular as regards the procedures for cooperation between the different poles and the role of the different poles and departments in this organisation.

An important factor for establishing this preliminary draft is therefore still absent on account of the circumstances: a clear, precise definition on a hierarchical basis of the new tasks that OLAF is planning to perform, chiefly in the context of its platform of services to formalise its relations with its partners.

#### **4. Methods for establishing the preliminary draft budget**

Apart from that, OLAF has endeavoured to evaluate its needs by asking its various units to calculate their respective workloads. The outcome of this exercise was a figure for estimated needs of more than 400 staff. OLAF then endeavoured to reconcile this evaluation with the framework set by the Commission by undertaking a severe selection process and accepting only those new posts which were indispensable for the satisfactory pursuit of its core activities on the basis of its new structure and corresponding basically to the priorities acknowledged for the Commission in the definition of its strategy for 2003.

To produce requests that are acceptable to the different authorities responsible for budgetary decision-making, the Office reduced its evaluations on the basis of the criteria and priorities followed by the Commission in the APS exercise and its anti-fraud strategy. As regards the effects of the reduction on its management, the Office

shifts the responsibility for defining criteria for opening new investigations and for allocating tasks as between OLAF and the national authorities on to the Case Management Board, which will decide case by case. Reference is made to the priorities set for the Office by the Director, without further clarification.

Regarding the investigation function, the preliminary draft budget for 2003 presents no practical priorities.

OLAF establishes its requests for additional posts at 20 new post to be added to the establishment plan for 2003 (11 permanent and 9 temporary posts). It also envisages 8 auxiliary posts (for enlargement), financed from administrative appropriations, and 4 seconded national experts, whose salaries are mainly paid by their home departments.

The 32 new posts would be distributed as follows:

- Attached to the Director-General: **2 A** (1 security officer, 1 financial controller)  
**8 A** (auxiliaries for enlargement)
- In Directorate A for administrative and financial monitoring: **8 A** (in Units A3, A4 and A5)
- In Directorate B: **2 A** (investigators)
- In Directorate C: **12 A** (intelligence analysts, IT experts)

The Committee notes that only 2 investigators are assigned to Directorate B and that priority is given to projects linked to enlargement (8), administrative and financial monitoring (8) and intelligence and IT (12).

According to the preliminary draft budget 2003, the staffing situation on February 2002 was as follows: 181 persons were paid, 43 were being recruited and 76 posts remained to be filled (21 already published).

In March 2002 posts were distributed as follows: 60 attached to the Director-General, of which 14 still to be filled; 54 in Directorate A, of which 11 still to be filled; 127 in Directorate B, of which 25 still to be filled; 48 in Directorate C, of which 3 still to be filled; 6 at the Supervisory Committee, of which 3 still to be filled.<sup>1</sup>

The progression in staff expenditure in 2003 remains moderate (+4.2%), given the automatic index-linking and increment functions; the same applies to the variation in administrative expenditure (+3.2%).

Additional operating appropriations (chapter B5-91), indispensable for the development of information exchange facilities (AFIS) with the Member States (the development of which was previously financed under the Customs 2000 programme) also rise only slightly (+4.1%), assuming a constant legal basis.

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<sup>1</sup> The figures vary widely from time to time as staff come and go.

## 5. Conclusions

The Committee notes that the preliminary draft budget for 2003 presented by OLAF constitutes an evaluation of what is needed for the Office to operate on the basis of current conditions and assuming that all the posts entered in the organisation chart for 2002 will be filled by the end of the year.

The Committee:

- Regrets that this year again, the preliminary draft was not produced on the basis of a clear and precise definition of OLAF's new tasks and a programme of activities presented for the Committee's Opinion;
- Believes that recruitments should be speeded up to fill all the posts still vacant by the end of 2002, with effective definitions of missing profiles to prompt the right applications;
- Notes that the Office must set its overall priorities as regards investigations and follow-up at the same time as it fixes its 2003 budget in the light both of directives from the European institutions and of the risk sectors identified by OLAF itself;
- Observes that the Director will have more than 70 staff, including the Judicial Advice Unit, reporting direct to him and that posts should be better distributed over the three existing Directorates.

Finally, the Committee notes that in the third quarter of 2002 the Commission, acting under Article 15 of Regulation 1073/99, is due to present proposals for the adaptation or extension of OLAF's tasks.

The potential impact of this could be a far-reaching revision of the Office's budget for 2003.

**Subject to the four observations above, the Committee issues a favourable Opinion on the preliminary draft budget for OLAF for 2003 presented to it.**