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DRAFT REPORT

on discharge in respect of the implementation of the budget of the Translation
Centre for the Bodies of the European Union for the financial year 2016
(2017/2153(DEC))

Committee on Budgetary Control

Rapporteur: Bart Staes

CONTENTS

	Page
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION	3
2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION	5
3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	7

1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Translation Centre for the Bodies of the European Union for the financial year 2016 (2017/2153(DEC))

The European Parliament,

- having regard to the final annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2016, together with the Centre's reply¹,
- 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 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... February 2018 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2016 (00000/2018 – C8-0000/2018),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- 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 1605/2002³, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 2965/1994 of 28 November 1994 setting up a Translation Centre for Bodies of the European Union⁴, and in particular Article 14 thereof,
- 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 Council⁵, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Culture and Education (A8-0000/2018),

¹ OJ C 417, 6.12.2017, p. 37.

² OJ C 417, 6.12.2017, p. 37.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 314, 7.12.1994, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

1. Grants the Director of the Translation Centre for the Bodies of the European Union discharge in respect of the implementation of the Centre's budget for the financial year 2016 / Postpones its decision on granting the Director of the Translation Centre for the Bodies of the European Union discharge in respect of the implementation of the Centre's budget for the financial year 2016;
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 Translation Centre for the Bodies of the European Union, 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).

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the Translation Centre for the Bodies of the European Union for the financial year 2016
(2017/2153(DEC))**

The European Parliament,

- having regard to the final annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2016, together with the Centre's reply¹,
- 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 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... February 2018 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2016 (00000/2018 – C8-0000/2018),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- 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 1605/2002³, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 2965/1994 of 28 November 1994 setting up a Translation Centre for Bodies of the European Union⁴, and in particular Article 14 thereof,
- 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 Council⁵, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Culture and Education (A8-0000/2018),

¹ OJ C 417, 6.12.2017, p. 37.

² OJ C 417, 6.12.2017, p. 37.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 314, 7.12.1994, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

1. Approves the closure of the accounts of the Translation Centre for the Bodies of the European Union for the financial year 2016 / Postpones the closure of the accounts of the Translation Centre for the Bodies of the European Union for the financial year 2016;
2. Instructs its President to forward this decision to the Director of the Translation Centre for the Bodies of the European Union, 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).

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 Translation Centre for the Bodies of the European Union for the financial year 2016
(2017/2153(DEC))**

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the Translation Centre for the Bodies of the European Union for the financial year 2016,
 - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Culture and Education (A8-0000/2018),
- A. whereas in the context of the discharge procedure, the discharge authority stresses the particular importance of further strengthening the democratic legitimacy of the Union institutions by improving transparency and accountability and implementing the concept of performance-based budgeting and good governance of human resources;
- B. whereas, according to its statement of revenue and expenditure¹, the final budget of the Translation Centre for the Bodies of the European Union (“the Centre”) for the financial year 2016 was EUR 50 576 283, representing an increase of 2,0 % compared to 2015;
- C. whereas the Court of Auditors (“the Court”), in its report on the annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2016 (“the Court’s report”), has stated that it has obtained reasonable assurances that the Centre’s annual accounts are reliable and that the underlying transactions are legal and regular;

Follow-up of the 2015 discharge

1. Strongly regrets that the Centre does not yet have a business continuity plan in place according to the Court’s comment and thus is not complying with Internal Control Standard 10; urges the Agency to inform the discharge authority about further action;

Budget and financial management

2. Notes that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 89,37 %, representing an increase of 1,21 % compared to the previous year; observes that the payment appropriations execution rate was at 82,19 %, representing an increase of 3,66 % compared to the previous year;
3. Notes that, according to the Court’s report in 2016, cash and short term deposits held by the Centre decreased to EUR 34 200 000 (compared to EUR 38 300 000 at the end of 2015) and reserves decreased to EUR 31 100 000 (compared to EUR 34 000 000 at the

¹ OJ C 443, 29.11.2016, p.10.

end of 2015); notes that this decrease results from a budgetary approach which intends to reduce the accumulated surplus from previous years; acknowledges that, according to the Centre, it envisages that the decrease of the budgetary surpluses will be further accelerated in 2017 as a result of the implementation of the new pricing structure that will decrease the average price for translation paid by the Centre's clients;

Commitments and carry-overs

4. Notes that the Centre slightly reduced the overall rate of committed appropriations carried over to the following year from 9,63% in 2015 to 7,56% in 2016, representing a 2,07% decrease; takes note that the high execution of expenses is largely due to the expenditure in Title 1, where 97,80% of the budget was used;
5. Notes out that carry-overs may often be partly or fully justified by the multiannual nature of the agencies' operational programmes, do not necessarily indicate weaknesses in budget planning and implementation and are not always at odds with the budgetary principle of annularity, in particular if they are planned in advance by the Agency and communicated to the Court;

Staff policy

6. Observes that, according to the establishment plan, 195 posts (out of 197 posts authorised under the Union budget) were occupied in 2016, the same figure as it was in 2015; notes that, based on the number of posts occupied on 31 December 2016, the gender imbalance was 61,64 % female to 38,36 % male in 2016;
7. Stresses that the work-life balance should be part of the staff policy of the Centre; stresses that the budget spent on well-being activities amounts to EUR 13 754; observes that the average number of sick leave days taken per staff was 13,04 days in 2016;
8. Recalls that the Centre adopted a decision concerning psychological and sexual harassment in 2009; supports trainings and information sessions organised to increase the awareness of psychological and sexual harassment amongst staff;
9. Notes with satisfaction that the Agency did not receive any complaints, law-suits or reported cases linked to the hiring or dismissal of staff in 2016;

