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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Agency for Safety and Health at Work for the financial year 2016 (2017/2152(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 Agency for Safety and Health at Work for the financial year 2016
(2017/2152(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2016, together with the Agency'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 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 1605/2002³, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 2062/94 of 18 July 1994 establishing a European Agency for Safety and Health at Work⁴, 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 Employment and Social Affairs (A8-0000/2018),

1. Grants the Director of the European Agency for Safety and Health at Work discharge in

¹ OJ C 417, 6.12.2017, p. 201.

² OJ C 417, 6.12.2017, p. 201.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 216, 20.8.1994, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

respect of the implementation of the Agency's budget for the financial year 2016 /
Postpones its decision on granting the Director of the European Agency for Safety and Health at Work 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 Director of the European Agency for Safety and Health at Work, 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 Agency for Safety and Health at Work for the financial year 2016 (2017/2152(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2016,
 - having regard to the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2016, together with the Agency'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 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 1605/2002³, and in particular Article 208 thereof,
 - having regard to Council Regulation (EC) No 2062/94 of 18 July 1994 establishing a European Agency for Safety and Health at Work⁴, 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 Employment and Social Affairs (A8-0000/2018),
1. Approves the closure of the accounts of the European Agency for Safety and Health at

¹ OJ C 417, 6.12.2017, p. 201.

² OJ C 417, 6.12.2017, p. 201.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 216, 20.8.1994, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

Work for the financial year 2016 / Postpones the closure of the accounts of the European Agency for Safety and Health at Work for the financial year 2016;

2. Instructs its President to forward this decision to the Director of the European Agency for Safety and Health at Work, 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 Agency for Safety and Health at Work for the financial year 2016 (2017/2152(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Agency for Safety and Health at Work 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 Employment and Social 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 Agency for Safety and Health at Work (the “Agency”) for the financial year 2016 was EUR 16 673 153,98, representing a decrease of 1,06 % compared to 2015; whereas the budget of the Agency derives mainly from the Union budget;
- C. whereas the Court of Auditors (the “Court”) in its report on the annual accounts of the European Agency for Safety and Health at Work for financial year 2016 (the “Court’s report”), states that it has obtained reasonable assurances that the Agency’s annual accounts 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 the budget implementation rate of 96,31 %, representing a decrease of 1,22 % compared to the previous year (97,53 %), and that the payment appropriations execution rate was at 70,35 %, representing a decrease of 1,70 % compared to the financial year 2015;

Commitments and carryovers

2. Notes from the Court’s report that the level of committed appropriations carried over to 2017 was high for Title II (administrative expenditure) at EUR 417 279, i.e. 30 % (2015: EUR 364 740, i.e. 26 %); notes that those carry-overs mainly concern IT services which had not been fully delivered or invoiced by the end of the year; notes, moreover, that the committed appropriations carried over under Title III amounted to EUR 3 370 616, i.e. 43 % (2015: EUR 3 383 052, i.e. 41 %); notes that those carry-overs mainly concern research projects and studies with a duration of more than one year; acknowledges from the Court that the Agency may consider introducing

¹ OJ C 12, 13.01.2017, p.9

differentiated budget appropriations to better reflect the multi-annual nature of operations and unavoidable delays between the signature of contracts, deliveries and payments; notes from the Agency's reply that it will study this possibility in order to see if the budget management can be improved;

3. Points out that carry-overs are often partly or fully justified by the multiannual nature of the agencies' operational programmes and 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;

Transfers

4. Notes that during the financial year 2016, 11 budgetary transfers, totalling EUR 319 240, were carried out in order to reallocate resources from areas where budgetary savings were identified towards areas of scarce resources, to ensure the achievement of the year's objectives;

Procurement

5. Notes that the Agency contracted out goods and services for a total amount of EUR 8 492 938,92: EUR 930 240,32 were awarded through 41 negotiated procedures, EUR 580 926,16 through Interinstitutional contracts or Service-Level Agreements and EUR 6 981 772,44 correspond to 155 specific contracts or order forms under framework contracts which resulted from awards in open procedures;
6. Notes with satisfaction that a procurement team has been established to ensure harmonisation across the Agency concerning all procurement procedures carried out at the Agency – from conception to conclusion - which are subject to supervisory measures and mitigating controls, including formal opening and evaluation processes, declarations of absence of conflict of interest undersigned by the members of the committees, assessment of exclusion, selection and award criteria documented in writing;
7. Notes from the Court's report that, in 2014, the Agency signed a framework contract (FWC) for the provision of IT consultancy services in the period 2014 to 2017 for a total amount of EUR 1 100 000; notes that although specific contracts signed in 2016 to implement this FWC clearly define project deliverables, consultants were engaged on a "time and means" basis where price is not fixed and directly linked to the delivery, but instead results from the number of working days spent; notes moreover that in 2016 some 50 % of the IT consultancy services were carried out offsite the Agency's premises, limiting the Agency's means to monitor the efficient implementation of the contracts; notes that payments made under this framework contract in 2016 amounted to some EUR 400 000; acknowledges from the Agency's reply that it applies the Court's advice to its new ICT and consultancy framework contracts by making use of specific "Quoted Times and Means" contracts when appropriate;

