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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European
Police Office (Europol) for the financial year 2016
(2017/2169(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 Police Office (Europol) for the financial year 2016 (2017/2169(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Police Office for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Police Office for the financial year 2016, together with the Office'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 Office 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 Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol)⁴, and in particular Article 43 thereof,
- having regard to Regulation (EU) 2016/794 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Law Enforcement Cooperation (Europol) and replacing and repealing Council Decisions 2009/371/JHA, 2009/934/JHA, 2009/935/JHA, 2009/936/JHA and 2009/968/JHA⁵, and in particular Article 60 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 Council⁶, and in particular Article 108 thereof,

¹ OJ C 417, 6.12.2017, p. 223.

² OJ C 417, 6.12.2017, p. 223.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 121, 15.5.2009, p. 37.

⁵ OJ L 135, 24.5.2016, p. 53.

⁶ OJ L 328, 7.12.2013, p. 42.

- 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. Grants the Executive Director of the European Union Agency for Law Enforcement Cooperation discharge in respect of the implementation of the Europol's budget for the financial year 2016 / Postpones its decision on granting the Executive Director of the European Union Agency for Law Enforcement Cooperation discharge in respect of the implementation of the Europol'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 Union Agency for Law Enforcement Cooperation, 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 Police Office (Europol) for the financial year 2016
(2017/2169(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Police Office for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Police Office for the financial year 2016, together with the Office'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 Office 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 Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol)⁴, and in particular Article 43 thereof,
- having regard to Regulation (EU) 2016/794 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Law Enforcement Cooperation (Europol) and replacing and repealing Council Decisions 2009/371/JHA, 2009/934/JHA, 2009/935/JHA, 2009/936/JHA and 2009/968/JHA⁵, and in particular Article 60 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 Council⁶, and in particular Article 108 thereof,

¹ OJ C 417, 6.12.2017, p. 223.

² OJ C 417, 6.12.2017, p. 223.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 121, 15.5.2009, p. 37.

⁵ OJ L 135, 24.5.2016, p. 53.

⁶ OJ L 328, 7.12.2013, p. 42.

- 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. Approves the closure of the accounts of Europol for the financial year 2016 / Postpones the closure of the accounts of Europol for the financial year 2016;
 2. Instructs its President to forward this decision to the Executive Director of the European Union Agency for Law Enforcement Cooperation, 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 Police Office (Europol) for the financial year 2016

(2017/2169(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Police Office (Europol) 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 stresses the particular importance of further strengthening of the democratic legitimacy of the Union institutions by improving transparency and accountability, and implementing the concept of the 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 Police Office (“Europol”) for the financial year 2016 was EUR 104 274 784, representing an increase of 9,27 % compared to 2015; whereas the increase was due to new or additional tasks which expanded the mandate of Europol; whereas the Europol’s budget almost entirely derives from the Union general budget;
- C. whereas the Court of Auditors (“the Court”), in its report on the annual accounts of the European Police Office for the financial year 2016 (“the Court’s report”), has stated that it has obtained reasonable assurance that the Europol’s annual accounts are reliable and that the underlying transactions are legal and regular;

Budget and financial management

1. Notes with satisfaction that the budget monitoring efforts during the financial year 2016 resulted in a high budget implementation rate of 99,75 %, indicating that commitments were made in a timely manner; notes that the payment appropriations execution rate was 90,98 %, indicating an increase of 1,98 % compared to 2015;

Commitments and carry-overs

2. Notes that, according to the Court’s report, the carry-overs of committed appropriations for Title II (administrative expenditure) were at EUR 3 500 000 (39 %), compared to EUR 4 200 000 (41 %) in 2015; notes that these carry-overs mainly concerned the Europol’s headquarters, which will only be invoiced by the host state in 2017 (EUR 2 000 000); acknowledges the fact that Europol will continue its efforts to ensure efficient and compliant budget implementation, in particular concerning carry-overs in relation to administrative expenditure; notes that due to the work regarding the

¹ OJ C 84, 17.03.2017, p.172

Europol's headquarters performed under the authority of the host state as an external party, the handling of building-related costs is also expected to spread across financial years in future; notes that this is due to the inherent administrative set-up whereby Europol receives the related invoices after the host state has liaised with contractors at national level;

3. Notes that carry-overs are often 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 Europol and communicated to the Court;

Transfers

4. Notes that a total number of 48 transfers were made for a total amount of almost EUR 4 960 000 (4,9 % of the budget); notes furthermore that some transfers were necessary to take into account differences between the planning and the implementation of the budget due to urgent situations in certain crime areas, for instance activities related to the hotspots;

Procurement and staff policy

5. Notes that at the end of 2016 the total number of staff employed by Europol was 655, consisting of 505 staff in the establishment plan, 146 contract agents and 4 local staff; notes furthermore that the number of non-Europol staff (seconded national experts, liaison officers and staff of the liaison bureaux, trainees and contractors) was 452; notes that in 2016 Europol hired 145 new staff (104 temporary agents and 41 contract agents) and that 86 staff left the organisation (64 temporary agents and 22 contract agents);
6. Deeply regrets that, having regard to the number of all posts occupied on 31 December 2016, gender balance has not been achieved since the ratio is 32,4 % female to 67,6 % male and that, even more alarming, female staff represented only 14 % in senior specialist / senior analyst positions and that the percentage of female staff in business manager and equivalent or higher positions was only 6,1 % (two members of staff); calls on Europol to take the gender balance issue into account when recruiting new staff and to inform the discharge authority during the next discharge procedure of the progress made at the end of 2017;
7. Notes that in April 2016 Parliament adopted an amending budget resulting in the reinforcement of staffing levels of the Europol's European Counter Terrorism Centre by increasing the budget by EUR 2 000 000 and adding an additional 35 posts (25 temporary agents, 5 contract agents and 5 seconded national experts);
8. Notes that the Europol's staff spent an average of 1,2 % of the working days in 2016 on sick leave; observes with some concern that the number of days spent per member of staff on wellbeing activities in 2016 was less than one day; notes that Europol did not name different wellbeing activities put in place in 2016, as requested by Parliament, but reported on the costs spent per staff on the medical provider and related costs; calls on Europol to report on the sick leave overview counted in days and introduce additional wellbeing activities for its staff and invites the whole staff to take part in it;

