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REPORT

on discharge in respect of the implementation of the budget of the European
Aviation Safety Agency for the financial year 2013
(2014/2106(DEC))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2013 (2014/2106(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2013, together with the Agency's replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2013 (05304/2015 – C8-0054/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council on common rules in the field of civil aviation and establishing a European Aviation Safety Agency, and repealing Council Directive 91/670/EEC, Regulation (EC) No 1592/2002 and Directive 2004/36/EC⁵, and in particular Article 60 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial

¹ OJ C 442, 10.12.2014, p. 93.

² OJ C 442, 10.12.2014, p. 93.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 79, 19.3.2008, p. 1.

Regulation applicable to the general budget of the European Communities¹,

- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A8-0074/2015),
1. Grants the Executive Director of the European Aviation Safety Agency discharge in respect of the implementation of the Agency's budget for the financial year 2013;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Executive Director of the European Aviation Safety Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the European Aviation Safety Agency for the financial year 2013
(2014/2106(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2013, together with the Agency's replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2013 (05304/2015 – C8-0054/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council on common rules in the field of civil aviation and establishing a European Aviation Safety Agency, and repealing Council Directive 91/670/EEC, Regulation (EC) No 1592/2002 and Directive 2004/36/EC⁵, and in particular Article 60 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial

¹ OJ C 442, 10.12.2014, p. 93.

² OJ C 442, 10.12.2014, p. 93.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 79, 19.3.2008, p. 1.

Regulation applicable to the general budget of the European Communities¹,

- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A8-0074/2015),
1. Notes that the final annual accounts of the European Aviation Safety Agency are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Aviation Safety Agency for the financial year 2013;
 3. Instructs its President to forward this decision to the Executive Director of the European Aviation Safety Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2013

(2014/2106(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2013,
- having regard to Rule 94 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A8-0074/2015),
- A. whereas, according to its financial statements, the final budget of the European Aviation Safety Agency (“the Agency”) for the financial year 2013 was EUR 167 023 535, representing an increase of 5,15 % compared to 2012,
- B. whereas according to its financial statements, the contribution of the Union to the Agency's budget for 2013 amounted to EUR 35 829 562, representing an increase of 0,2 % compared to 2012,
- C. whereas the Court of Auditors, in its report on the annual accounts of the European Aviation Safety Agency for the financial year 2013 ("the Court's report"), has stated that it has obtained reasonable assurances that the Agency's annual accounts are reliable and that the underlying transactions are legal and regular,

Follow-up of 2012 discharge

1. Notes from the Court's report that regarding one comment made in the Court's 2011 report and marked as “Ongoing” in the Court's 2012 report, the corrective action was taken and the comment is now marked in the Court's 2013 report as "Completed"; notes furthermore that regarding the four comments made in the Court's 2012 report, corrective actions were taken and two comments are now marked as "Completed" while two are marked as "Not Applicable";
2. Acknowledges from the Agency that:
 - information and statistics regarding the management of conflicts of interests were included in the 2013 annual activity report;
 - CVs, declarations of interests of the Executive Director, the Directors and the Heads of Department were fully published on the agency's website as of the 1st December 2014

as requested by the discharge authority on the agency's discharge 2012;

- the information on the Agency activities' impact on Union citizens is provided on its website through the yearly publication of strategic documents including the Annual General Report, the Annual Safety Review and the Work Programme;

Comments on the legality and regularity of transactions

3. Takes note that in 2013 the Agency spent some EUR 22 000 000 on procurement procedures to outsource part of its certification activities to National Aviation Authorities and Qualified Entities; acknowledges that the process of allocating specific certification tasks to the contracting parties, as well as the criteria to be used, were described in specific guidelines established by the Agency through a decision of its Management Board;
4. Calls on the Agency to improve the transparency of outsourcing through the improved documentation of the allocation processes, including assessments made on the basis of the criteria set in the guidelines; notes with concern that this is also the case for the allocation of the many other low-value contracts to bidders;

Commitments and carry-overs

5. Notes that the overall level of appropriations committed was 98 %, varying between 92 % for title III (Operational expenditure) and 98 % for title II (Administrative expenditure);
6. Takes note of a general reduction of the overall level of committed appropriations carried over from EUR 10 100 000 (11 %) in 2012 to EUR 7 200 000 (8 %) in 2013; is concerned that although the general level of carry-overs has reduced, it remained high for Title III, amounting to EUR 3 400 000 (42 %); points out that although the multiannual nature of the Agency's operations partly justifies the carry-overs, such high level is at odds with the budgetary principle of annuality;

