



EUROPEAN ANTI-FRAUD OFFICE

The Director-General

Brussels

NOTE FOR THE ATTENTION OF MR JOHAN DENOLF, CHAIRMAN OF THE OLAF SUPERVISORY COMMITTEE

Via the Secretariat of the Supervisory Committee

Subject: **Response to the Supervisory Committee's Opinion 1/2013 on
OLAF's Preliminary Draft Budget for 2014**

Introduction

I welcome the Supervisory Committee's support for the 2014 budget proposal and would like to provide some clarifications and answers on the comments and recommendations made in the Opinion 1/2013.

I. Resources

Allocation of resources to priority activities

The Supervisory Committee acknowledges the distribution of staff among key activities as presented in the last OLAF report as a step in the right direction. Within the framework of the HR strategy to be developed in the next few months, I am prepared to consider whether a further detailed analysis would be appropriate.

Opening and follow up of the investigations

OLAF agrees that it is important to have transparent and reliable information to analyse the results of actions taken following OLAF investigations. Therefore OLAF is currently working on reviewing the basis upon which it reports on the actions taken by national judicial authorities following its recommendations. The Supervisory Committee will be informed when the analysis has been completed.

I would like to draw your attention to Art. 11 (6) Regulation 833/2013 which now provides for a legal obligation for the Member States' judicial authorities to transmit to OLAF information on action taken on the basis of its recommendations. Therefore I expect that in the future we will be able to report more accurately on this indicator.

Furthermore, I would like to underline that the results of judicial actions taken by national authorities following OLAF investigations are not the only indicator for OLAF's effectiveness and efficiency. OLAF reports every year on financial recovery resulting from its investigations, which demonstrates an effective use of OLAF's resources.¹

HR Strategy

DG HR has recently developed a set of new tools aiming at setting up human resources strategic plans in some pilot Commission services. The purpose is to enable DGs to reach a solid understanding of how future competency needs compare with today's staffing (gap analysis). OLAF has had preliminary contacts with DG HR and is involved in the pilot exercise as from September 2013.

An internal OLAF HR dashboard has already been developed. Based on some examples developed in other Commission services, it allows monitoring some key indicators (vacancy rate; equal opportunities; absenteeism; mobility towards other DGs, etc.).

The next steps foreseen and the schedule are as follows:

- By end of 2013 - analysis of the current HR situation:
 - composition of OLAF's workforce (work size, staff profiles, competences, etc.) and its "mechanical evolution";
 - analysis of future HR needs based on OLAF business objectives;
 - gap analysis.
- Beginning of 2014: definition of strategic HR priorities addressing the main identified challenges.

OLAF continues to pay great attention to addressing training needs as evidenced by the training budget.

	Evolution Training Budget 2008-2014						
	2008	2009	2010	2011	2012	2013	2014
Budget	225.000	225.000	200.000	220.000	199.000	199.000	199.000
Outturn	122.457	182.325	235.728	213.169	192.696	152.130	
						*31/08/2013	

II. Budgetary Procedure

As already confirmed last year in the discussions concerning your Opinion No. 1/2012 on OLAF's Preliminary Draft Budget for 2013 and effectively put in practice this year, I will continue to consult the Supervisory Committee on the preliminary draft budget (PDB) before the start of budget negotiations with DG BUDG.

This year I presented OLAF's PDB 2014 during our meeting on 27 February 2013, one week before a hearing with DG BUDG. The Head of the Supervisory Committee Secretariat was informed about the results of the hearing and further evolution of OLAF's PDB 2014.

Therefore, I consider that I effectively consulted the Supervisory Committee on the PDB 2014 before sending it to DG BUDG. Nevertheless, I will take into consideration any

¹ For instance in 2012 the total recovered amount was EUR 94,5 million and by far exceeded OLAF's budget in that year that amounted to EUR 57,4 million.

suggestions to improve the PDB consultation procedure with the Supervisory Committee that you may have in the future.

At the same time, for the sake of clarity I would like to reiterate two constraints that should be noted by the Committee:

1. When preparing the PDB OLAF possesses only partial information (i.e. the needs determined by OLAF taking into account the political orientation of the College). At this stage OLAF is not yet aware about possible flat-rate cuts according to the Commission's budget objectives/targets, which are only disclosed by DG BUDG during the hearings.
2. Between the first draft of the PDB and the version of the PDB submitted as a basis for the budgetary hearing, many variables change (mostly in relation to salaries and number of posts). The PDB becomes final on the last day preceding OLAF's meeting with DG BUDG which was 5 March 2013 for PDB 2014.

III. The Supervisory Committee and its Secretariat

The Resources of the Secretariat of the Supervisory Committee

With regard to the requested changes in the budget line for the Supervisory Committee, I have to reiterate that changes in this respect are not in my competence but have to be addressed to the budgetary authorities.

Moreover, I would like to draw your attention to Article 18 of the new OLAF Regulation which states that: "*The total appropriations for the Office, including for the Supervisory Committee and its secretariat, shall be entered under a specific budget line...*" (24.0107 in the MFF 2014-20) and "*The establishment plan of the Office, including the secretariat of the Supervisory Committee ...*"

The new Regulation does not specify a separate budget line for the Supervisory Committee and a separate establishment plan for the staff of its Secretariat.

The budget of the Supervisory Committee covering the expenses of its Members is separated from the budget of OLAF in heading 03.

The expenses (salary, rent, mission costs, etc.) of the staff of the Secretariat are included in the same heading as other OLAF staff since they are part of OLAF's establishment plan.

In previous years, OLAF has never transferred a budget from or to the budget line of the Supervisory Committee in order to avoid any conflict of interest. For the same reason, OLAF is not in favour of transferring unused funds from the Supervisory Committee budget (heading 03) to be used for any other purposes under headings 01 and 02 of its budget in the future.

However, in case you wish to have an overview of the resources related to your supervisory function, OLAF's Unit R.2 Budget can produce reports presenting overall expenditures related to the Supervisory Committee, including its Secretariat.

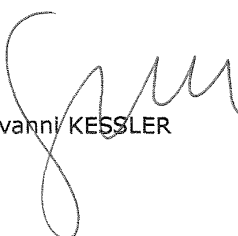
Secretariat Staff

An additional contract agent position has been allocated to the Secretariat in order to cover a gap following a leave of absence. OLAF has provided the Supervisory Committee Secretariat with CVs of candidates. The selected contractual agent took up his post on 16 September 2013.

During spring 2013, OLAF has been negotiating with the Commission for a post "en surcharge" to be made available temporarily for the Secretariat. This was done with the involvement of the Secretariat. Unfortunately, this request was turned down. Nevertheless, I have decided to reinforce the Secretariat permanently with one AD post. A vacancy notice was published on 6 August 2013. The selection procedure will be handled by the Supervisory Committee Secretariat with support of OLAF's Unit R.1 Human Resources.

Once all the posts are filled, the Secretariat team will consist of 8 staff members.

Finally, I would like to assure you once again that as the Director-General of OLAF, being the responsible AIPN, I will continue to consult you on staff decisions in your Secretariat. With regard to performance evaluation, evaluation of work of staff of the Secretariat by the Members of the Committee will serve for me as a basis to form an opinion on their performance.



Giovanni KESSLER