Staff policy

8. Observes from the Establishment plan that 39 posts (out of 41 posts authorised under

the Union budget) were occupied on 31 December 2016, compared to 40 in 2015;

9. Regrets that among the number of posts occupied on 31 December 2016 gender balance has not been achieved, with a ratio of 72 % female to 28 % male;
10. Stresses that the work-life balance should be part of the staff policy of the Agency; stresses that the budget spent on well-being activities amounts to approximately EUR 194 per staff corresponding to three days per staff; observes that the average number of sick leave is 11 days per staff;
11. Recalls that the Agency adopted a decision concerning psychological and sexual harassment in 2007; suggests organising training and information sessions to increase the awareness of staff; notes that an administrative enquiry was carried out in 2016; requests more explanations on the conclusions of the inquiry while respecting the data protection regulations;
12. Appreciates the fact that the Agency did not receive any complaints, law-suits or reported cases linked to hiring or firing of staff in 2016;

Prevention and management of conflicts of interests, transparency and democracy

13. Notes that the new conflict of interests declarations and summaries of CVs are in the process of being collected and analysed, since a new board has been in place from late 2016; notes, moreover, that the Agency collected 131 complete files, corresponding to 70 from board members (80 %), 52 from board member alternates (60 %) and 12 from observers and observer alternates (48 %); welcomes the fact that none of the files assessed demonstrates any situation that could qualify as a conflict of interests within the meaning of the Agency's policy;
14. Notes with satisfaction that the Agency has in place an anti-fraud strategy, defined on the basis of the guidelines issued by the European Anti-Fraud Office (OLAF) for Union Agencies; notes that the strategy covers a three-year timespan (2015 to 2017) and its implementation is monitored regularly by the Agency's bureau; notes, furthermore, that an internal procedure for reporting and handling potential fraud cases and their outcomes was adopted and made available to the staff on the intranet;
15. Strongly regrets the fact that the Agency has yet to implement internal rules on whistleblowing; notes that the Agency is awaiting guidelines from the Commission; notes, moreover, that, in the meantime, the Agency refers to the Commission's guidelines on whistleblowing of 2012; urges the Agency to report to the discharge authority when its whistleblowing rules have been established and implemented;

Performance-based budgeting

16. Welcomes the three main achievements identified by the Agency in 2016, namely:
 - it completed the three-year pilot project 'Safer and healthier work at any age — occupational safety and health in the context of an ageing workforce', initiated by Parliament and the launch of the Healthy Workplaces Campaign 2016-2017 on 'Healthy Workplaces for All Ages';

- it presented at a high level seminar the first report from a major research project on ‘Health and Safety in Micro and Small Enterprises’;
- it implemented, together with the European Union Intellectual Property Office (EUIPO) and the Translation Centre For the Bodies of the European Union (CdT), a new tool to manage multilingual websites – winner of an EU Ombudsman Award for excellence in public administration in 2017;

Internal audit

17. Notes that in 2016 the Internal Audit Service (IAS) carried out a strategic risk assessment with the main objective to draw a new multi-annual Strategic Internal Audit Plan for the period 2017-2019;
18. Welcomes that, by the end of 2016, the Agency had neither critical nor very important open recommendations; notes that, throughout that year, the Agency worked towards the implementation of the action plan related to the four important recommendations from the IAS 2015 audit on “Tools for OSH management”; states that the IAS reviewed the work done on the four recommendations and recommended them for closure at the beginning of 2017;

Performance

19. Notes with appreciation important steps the Agency took to support its activity based management system with an IT system; welcomes new digital tools implemented for managing time spent on the different project and activities and for managing tenders and procurement;

Other comments

20. Observes from the Court’s report that Council Regulation (EC) No 2062/94¹, the Agency’s founding regulation, does not explicitly require external evaluations of its activities; notes with satisfaction that the Commission’s proposal for a new founding regulation includes the obligation to perform an evaluation every five years;

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21. 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 Council Regulation (EC) No 2062/94 of 18 July 1994 establishing a European Agency for Safety and Health at Work (OJ L 216, 20.8.1994, p. 1).

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