Procurement and recruitment procedures

7. Notes that the Court of Auditors made no comments in its annual audit report for 2013 as regards the Authority's recruitment procedures;
8. Acknowledges from the Agency that the requirements which must be met by candidates in the recruitment process have been set in compliance with the Staff Regulations of Officials of the European Communities and that the case identified in the Court's 2012 report is considered as closed;
9. Recalls Parliament's position in the budgetary procedure that staff financed by fees paid by the industry and consequently not financed by the Union budget should not be affected by the 2 % yearly cut applied by the Union; considers that the Commission should treat agencies financed primarily by the Union budget as a separate case and put

forward a specific framework for agencies financed mainly by operators fees, which should be in proportion to the services provided by the agency concerned;

Prevention and management of conflicts of interests and transparency

10. Notes that during 2013, the Agency reviewed 213 declarations of interests in light of the "Code of Conduct for the staff of EASA" adopted in 2012; welcomes the revision of the EASA Regulation and emphasises the need to revise the code of conduct in order to avoid any potential conflicts of interests; proposes that in this regard, there should be a regular screening of the implementation of the code of conduct and the cases themselves by the Court of Auditors; points out that two cases of revolving doors were identified in 2013; notes that the Agency has permitted the notified activities for both revolving door cases under the conditions not to contact and not to lobby the Agency's staff members and to abstain from direct contract negotiations with the Agency during a cooling-off period of 12 to 24 months;
11. Observes with concern that the issue of conflicts of interests is extremely relevant with regards to the members of the panel of experts who are called to test and authorise the products; expresses its deep concern about the two revolving door cases identified by the Agency in 2013 and recommends that the Agency further strengthen its independence policy, especially in publishing the CVs and declarations of interests of managers, members of the Advisory Board and the panel of experts by the end of September 2015; calls upon the Agency to adopt comprehensive policies for the management of situations where conflicts of interests arrive, such as the divestment of a public official's interests, the recusal of the public official from involvement in an affected decision-making process, the restriction of access by the affected public official to particular information and the rearrangement of the public official's duties or the resignation of the public official from their office.

Internal controls

12. Acknowledges from the Agency that ex ante and ex post verifications have been implemented following the discussions with the Court and as recommended by the discharge authority; acknowledges the fact that ex post controls are not mandatory according to the Agency's Financial Regulation; notes that an ex post verifications annual plan, which is risk-based and includes public procurement procedures, was set up;

Internal audit

13. Takes note that the Commission's Internal Audit Service (IAS) released the report on one limited review regarding IT project management in 2013, which resulted in two "Very Important" recommendations; notes furthermore that the IAS performed an additional audit on Building Blocks of Assurance which provided the opinion of reasonable assurance as well as two "Very Important" recommendations; notes that 22

out of 23 of the "Very Important" recommendations issued by the IAS in the previous years were confirmed as completed by the IAS;

Other comments

14. Takes note that since 2004, when the Agency became operational, it has been working on the basis of correspondence and exchanges with the host Member State; notes, however, that a comprehensive headquarters agreement has not yet been signed with the host Member State; notes that such an agreement would promote transparency in respect of the conditions under which the Agency and its staff operate; calls on the Agency and the Member State to address this issue as a matter of urgency and to inform the discharge authority on the progress;
15. Recalls that according to the Common Approach on EU decentralised agencies agreed between the Council, Parliament and the Commission, "all agencies should have headquarters agreements, which should be concluded before the agency starts its operational phase"; notes in this regard that the European Insurance and Occupational Pensions Authority, signed a headquarter agreement with the German Government in 2011; urges the host Member State to conclude an agreement with the Agency as quickly as possible with a view to clarifying relations between national judicial authorities and with a view to enabling the Agency to perform its legal task without hindrance; calls on the Commission to take the opportunity available this year to amend the act establishing the Agency with a view to securing a headquarters agreement, allowing the Agency to operate unimpeded; calls, therefore, to be notified of the final decision on the Agency's headquarters;
16. Highlights the Agency's vital role in ensuring the highest possible level of aviation safety throughout Europe; notes also that the current review of the Single European Sky legislation could lead to greater powers being granted to the Agency; stresses that if this be the case, the Agency will need to be given the necessary financial, material and human resources to perform its tasks successfully;

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17. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2015¹ on the performance, financial management and control of the agencies.

