



EUROPEAN PARLIAMENT

2014 - 2019

Plenary sitting

A8-0093/2015

30.3.2015

REPORT

on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2013 (2014/2089(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 Union Agency for Fundamental Rights for the financial year 2013 (2014/2089(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Union Agency for Fundamental Rights 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 Council Regulation (EC) No 168/2007 of 15 February 2007 establishing a European Union Agency for Fundamental Rights⁵, and in particular Article 21 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. 301.

² OJ C 442, 10.12.2014, p. 301.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 53, 22.2.2007, 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 Civil Liberties, Justice and Home Affairs (A8-0093/2015),
1. Grants the Director of the European Union Agency for Fundamental Rights 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 Director of the European Union Agency for Fundamental Rights, 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 Union Agency for Fundamental Rights for the financial year 2013 (2014/2089(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Union Agency for Fundamental Rights 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 Council Regulation (EC) No 168/2007 of 15 February 2007 establishing a European Union Agency for Fundamental Rights⁵, and in particular Article 21 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. 301.

² OJ C 442, 10.12.2014, p. 301.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 53, 22.2.2007, 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 Civil Liberties, Justice and Home Affairs (A8-0093/2015),
1. Notes that the final annual accounts of the European Union Agency for Fundamental Rights are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Union Agency for Fundamental Rights for the financial year 2013;
 3. Instructs its President to forward this decision to the Director of the European Union Agency for Fundamental Rights, 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 Union Agency for Fundamental Rights for the financial year 2013 (2014/2089(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights 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 Civil Liberties, Justice and Home Affairs (A8-0093/2015),
- A. whereas, according to its financial statements, the final budget of the European Union Agency for Fundamental Rights (“the Agency”) for the financial year 2013 was EUR 21 348 510, representing an increase of 4,77 % compared to 2012,
- B. whereas the Court of Auditors ("the Court"), in its report on the annual accounts of the European Union Agency for Fundamental Rights (“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 for the three comments made in the Court’s 2012 report, corrective actions were taken and two out of the three recommendations are marked as "Completed" while one is marked as "Not Applicable";
2. Acknowledges from the Agency that:
 - in 2012 the Agency procured cleaning services via cascading framework contracts to two suppliers and due to a clerical error during the evaluation of offers, the ranking of the contractors was incorrect; acknowledges that in line with the reporting to the Court, the contract was cancelled, the ranking corrected and a new contract was signed with the correct winning supplier;
 - the information on the impact of its activities on Union citizens is provided on the Agency’s website through multiple tools and through the publication of strategic documents such as the Annual Activity Report;
 - the Agency continues to apply the Commission’s whistleblowing guidelines following a decision of its Executive Board; notes that these guidelines will be replaced as soon as the Agency adopts the Regulatory Agencies’ model guidelines on whistleblowing;

- the cooperation agreements on closer coordination were established with the European Foundation for the Improvement of Living and Working Conditions, the United Nations, the European Asylum Support Office, the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union, the European University Institute, the European Institute for Gender Equality and the Council of Europe;

Budget and financial management

3. Notes that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 100 % and that the payment appropriations execution rate was 70,27 %, representing a decrease of 11 % compared to 2012; acknowledges from the Court's report that the high overall level of committed appropriations indicated that commitments were made in a timely manner;

Commitments and carry-overs

4. Notes with concern that the level of committed appropriations carried over to 2014 was high at 27 % for Title II (administrative expenditure) and at 69 % for Title III (operating expenditure); acknowledges that the carry-overs under Title II mainly relate to the planned purchase of IT goods and services; acknowledges furthermore that the carry-overs under Title III mainly reflect the multiannual nature of the Agency's operational projects, where payments are made according to a planned schedule; ascertains from the Agency that the fact that the level of cancellations is less than 2 % is an indication of good planning and the good management of carry-overs;

Procurement and recruitment procedures

5. Notes that for the year 2013, neither sampled transactions nor other audit findings have led to any comments on the Agency's procurement procedures in the Court's report; notes furthermore that the Court made no comments as regards the Agency's recruitment procedures in its report;

Prevention and management of conflicts of interests and transparency

6. Acknowledges from the Agency that it has adopted provisional rules before the adoption of its reviewed policy on the prevention and management of conflicts of interests, on the basis of the Commission's Guidelines on the Prevention and Management of Conflicts of Interest in EU Decentralised Agencies; notes that the Agency is in the process of harmonising the rules concerning its Management Board and needs to adopt the rules regarding its staff; calls on the Agency to inform the discharge authority about the review and harmonisation results once available;
7. Reiterates the request to all agencies and joint undertakings to systematically annex a standardised template regarding the publication of their final annual accounts which shall include the data presented in their reports on the implementation of the budget and in their reports on the budgetary and financial management; urges the Agency to harmonise the presentation of its annual accounts with those of other Union Agencies;

8. Acknowledges that each member of the Selection Committee involved in the recruitment procedure has to sign a Declaration of Absence of Conflict of Interests and Confidentiality;