Prevention and management of conflicts of interest, transparency and democracy

10. Acknowledges that the Centre's anti-fraud strategy was adopted by its management board in October 2016 and that the Centre will include a chapter regarding transparency, accountability and integrity in its 2017 annual report;
11. Notes that the Centre opted to publish the declarations of interest without curricula vitae due to management problems associated pertaining to the size of its management board (approximately 130 members and alternate members); notes that the director's declaration of interests and curricula vitae are published on the Centre's website;
12. Appreciates that the Agency had no conflict of interest case in 2016;
13. Notes with satisfaction that the Centre has adopted internal rules on whistleblowing in

2008 and modified them in 2014; notes that there were no whistleblower cases in the Agency in 2016;

14. Regrets that the Agency does not make the minutes of its management board meetings public; calls on the Agency to change its policy;
15. Takes note of the Agency's grounds for refusal to access documents; calls on the Agency to use in the most restricted manner the possibility to refuse access to documents while protecting confidential or personal data confidential;

Performance-Based Budgeting (PBB)

16. Welcomes the three main achievements identified by the Centre in 2016, namely:
 - the Centre developed its Strategy 2016-2020 which was adopted by its management board;
 - the Centre's new workflow management system (eCdT) was successfully deployed to the Centre's clients;
 - the Centre developed a new pricing structure for the translation of documents which resulted in the Centre's clients achieving savings based on the reuse of content stored in the Centre's translation memories;
17. Strongly regrets however that the Centre does not use impact indicators, outcome indicators, or input indicators for its programming documents; furthermore calls on the Centre to use ex-post evaluations to measure its performance;

Internal Audit

18. Notes from the Centre that the Commission's Internal Audit Service (IAS) performed a follow-up audit on the Centre's business continuity management and the management of the workflow for translation of documents; observes that all recommendations, except for three, which shall be dealt with in 2017, had been adequately and effectively implemented; notes that significant progress was made with the establishment of the business continuity plans which partially mitigate the risks identified and therefore downgraded the level of importance of the recommendation from 'very important' to 'important'; notes furthermore that the IAS acknowledged the ongoing development of the new translation workflow management system, eCdT, but considered that several elements still needed to be finalised before that 'important' recommendation could be considered fully implemented; calls on the Centre to report to the discharge authority on the implementation of the IAS recommendations;

Performance

19. Notes the review of the client satisfaction system in order to develop a more effective process for engaging with clients; welcomes the new approach which was presented to six clients in September 2016, namely the European Union Intellectual Property Office, the European Medicines Agency, the European Chemicals Agency, the European Union Agency for Fundamental Rights, the European Banking Authority and the European Agency for Safety and Health at Work; looks forward to see the streamlined solution

that will be fine-tuned and deployed in eCdT during 2017;

20. Notes from the Centre's annual activity report that on the basis of the end-of-year review performed by the Centre's management, and applying some weighting factors, the overall implementation of the Centre's amended work programme for 2016 is 79.2 % based on the initial budget and 85 % based on the amending budget;
21. Notes with satisfaction that the Centre adopted a new translation quality assurance action plan (TQAAP) for 2015-2016; takes note that the achievement rate target for the TQAAP in the Centre's amended work programme for 2016 was set at 100 % and that, by the end of 2016, 98.2 % of the plan was implemented; acknowledges that the focus was placed on the implementation of a new corpus management tool (MultiTrans) and the automation of the information flow on related translation requests via the new workflow tool, eCdT; welcomes the further progress made with the tests carried out with the Centre-specific machine translation engines;

Other comments

22. Reiterates its unwavering commitment to multilingualism in the Union as a key platform for engaging with citizens and, as such, as an essential condition for the success of the Union's democratic system; in this regard, asks the European Parliament to join the Council and Committee of the Regions and allow translation and interpretation in those languages that have constitutional status at national level¹; welcomes the role that the Centre plays in facilitating the work of the Union's agencies and bodies by delivering high-quality translation and language services;
23. Notes from the Court's report that the Centre's task is to provide the Union agencies and bodies with the translation services necessary for their activities in addition to doing so for the Union institutions which may call on its services; notes moreover that the founding Regulations of most of the agencies and bodies require them to use the Centre's translation services; notes however that several of them (counting for more than half of the Centre's revenue) make increasing use of in house and other alternative solutions, which means that the Centre's capacity is not used to the greatest possible extent and that there is a duplication of systems development and running costs at Union level and that the Centre's business model and continuity could be at risk;

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24. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2018² on the performance, financial management and control of the agencies.

¹ The Council and the Committee of the Regions entered into an administrative agreement with the Spanish and the UK government to the effect those languages that have constitutional status at national level such as Catalan, Galician, Basque, Welsh and Scottish Gaelic could be used for a variety of purposes, including translation and interpretation. The budgetary implication for the institutions of the Union is, actually, zero, since all costs resulting from its implementation are assumed by the national level. So far, neither the Council nor the Committee of the Regions have reported problems in implementing the agreement.

² Texts adopted, P8_TA-PROV(2018)0000.