



**2017/2151(DEC)**

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# DRAFT REPORT

on discharge in respect of the implementation of the budget of the European  
Environment Agency for the financial year 2016  
(2017/2151(DEC))

Committee on Budgetary Control

Rapporteur: Bart Staes

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## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on discharge in respect of the implementation of the budget of the European Environment Agency for the financial year 2016 (2017/2151(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Environment Agency for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Environment Agency for the financial year 2016, together with the Agency's reply<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 Agency 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 1605/2002<sup>3</sup>, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 401/2009 of the European Parliament and of the Council of 23 April 2009 on the European Environment Agency and the European Environment Information and Observation Network<sup>4</sup>, and in particular Article 13 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 Council<sup>5</sup>, 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 the Environment, Public Health and Food Safety (A8-0000/2018),

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<sup>1</sup> OJ C 417, 6.12.2017, p. 104.

<sup>2</sup> OJ C 417, 6.12.2017, p. 104.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 126, 21.5.2009, p. 13.

<sup>5</sup> OJ L 328, 7.12.2013, p. 42.

1. Grants the Executive Director of the European Environment Agency discharge in respect of the implementation of the Agency's budget for the financial year 2016 / Postpones its decision on granting the Executive Director of the European Environment Agency discharge in respect of the implementation of the Agency'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 Executive Director of the European Environment 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).

## 2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the European Environment Agency for the financial year 2016  
(2017/2151(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Environment Agency for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Environment Agency for the financial year 2016, together with the Agency's reply<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 Agency 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 1605/2002<sup>3</sup>, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 401/2009 of the European Parliament and of the Council of 23 April 2009 on the European Environment Agency and the European Environment Information and Observation Network<sup>4</sup>, and in particular Article 13 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 Council<sup>5</sup>, 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 the Environment, Public Health and Food Safety (A8-0000/2018),

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<sup>1</sup> OJ C 417, 6.12.2017, p. 104.

<sup>2</sup> OJ C 417, 6.12.2017, p. 104.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 126, 21.5.2009, p. 13.

<sup>5</sup> OJ L 328, 7.12.2013, p. 42.

1. Approves the closure of the accounts of the European Environment Agency for the financial year 2016 / Postpones the closure of the accounts of the European Environment Agency for the financial year 2016;
2. Instructs its President to forward this decision to the Executive Director of the European Environment 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).

### **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 Environment Agency for the financial year 2016  
(2017/2151(DEC))**

*The European Parliament,*

- having regard to its decision on discharge in respect of the implementation of the budget of the European Environment Agency 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 the Environment, Public Health and Food Safety (A8-0000/2018),
- A. whereas in the context of the discharge procedure, the discharge authority wishes to stress 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 expenditure<sup>1</sup>, the final budget of the European Environment Agency (“the Agency”) for the financial year 2016 was EUR 50 509 265, representing an increase of 2,75 % compared to 2015; whereas the Agency’s budget derives mainly from the Union budget;
- C. whereas the Court of Auditors (“the Court”), in its report on the annual accounts of the European Environmental Agency for the financial year 2016 (“the Court's report”), has stated that it has obtained reasonable assurances that the Agency’s annual accounts for the financial year 2016 are reliable and that the underlying transactions are legal and regular;

#### ***Budget and financial management***

1. Notes that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 99,9 % and that the payment appropriations execution rate was 89,8 %;

#### ***Commitments and carry-overs***

2. Takes note that the carry-overs from 2016 to 2017 were at EUR 4 203 111, representing a decrease of EUR 741 628 compared to the previous year (EUR 4 944 739 in 2015);
3. Notes 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 annuality, in particular if they are planned in advance by the Agency and communicated

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<sup>1</sup> OJ C 443, 29.11.2016, p.1

to the Court;

### ***Staff policy***

4. Acknowledges from the Agency that its Management Board is concerned about the continued reduction of staff allocated to the Agency in light of the foreseen 10 % reduction in posts resulting from the Multiannual Financial Framework for 2014–2020 and the establishment of a ‘redeployment pool’ for agencies with new tasks;
5. Notes that the Management Board agrees with the proposed future role of the Agency and the European Environment Information and Observation Network (EIONET) in the field of the Energy Union and welcomes the proposal of the Commission to make additional resources available to the Agency in relation to the proposed new tasks;
6. Notes that the Agency achieved an occupancy rate for temporary agents of 99,2 % with 129 staff against 130 posts authorised under the Union budget; takes note that the last post is reserved for the known reduction in the establishment table in 2017;
7. Notes with concern a significant gender imbalance in the Agency’s senior management team ; acknowledges from the Agency that it only has seven heads of unit positions available, which limits the potential speed of a transition towards a better man/woman ratio, notes that a woman candidate was last recruited for a head of unit position;
8. Notes with appreciation that by the number of all posts occupied in 2015 gender balance has been met since the ratio is 54,6 % female to 45,4 % male;
9. Stresses that the work-life balance should be part of the staff policy of the Agency and that the budget spent on well-being activities amounts to approximately EUR 560 per staff, corresponding to two working days; observes that the average sick leave amounts to 13,8 days per member of staff;
10. Welcomes the fact that, in June 2017, the Agency adopted a new policy on protecting the dignity of the person and preventing harassment; supports the training session organised to increase the awareness of the staff and suggests to regularly organise training and information sessions on the matter; regrets that a complaint of harassment was lodged on 16 December 2016; requests additional information from the Executive Director while respecting the presumption of innocence and the data protection rules; waits for the final decision and considers that it will be carefully followed up during next discharge exercise;
11. Notes that two complaints were lodged on the basis of Article 90(2) of the Staff Regulation (21 December 2016 and 8 March 2017) against the Appointing Authority’s (AIPN) decision to terminate a contract during the probationary period and not to confirm a contract at the end of the probationary period; demands more information from the Executive Director while respecting the presumption of innocence and the data protection rules;