Internal audit

9. Notes that the Commission's Internal Audit Service (IAS) carried out a risk assessment exercise in order to establish the new IAS strategic audit plan 2013-2015; acknowledges that following the risk assessment, all the processes were perceived by the IAS as satisfactorily controlled and that no process was placed in the high risk area; ascertains from the Agency that its Management Board endorsed the IAS strategic audit plan in May 2013;
10. Takes note that the IAS performed the audit on human resources management in September 2013, with the audit objective set to assess and provide an independent assurance on the adequacy and effectiveness of the internal control system on human resources management; notes that, following the audit, the IAS raised six recommendations, two of which were rated as "Very Important" and four as "Important"; notes furthermore that the Agency submitted an overall action plan which was accepted by the IAS with the aim of mitigating the issues found and that the Agency is undertaking actions on all the recommendations;
11. Notes that the IAS performed a limited review on contract management in October 2013, which produced three recommendations, one of which was rated as "Very Important" and two as "Important"; notes furthermore that the Agency submitted an overall action plan, which was accepted by the IAS, with the aim of mitigating the issues on contract management and that the Agency is taking action on all the recommendations;
12. Acknowledges that in 2013 the IAS followed up the implementation of its earlier recommendations through a desk review and that it found no recommendations open as of year-end;

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13. 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

6.2.2015

OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2013
(2014/2089(DEC))

Rapporteur: Sylvie Guillaume

SUGGESTIONS

The Committee on Civil Liberties, Justice and Home Affairs 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 conclusions of the Court of Auditors that the annual accounts of the European Union Agency for Fundamental Rights (FRA) present fairly, in all material respects, its financial position as at 31 December 2013 and the results of its operations and its cash flows for the year then ended, and that the transactions underlying the annual accounts of the FRA for the financial year 2013 are legal and regular in all material respects;
2. Notes that the level of committed appropriations carried over to 2014 for titles II (administrative expenditure) and III (operating expenditure) was high, the main reason for that, with regard to title III, being the multiannual nature of the agency's operational projects;
3. Welcomes the fact that the volume of appropriations carried over to 2014 was justified and in keeping with the agency's annual work programme: as agreed with the Court of Auditors, the agency drew up forecasts for end-of-year carry-overs in early 2013, closely monitoring the situation during the year, and the volume of carry-overs to the following year was in line with the agency's initial projections; welcomes, furthermore, the fact that, according to the information supplied by the Court of Auditors, the agency managed its budget extremely well in 2013;
4. Considers, in general, that the FRA should pay greater attention to the principle of sound financial management in respect of the budgetary principle of annuality, i.e. to using

appropriations economically, efficiently and effectively in carrying out its remit.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	5.2.2015
Result of final vote	+: 46 -: 7 0: 1
Members present for the final vote	Martina Anderson, Heinz K. Becker, Bodil Ceballos, Caterina Chinnici, Ignazio Corrao, Rachida Dati, Agustín Díaz de Mera García Consuegra, Frank Engel, Cornelia Ernst, Laura Ferrara, Monika Flašíková Beňová, Lorenzo Fontana, Mariya Gabriel, Nathalie Griesbeck, Sylvie Guillaume, Monika Hohlmeier, Brice Hortefeux, Filiz Hyusmenova, Sophia in 't Veld, Eva Joly, Sylvia-Yvonne Kaufmann, Timothy Kirkhope, Barbara Kudrycka, Kashetu Kyenge, Marju Lauristin, Juan Fernando López Aguilar, Vicky Maeijer, Claude Moraes, József Nagy, Soraya Post, Judith Sargentini, Birgit Sippel, Csaba Sógor, Traian Ungureanu, Marie-Christine Vergiat, Harald Vilimsky, Cecilia Wikström, Kristina Winberg, Tomáš Zdechovský
Substitutes present for the final vote	Laura Agea, Hugues Bayet, Andrea Bocskor, Pál Csáky, Daniel Dalton, Dennis de Jong, Petra Kammerevert, Ska Keller, Andrejs Mamikins, Maite Pagazaurtundúa Ruiz, Christine Revault D'Allonnes Bonnefoy, Jaromír Štětina, Kazimierz Michał Ujazdowski, Axel Voss
Substitute(s) under Rule 200(2) present for the final vote	Eugen Freund, Elisabetta Gardini, Charles Tannock

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	23.3.2015
Result of final vote	+ : 24 - : 5 0 : 0
Members present for the final vote	Nedzhmi Ali, Inés Ayala Sender, Ryszard Czarnecki, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Ingeborg Gräßle, Rina Ronja Kari, Bernd Kölmel, Bogusław Liberadzki, Verónica Lope Fontagné, Monica Macovei, Dan Nica, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Igor Šoltes, 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, Andrey Novakov, Julia Pitera, Miroslav Poche
Substitutes under Rule 200(2) present for the final vote	Laura Ferrara