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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2016 (2017/2150(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 Monitoring Centre for Drugs and Drug Addiction for the financial year 2016 (2017/2150(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction 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 Regulation (EC) No 1920/2006 of the European Parliament and of the Council of 12 December 2006 on the European Monitoring Centre for Drugs and Drug Addiction⁴, and in particular Article 15 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 Civil Liberties, Justice and Home Affairs (A8-0000/2018),

¹ OJ C 417, 6.12.2017, p. 150.

² OJ C 417, 6.12.2017, p. 150.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 376, 27.12.2006, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

1. Grants the Director of the European Monitoring Centre for Drugs and Drug Addiction 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 European Monitoring Centre for Drugs and Drug Addiction 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 European Monitoring Centre for Drugs and Drug Addiction, 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 Monitoring Centre for Drugs and Drug Addiction for the financial year 2016
(2017/2150(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction 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 Regulation (EC) No 1920/2006 of the European Parliament and of the Council of 12 December 2006 on the European Monitoring Centre for Drugs and Drug Addiction⁴, and in particular Article 15 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 Civil Liberties, Justice and Home Affairs (A8-0000/2018),

¹ OJ C 417, 6.12.2017, p. 150.

² OJ C 417, 6.12.2017, p. 150.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 376, 27.12.2006, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

1. Approves the closure of the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2016 / Postpones the closure of the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2016;
2. Instructs its President to forward this decision to the Director of the European Monitoring Centre for Drugs and Drug Addiction, 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 Monitoring Centre for Drugs and Drug Addiction for the financial year 2016 (2017/2150(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Monitoring Centre for Drugs and Drug Addiction 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 Civil Liberties, Justice and Home Affairs (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 expenditure¹, the final budget of the European Monitoring Centre for Drugs and Drug Addiction (“the Centre”) for the financial year 2016 was EUR 15 421 357, representing a decrease of 16,73 % compared to 2015; whereas the budget of the Centre derives mainly from the Union budget;
- C. whereas the Court of Auditors (“the Court”) in its report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2016 (“the Court’s report”), has stated that it has obtained reasonable assurances that the Centre’s annual accounts for the financial year 2016 are reliable and that the underlying transactions are legal and regular;

Follow-up of 2015 discharge

1. Notes that, according to the Court’s report, in 2012 the Centre signed a framework contract with a maximum amount for signing specific contracts of EUR 250 000, which was specified in the contract notice; notes with concern that the Centre did not respect this ceiling; notes moreover that by the end of 2015 the total payments made under this contract amounted to EUR 382 181, i.e. exceeded it by 50 %; points out that the payments made above the ceiling indicate that the Centre’s procedure for monitoring framework contracts should be improved; calls on the Centre to report to the discharge authority on the status of the corrective action which is currently marked as “ongoing” and on the future improvements in the monitoring of framework contracts;

Comments on the legality and regularity of transactions

2. Notes that, according to the Court’s report, for two framework contracts, with maximum

¹ OJ C12, 13.01.2017, p.6

values of EUR 135 000 and EUR 650 000, one of the Centre's employees acted as authorising officer by delegation when appointing the evaluation committee, taking the award decisions and signing the contracts; notes, however, that the delegation granted by the authorising officer was limited to EUR 130 000 and did not explicitly refer to framework contracts; notes that, according to the Centre's reply, the maximum values of the two framework contracts indicated the total cumulative amount of the specific contracts likely to be concluded for their execution; notes with satisfaction that the Centre will adjust its decision on the delegation of the authorising officer's powers in order to set out more explicitly the acts covered by this delegation;

Budget and financial management

3. Notes that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 99,95 %, representing an increase of 0,12 % compared to 2015, and that the payment appropriations execution rate was 95,64 %, representing a decrease of 1,71 % compared to 2015; notes with satisfaction that the high overall level of committed appropriations indicated that the commitments were made in a timely manner;

