

# Discharge for 2017 budget

## EU decentralised agencies and joint undertakings

During the March II plenary session, Parliament is due to vote on discharge to EU decentralised agencies and joint research undertakings for their implementation of the 2017 budget. The Committee on Budgetary Control (CONT) proposes to grant discharge to all joint undertakings and agencies, save for the European Asylum Support Office whose discharge would be postponed due to serious irregularities.

### Background

#### Decentralised agencies

EU [decentralised agencies](#) began to be [established](#) in the 1970s, on a case-by-case basis. The legal framework of each agency is based on its founding act, usually a regulation or decision. Currently, there are 32 such agencies, each of which has a distinct legal personality. The agencies carry out specific technical, scientific or managerial tasks, and design and implement EU policies, including in the areas of health, safety, security, freedom and justice. The discharge procedure for agencies is provided for by Article 70 of the [Financial Regulation](#) (FR). Discharge for the implementation of the budgets of such bodies is given by the European Parliament on the recommendation of the Council.

#### Joint undertakings

Article [187](#) of the Treaty on the Functioning of the European Union (TFEU) specifies that the EU may set up joint undertakings or any other structure necessary for the efficient execution of EU research, technological development and demonstration programmes. Joint undertakings are [public-private partnership](#) bodies, which are governed by Article 71 FR. Each has a distinct legal personality and adopts its own financial rules. The founding members of a joint undertaking are typically the Commission and a not-for-profit industry-led association. Currently, there are eight joint undertakings: Development of Fusion Energy; Bio-based Industries; Clean Sky-Clean Air Transport Technologies; Innovative Medicines Initiative; Fuel Cells and Hydrogen; Single European Sky Air Traffic Management Research; Electronic components and Systems, and Shift2Rail Innovative Rail Product Solutions. Joint undertakings are subject to the same discharge procedure as decentralised agencies.

#### Role of European Court of Auditors in the procedure

Article [287](#) TFEU provides that the European Court of Auditors (ECA) examines the accounts of all revenue and expenditure of all bodies, offices or agencies set up by the Union, and provides the Parliament and Council with a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions.

### Discharge of the EU decentralised agencies for 2017

#### Agencies' budgets in 2017

For 2017, the [budgets](#) of the EU's 32 decentralised agencies amounted to around €2.35 billion in commitment appropriations (an increase of 13.36 % compared to 2016), and to €2.24 billion in payment appropriations (an increase of 10.31 % in comparison to 2016). Of this, €2.24 billion, €1.62 billion (or 72.08 %) was financed from the general budget of the Union, whereas €627 million was financed by fees and charges, as well as from direct contributions from participating countries. In 2017, the 32 decentralised agencies employed 7 324 officials, temporary agents, contract agents and seconded national experts, in comparison to 6 941 in 2016 (an increase of 5.52 %).

### ECA opinion on decentralised agencies

The ECA [issued](#) unqualified ('clean') opinions on the legality and regularity of the revenue underlying all agencies' accounts, and clean opinions on the legality and regularity of the payments underlying the agencies' accounts, except for the European Asylum Support Office (EASO). The ECA underlined that the extraordinary operational challenges of the migration crisis were not mitigated by a solid governance structure and effective internal controls at EASO. Irregularities identified in the 2016 discharge procedure persisted. In 2017, EASO was still making payments under contracts that were identified as irregular in respect of 2016, e.g. €4.8 million was paid under an irregular interim contract, and €1.4 million under an irregular travel services contract. In 2017, EASO awarded a consultancy services contract worth €0.99 million to a single preselected economic operator without applying any of the FR procurement procedures.

### Report of the CONT committee

On 20 February 2019, CONT voted on recommendations for [discharge](#) in respect of the implementation of the 2017 budgets for decentralised agencies. It drafted 32 reports for the individual agencies and one [horizontal report](#) on all agencies. CONT recommended granting discharge to 31 agencies but to postpone discharge for EASO. CONT pointed to irregularities discovered by OLAF at EASO regarding a number of issues, including breach of procurement procedures, misappropriation of EU funds, mismanagement, abuse of position in human resources issues, breaches of data protection rules, and harassment and inappropriate behaviour towards staff members. Furthermore, the combined errors from non-compliant payments by EASO amounted in 2017 to at least €7.7 million (i.e. 10.3 % of EASO total payments that year). Moreover, human resources management at EASO is a reason for serious concern: as of the end of 2017, 4 out of 10 head of unit posts and 18 out of 27 head of sector posts were vacant.

Concerning all agencies, CONT pointed to a number of weaknesses, in particular concerning:

- staffing (including gender imbalance and difficulties in hiring qualified staff),
- public procurement procedures (14 agencies showing weaknesses in this area, mainly due to improper price/quality balance, non-optimal design of framework contracts, unjustified use of intermediary services and use of framework contracts without enough detail),
- the impact of Brexit (five agencies have still not carried out a comprehensive analysis of the likely impact of the UK's withdrawal on their organisation, operations and accounts),
- and lack of harmonisation of information technology (IT) solutions.

By contrast, CONT expressed satisfaction with the increased cooperation between agencies in the form of a network that helps to enhance the agencies' visibility and identify, and promote possible improvements in efficiency as well as generate added value. Furthermore, some agencies have started to cooperate according to their thematic grouping, especially in the area of justice and home affairs.

## Discharge of the joint undertakings for 2017

### Joint undertakings' budgets for 2017 and ECA opinion

In 2017, the total budget of the joint undertakings amounted to €2.1 billion, an increase of 11.11 % compared to 2016 (€1.8 billion). They employed a total of 671 staff, a slight increase from 633 in 2016. The ECA [issued](#) clean opinions on the reliability of accounts, as well as the legality and regularity of the underlying transactions for all undertakings. In most cases, the undertakings took corrective actions to follow up on comments made in ECA specific annual reports of previous years.

### Report of the CONT committee

On 1 March 2019, CONT voted on recommendations for [discharge](#) in respect of the implementation of the 2017 budgets for all eight joint undertakings, recommending granting discharge to all of them. However, some shortcomings were identified, especially concerning the management of procurement procedures at [ECSEL](#), insufficient [leverage effect](#) (mobilising private sector resources) at [Shift2Rail](#) and [SESAR](#), as well as severe delays in project implementation and on-going risk of further cost increases and delays at [ITER](#).

[Discharge 2017 – Decentralised agencies and Joint Undertakings](#). Committee responsible: CONT. Rapporteurs: Petri Sarvamaa (EPP, Finland) – agencies; and Martina Dlabajová (ALDE, Czech Republic) – joint undertakings.