### ***Prevention and management of conflicts of interests, transparency and democracy***

12. Welcomes the fact that 18 Board members have made CVs and declarations of interest



available on the Agency's website; acknowledges from the Agency that the CVs and declarations of interest of its senior management team are published on the website;

13. Acknowledges from the Agency that newly recruited members of staff take part in ethics and integrity courses and that for every member of staff an assessment of potential conflict of interest is part of the annual staff performance review; notes furthermore that specific training is also provided to all staff holding line management responsibilities;
14. Notes that the anti-fraud strategy of the Agency was adopted by its Management Board in November 2014, with the aim of ensuring proper handling of conflict of interest issues and of developing anti-fraud activities especially through an action plan which covers three objectives: to ensure an effective internal organisation for detecting potential fraud, to strengthen the formalisation of authorisation of access rights to the Business Data Repository database and to maintain a high level of ethics and fraud awareness within the Agency;
15. Welcomes the implementation of Agency's guidelines on whistleblowing which aim inter alia at clarifying the rules regarding professional ethics within the Agency by providing information on the types of situations where the obligation to blow the whistle applies and on the reporting channels; welcomes that these guidelines also address the protection to be granted to the whistleblower and the guidance and support they could be provided by the Agency; calls on the Agency to report to the discharge authority on the implementation of these guidelines;

### ***Performance-based budgeting***

16. Welcomes the three main achievements identified by the Agency in 2016, namely:
  - the publication of the 2016 Air quality in Europe report;
  - the publication in 2016 of its first assessment report on “Circular economy in Europe — Developing the knowledge base”, addressing the perspective of reducing the environmental pressures and impacts from material resource use;
  - the publication of the report “Transforming the EU power sector: avoiding a carbon lock-in”, which assesses the extent to which the thermal power sector in the Union has the potential to facilitate the necessary transition towards long-term Union energy and climate objectives;

### ***Internal audit***

17. Notes that the Commission's Internal Audit Service (IAS) carried out an audit on the State of the Environment Report (SOER), which was finalised in 2016; notes with satisfaction that, according to the IAS' conclusions, the management and control systems set up by the Agency for the SOER 2015 preparation process were generally fit for purpose and ensured an efficient and effective internal and external coordination of this complex multiannual project; notes from the Court's report that the Agency and the IAS agreed on a plan to further improve them; calls on the Agency to report to the discharge authority on the implementation of this action plan;

18. Takes note that the Commission's IAS carried out an audit on data/information management, including an IT component, which was finalised in 2015; acknowledges that, in order to address the recommendations of the IAS in relation to that audit, an action plan was drawn up covering the coming years; notes that in 2017 the majority of the recommendations have been closed by the IAS, demonstrating that appropriate measures have been implemented to ensure proper handling of a higher volume of data;

### ***Internal controls***

19. Notes from the Court's report that, even if the Agency updated its security policy in 2016, many other internal procedures are outdated; notes that the senior management approved an action plan which includes the review and update of the business continuity plan and that the Agency also intends to review its document management policy, which it adopted in 2009, in line with the new security policy; notes moreover that the Agency envisages to review and update its internal control standards, where necessary; calls on the Agency to report to the discharge authority on the implementation of this action plan;
20. Takes note that the Internal Audit Capability (IAC) established a risk assessment to select beneficiaries for on-the-spot verifications, resulting in the verification of payments for two beneficiaries in relation to eight grants to ensure accuracy and reliability of the staff costs claimed; notes that, as a result, an unjustified payment has been identified and paid back to the Agency in accordance with the contractual provisions; observes that on the basis of the new policy approved in October 2015, further on-the-spot verifications were conducted in 2016; calls on the Agency to report to the discharge authority on the results of those verifications;

### ***Other comments***

21. Recalls from the Court's report that in 2014, the Commission, on behalf of more than 50 Union institutions and bodies (including the Agency), signed a framework contract (FWC) with one contractor for the acquisition of software, licences and the provision of related IT maintenance and consultancy; notes that the framework contractor acts as an intermediary between the Agency and suppliers and that for these intermediary services the framework contractor is entitled to uplifts of two to nine percent of the suppliers' prices; notes moreover that the FWC explicitly stipulates that it does not confer any exclusive right to the contractor; observes that, in 2016, the Agency used this FWC to purchase software licences for a total of EUR 442 754; notes that most of those purchases were for products belonging to a particular category that should only be used on an exceptional basis, for which prices were neither quoted during the tender process nor in the FWC; acknowledges from the Court's report that this procedure does not ensure sufficient competition and the application of the most economical solution; acknowledges moreover that the uplifts charged by the framework contractor were not adequately checked: the largest order concerned the renewal of software licences provided by an exclusive Scandinavian reseller (EUR 112 248); expresses its concern that in this instance, there was no justification for the use of the FWC which resulted in an unnecessary uplift cost; acknowledges the Agency's reply to the comment from the Court;

22. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2018<sup>1</sup> on the performance, financial management and control of the agencies.

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<sup>1</sup> Texts adopted of that date, P8\_TA-PROV(2018)0000.