Commitments and carry-overs

4. Notes that the level of committed appropriations carried over for 2016 amounts to EUR 671 266 (4,36%);
5. 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 Centre and communicated to the Court;

Procurement

6. Notes that the Centre put in place a new procurement plan which was successfully executed in close collaboration with all units; calls on the Centre to report to the discharge authority on the implementation of this plan;
7. Notes that the Centre participated in the Network of Agencies Procurement Officers meeting in order to exchange experiences to further continue in implementing measures to rationalise and optimise tendering and other financial processes;

Staff policy

8. Notes that, according to the results of the Centre's staff screening exercise, 69,75 % of its human resources were devoted to operational activities, 20,17 % were allocated to administrative support and coordination, and 10,08 % were assigned to operations considered neutral in 2016;
9. Observes from the establishment plan that 73 posts (out of 79 posts authorised under the Union budget) were occupied on 31 December 2016, compared to 74 in 2015; notes with appreciation that by the number of all posts occupied on 31 December 2016 gender

balance has been met since the ratio is 53,47 % female to 46,53 % male;

10. Stresses that the work-life balance should be part of the staff policy of the Centre and that the budget spent on well-being activities amounts to approximately EUR 100 per staff corresponding to one day; observes that the average sick leave is 8,54 days per member of staff;
11. Appreciates the fact that the Centre already adopted a policy on protecting dignity of the person and preventing harassment; invites the Centre to organise training sessions in order to increase the awareness of staff;
12. Notes with satisfaction the fact that the Centre did not receive any complaints, law-suits or reported cases linked to hiring or dismissal of staff in 2016;

Prevention and management of conflicts of interest, transparency and democracy

13. Notes that the declaration of interest of the director of the Centre is published on the Centre's website; calls on the Centre to make more declarations of interest public on its website;
14. Notes that the management board adopted the Centre's anti-fraud policy, which follows the methodology prepared by the European Anti-Fraud Office (OLAF) to guide decentralised agencies, and completes the measures already taken by the Centre on this matter, in particular the rules on internal investigations by OLAF, the initiatives for awareness raising on staff ethics, the rules on gifts and hospitality offered by third parties and the guidelines on serious wrongdoing and whistleblowing;

Performance-based budgeting

15. Welcomes the three main achievements and successes identified by the Agency in 2016, namely:
 - it adopted its first long-term plan: the EMCDDA Strategy 2025;
 - it put in place appropriate mechanisms to successfully guide the organisation through a transition period, while achieving further progress towards its mission;
 - it launched three flagship publications: the 2016 European Drug Report package, the joint EMCDDA–Europol 2016 EU Drug Markets Report and the 2015 European School Survey Project on Alcohol and Other Drugs Report;

Internal audit

16. Notes that, according to the Court's report, in its audit report of January 2016, the Commission's Internal Audit Service (IAS) highlighted a strong need to improve the Centre's management of IT projects; notes moreover that the IAS concluded in particular that there is no overarching long-term strategic vision for the IT systems supporting the Centre's core operational processes, that its IT project management methodology was only partially adapted to its needs and that the process to manage system requirements is inadequate; notes that the Centre and the IAS agreed on a plan to take corrective action; calls on the Centre to report to the discharge authority on the

progress made;

17. Notes that along the lines set up in its 2016-18 Strategic Internal Audit Plan, the IAS carried out, in September 2016, a ‘Limited Review on Business Continuity in the EMCDDA’; notes that a related draft report yielded three recommendations rated by the internal auditor as “important”, covering issues on business impact analysis, training and awareness-raising actions, and the list of critical records; notes that an action plan aimed at dealing with the three recommendations will be elaborated following receipt of the final report on business continuity in the Centre; calls on the Centre to report to the discharge authority on the implementation of this action plan;

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18. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ...2018¹ on the performance, financial management and control of the agencies.

¹ Texts adopted of that date, P8_TA-PROV(2018)0000.