¹ Texts adopted of that date, P8_TA-PROV(2015)0000

26.2.2015

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Aviation Safety Agency (EASA) for the financial year 2013
(2014/2106(DEC))

Rapporteur: Dominique Riquet

SUGGESTIONS

The Committee on Transport and Tourism calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the finding of the Court of Auditors that the accounts of the European Aviation Safety Agency ('the Agency') for the 2013 financial year are in order;
2. Notes that the Agency's annual budget for 2013 was EUR 151,2 million, of which EUR 34,9 million came from the Union and EUR 116,3 million from other sources, including income from fees and charges (EUR 83,8 million), and that the implementation rate was 98 %;
3. Highlights the Agency's vital role in ensuring the highest possible level of aviation safety throughout Europe; notes also that the current review of the Single European Sky legislation could lead to greater powers being granted to the Agency; stresses that should this be the case, the Agency will need to be given the necessary financial, material and human resources to perform its tasks successfully;
4. Welcomes the fact that further to the request made by Parliament in the 2012 discharge procedure, the Agency has proceeded to complete the publication of the Annual Declarations of Interests and CVs of the Agency's managers, members of its Management Board and members of its Board of Appeal on its website, thereby demonstrating its progress in eliminating its conflicts of interests;
5. Welcomes the revision of the EASA Regulation and underlines the need to revise the code of conduct of the Agency's employees in order to avoid any potential conflict of

interest; proposes that in this regard, there should be a regular screening of the implementation of the code of conduct and the cases themselves by the Court of Auditors;

6. Notes that the Agency further reduced the overall level of carry-overs of committed appropriations from EUR 10,1 million (11 %) in 2012 to EUR 7,2 million euro (8 %) in 2013; invites the Agency to continue in its effort to reduce carry-overs in order to fully comply with the budgetary principle of annuality; notes, however, that half of this carry-over is due to title III (operational spending) and that this is justified by the multiannual nature of the Agency's operations;
7. Recalls Parliament's position in the budgetary procedure that staff financed by fees paid by the industry and consequently not financed by the Union budget should not be affected by the 2 % yearly cut applied by the Union; considers that the Commission should treat agencies financed primarily by the Union budget as a separate case and put forward a specific framework for agencies financed mainly by operators fees, which should be in proportion to the services provided by the agency concerned.
8. Regrets the fact that despite the Agency's efforts, it has not yet been possible, 14 years after the Agency was set up, to conclude the agreement on the Agency's headquarter; recalls that according to the Common Approach on EU decentralised agencies agreed between the Council, Parliament and the Commission, "all agencies should have headquarters agreements, which should be concluded before the agency starts its operational phase;" notes in this regard that another agency, the European Insurance and Occupational Pensions Authority, signed a headquarter agreement with the German Government in 2011; urges the host country to conclude an agreement with the Agency as quickly as possible with a view to clarifying relations between national judicial authorities and enabling the Agency to perform its legal task without hindrance; calls on the Commission to take the opportunity available this year to amend the act establishing the Agency with a view to securing a headquarters agreement, allowing the Agency to operate unimpeded; calls, therefore, to be notified of the final decision on the Agency's headquarters;
9. Proposes that Parliament grant the Executive Director of the European Aviation Safety Agency discharge in respect of the implementation of the Agency's budget for the financial year 2013.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	24.2.2015
Result of final vote	+: 38 -: 5 0: 0
Members present for the final vote	Lucy Anderson, Marie-Christine Arnautu, Georges Bach, Izaskun Bilbao Barandica, Deirdre Clune, Michael Cramer, Luis de Grandes Pascual, Andor Deli, Karima Delli, Isabella De Monte, Ismail Ertug, Jacqueline Foster, Bruno Gollnisch, Tania González Peñas, Dieter-Lebrecht Koch, Merja Kyllönen, Miltiadis Kyrkos, Bogusław Liberadzki, Peter Lundgren, Marian-Jean Marinescu, Georg Mayer, Gesine Meissner, Cláudia Monteiro de Aguiar, Jens Nilsson, Markus Pieper, Gabriele Preuß, Christine Revault D'Allonnes Bonnefoy, Dominique Riquet, Massimiliano Salini, Claudia Schmidt, Claudia Tapardel, Keith Taylor, Pavel Telička, István Ujhelyi, Wim van de Camp, Elissavet Vozemberg, Janusz Zemke, Roberts Zile, Kosma Złotowski, Elżbieta Katarzyna Łukacijewska
Substitutes present for the final vote	Rosa D'Amato, Werner Kuhn, Jörg Leichtfried

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	23.3.2015
Result of final vote	+ : 22 - : 5 0 : 0
Members present for the final vote	Inés Ayala Sender, Ryszard Czarnecki, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Ingeborg Gräßle, Bernd Kölmel, Bogusław Liberadzki, Verónica Lope Fontagné, Monica Macovei, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Michael Theurer, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Joachim Zeller
Substitutes present for the final vote	Caterina Chinnici, Iris Hoffmann, Monika Hohlmeier, Benedek Jávor, Andrey Novakov, Julia Pitera, Miroslav Poche
Substitutes under Rule 200(2) present for the final vote	Laura Ferrara