

Discharge for 2016 budget – EU decentralised agencies and joint undertakings

During the April plenary session, the Parliament is due to vote on discharge to the EU agencies and joint undertakings for their implementation of the 2016 budget. Parliament's Committee on Budgetary Control proposes to grant discharge to all joint undertakings and agencies except the European Asylum Support Office.

Votes in the Committee on Budgetary Control

On 20 March 2018, the Committee on Budgetary Control (CONT) voted on recommendations for [discharge](#) in respect of the implementation of the 2016 budgets for [EU decentralised agencies](#) and [joint undertakings](#). In total, CONT drafted 33 reports for the agencies, 32 for the individual agencies plus a horizontal report. Furthermore, CONT drafted 8 reports concerning the joint undertakings. CONT recommended granting discharge to all the agencies, [save for the European Asylum Support Office](#), and to all joint undertakings.

The CONT vote on discharge followed the [annual audits](#) carried out by the European Court of Auditors (ECA) on EU agencies and other bodies, and [joint undertakings](#). In addition, the committee's votes were based on the results of the [answers to a questionnaire](#) with written questions for the EU agencies and the [EU Agencies Network report](#) to the EP on the follow-up to the 2015 budgetary discharge, submitted in October 2017.

EU decentralised agencies

The agencies' total 2016 budget amounted to €3.4 billion, accounting for about 2.4 % of the 2016 EU general budget, and an increase of 21.42 % (€0.6 billion) in comparison to 2015 (€2.8 billion). The biggest increases were in agencies working on industry, research and energy (additional €358 million), as well as civil liberties, justice and home affairs (additional €174 million). Some 70.5 % of the agencies' budget is funded by the general budget of the EU (€2.4 billion out of €3.4 billion). The remaining €1 billion comes from fees, and direct contributions from Member States, EFTA states and other sources. The EU agencies employed a total of 10 364 staff (compared to 9 848 in 2015), which is an increase of 5.24 %. The largest staff increases were noted in agencies dealing with industry, research and energy (110 new staff), and civil liberties, justice and home affairs (177 new staff), as well as economic and monetary affairs (85 new staff).

The ECA [issued](#) an unqualified opinion on the reliability of the accounts of all agencies, and an unqualified opinion on the legality and regularity of the transactions underlying the accounts of all agencies except for the [European Asylum Support Office](#) (EASO), pointing to 'a lack of rigour in [EASO] procurement procedures'.

The CONT report highlights progress in several areas, but also expresses concerns and makes suggestions.

Progress

- 1. Contribution of the EU Agencies Network (EUAN).** CONT welcomes the contribution by the [EUAN](#) in coordinating, collecting and consolidating actions and information for the benefit of the EU institutions, including coordinating the annual discharge and budget procedures.
- 2. Joint procurement.** CONT welcomes five inter-agency joint procurement procedures which generated a total of €10.72 million in savings.
- 3. Business continuity plans.** CONT notes that 27 agencies already have a business continuity plan in place and considers that all agencies should have one.
- 4. Staff reduction and redeployment.** CONT notes that most agencies have already met or exceeded the 5 % staff reduction planned for the period between 2013 and 2017. The Commission also redeployed 218 posts to agencies with new tasks, especially [Frontex](#), [Europol](#) and the [European Aviation Safety Agency](#).

Concerns and suggestions

1. **Elevated carry-overs.** An elevated level of carry-overs of committed appropriations remains the most frequent issue in budgetary and financial management affecting 23 agencies (compared to 32 in 2015). CONT calls for the immediate establishment of clear definitions of acceptable carry-overs.
2. **Public procurement.** CONT points to infringements of the [EU financial rules](#) by five agencies: the European Asylum Support Office ([EASO](#)), the [European Monitoring Centre for Drugs and Drugs Addiction](#), the [European Agency for the Operational Management of Large-Scale IT Systems](#), the [European Medicines Agency](#), and the [Office of the Body of European Regulators for Electronic Communications](#). At EASO, payments under two irregularly awarded framework contracts amounted to 2.9 % of its annual expenditure. As OLAF is investigating EASO's operations, CONT states that 'granting discharge before all the relevant information ... [is] fully known would not be responsible' and asks EASO to report back by 15 June 2018.
3. **Multiple seats and topical overlap.** CONT is critical of the fact that some agencies have dual headquarters and multiple operational centres and offices, without any added value. CONT notes that there are four separate agencies in the field of social policy and as many as six in the field of justice and home affairs. It is disappointed with the [outcomes](#) of the interinstitutional working group on decentralised agencies which has not come up with concrete proposals for mergers or co-location of agencies.
4. **Recruitment difficulties.** CONT notes the difficulties to recruit qualified staff owing to low correction coefficients for certain countries and excessive red tape in the recruitment procedures. CONT calls upon the Commission to revise the correction coefficients.
5. **Impact of Brexit.** CONT notes that [agreement](#) was reached by the Council in November 2017 to relocate the European Medicines Agency to Amsterdam, and the [European Banking Authority](#) to Paris, but is concerned about the additional costs, loss of expertise and risk to business continuity. CONT is also concerned about post-Brexit loss of revenue for a number of other agencies.
6. **Lack of whistleblowing procedures.** CONT notes that 9 agencies have still not adopted internal rules and guidelines on [whistleblowing](#) and reporting irregularities.
7. **Reach-out to citizens.** CONT urges agencies to increase their visibility to citizens, including in social media.
8. **Red tape in auditing.** CONT is disappointed that [ECA Opinion 1/2017](#), on cutting red tape in audit procedures of agencies, was not followed up in the Commission's proposal to [overhaul](#) EU financial rules.

Joint undertakings

[Joint Undertakings](#) (JU) are established by the Council (on a proposal from the Commission) on the basis of Article 187 [TFEU](#) in the area of [research and development](#). The founding members of a JU are typically the Commission and a not-for-profit industry-led association. Currently, there are eight JUs, one of which ([Shift2Rail](#)) is being subject to discharge for the first time. The JUs' total 2016 budget amounted to €1.8 billion, which accounts for almost 1.3 % of the 2016 EU general budget, increased by 38 % in comparison to 2015 (€1.3 billion). The JUs employed 633 staff (an increase of 71 employees since 2015, with 32 new employees at [ITER](#) and 17 staff at Shift2Rail taken into account for the first time). The ECA [issued](#) clean audit opinions on the reliability of accounts for all JUs and on the legality and regularity of underlying transactions for all but one JU – as in the previous year, a qualified opinion was issued with regard to the legality and regularity of the transactions underlying the accounts of the [Electronic Components and Systems for European Leadership](#) JU. This has been due to an issue with the control system at that JU, inherited from its predecessors, which does not allow the ECA to evaluate the reliability of ex-post audits concerning the [FP7 programme](#). This issue will not be relevant for [Horizon 2020](#) projects.

[Discharge 2016 – Decentralised agencies and Joint Undertakings](#). Committee responsible: CONT. Rapporteurs: Bart Staes (Greens/EFA, Belgium – 31 of 32 EU agencies); Indrek Tarand (Greens/EFA, Estonia – European Food Safety Authority); Brian Hayes (EPP, Ireland – joint undertakings).