9. Notes with satisfaction that Europol has established a network of 10 confidential counsellors as a part of the policy on protecting the dignity of the person and preventing psychological and sexual harassment; notes moreover that Europol held awareness sessions programmes, provided standard information on harassment on the Europol's intranet and introduced a programme for newcomers which included a presentation on health and wellbeing during which the harassment policy and the network of confidential counsellors are explained;
10. Notes that in 2016 one informal and one formal procedure (request for assistance) were initiated regarding harassment; notes that the single formal procedure led to the opening of an administrative inquiry/internal investigation which did not confirm the existence of harassment; observes that, accordingly, no case was brought before the Court of Justice of the European Union;
11. Notes that Europol uses official vehicles but does not allow for their private use;

Internal controls

12. Notes that in 2016 risk management activities in Europol focused on addressing audit requirements identified by the Court, in particular the annual accounts, the delegation agreement and the closure of the Europol Pension Fund; notes moreover that risk activities also included monitoring the risks affecting the core business objectives set for the 2016 Work Programme, in particular in relation to the new task of on-the-spot deployments for secondary security checks and the insourcing of the final deployment of the Europol Analysis System; notes that by the end of 2016 the Europol's corporate risk log contained 16 high or critical risks, which represents 4 additional corporate risks compared to the status recorded at the end of 2015;
13. Notes that the Internal Audit Function carried out a review of the implementation of the Internal Control Standards in Europol in the first semester of 2016; notes that Europol prepared an action plan to address 15 out of the 40 recommendations by the end of 2016 and that, out of those recommendations, 20 were graded as "very important" and one was considered "critical", namely a recommendation related to the adoption of an anti-fraud strategy, which was endorsed by the management board on 31 January 2017;

Internal audit

14. Notes that 83 % of all audit recommendations by the Court, the Internal Audit Service (IAS), the Europol Joint Supervisory Body, the Commission's data protection officer, and the Internal Audit Function, graded as "critical" or "very important", were addressed in 2016;
15. Notes that in October 2016 the IAS performed an audit on procurement, for which the draft audit report was not issued at the end of 2016; calls on Europol to report to the discharge authority on the results of that audit;

Prevention and management of conflicts of interest, transparency and democracy

16. Notes with satisfaction that on 1 May 2017 the Europol's management board adopted rules for the prevention and management of conflicts of interest in respect of its

members, including in relation to their declarations of interests; notes that management board members and alternate members have been invited to complete, sign and submit their respective declarations together with their curricula vitae by 15 December 2017 for subsequent publication on the Europol's website; calls on Europol to report back to the discharge authority if management board members did so by the set deadline;

17. Notes that in 2016 Europol received 107 requests for access to documents (related to 138 documents) and that Europol granted full access to 39 documents, partial access was granted to 20 documents and access was refused to 79 documents;
18. Notes that Europol launched an additional 'ethics package' communication campaign in October 2017 to raise awareness among all Europol staff and seconded national experts about the updated versions of the Europol's Code of Conduct and guidance documentation on the handling of gifts, conflicts of interest and whistleblowing; notes with satisfaction that the guidance on whistleblowing underlines that Europol commits itself to protect the identity of whistleblowers;
19. Welcomes the adoption by the management board of an anti-fraud strategy for the period 2017-2018;

Performance-based budgeting

20. Welcomes the three main achievements identified by Europol in 2016, namely:
 - the establishment of the European Counter Terrorism Centre and the European Migrant Smuggling Centre, including the on-the-spot deployment of staff to perform over 4 800 secondary security checks in migration hotspots by the end of 2016; notes that over 270 counter-terrorism operations were supported by Europol, which represents more than a twofold increase compared to the entire year 2016 (127 counter-terrorism operations in 2016);
 - the pioneering of innovative investigative support tools: the Europe's Most Wanted Fugitives website in 2016 with, as of November 2017, information on 115 fugitives published, 41 high-profile fugitive arrests, including 13 arrests due to the launch of the website; notes that the Europol's Cybercrime Centre (EC3) deployed a new Image and Video Analysis Solution to facilitate, in particular, the identification of child victims of sexual exploitation, including, in 2017, the support given by Europol to 38 unique operations against online child sexual exploitation;
 - the adoption of Regulation (EU) 2016/794 of the European Parliament and of the Council in May 2016, with applicability from 1 May 2017, to introduce enhanced arrangements on Parliament oversight and an improved operational support mandate;

Other comments

21. Notes with satisfaction that Europol has, in cooperation with Eurojust formalised a combined approach for the ISO14001/EMS Certification; acknowledges the fact that Europol has put in place numerous measures to ensure a cost-effective and

environmentally friendly workplace and to further reduce or offset CO₂ emissions;

22. Notes that, according to Europol's answers, there are substantial financial and operational risks due to the Brexit; calls on Europol to keep the discharge authority fully informed of the future impact of the Brexit on Europol;

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23. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [xx xxxx 2018¹] [on the performance, financial management and control of the agencies].).

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