



2017/2149(DEC)

30.1.2018

DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2016
(2017/2149(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 European Union Agency for Fundamental Rights for the financial year 2016 (2017/2149(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Union Agency for Fundamental Rights 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 168/2007 of 15 February 2007 establishing a European Union Agency for Fundamental Rights⁴, and in particular Article 21 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. 228.

² OJ C 417, 6.12.2017, p. 228.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 53, 22.2.2007, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

1. Grants the Director of the European Union Agency for Fundamental Rights discharge in respect of the implementation of the Agency's budget for the financial year 2016 / Postpones its decision on granting the Director of the European Union Agency for Fundamental Rights 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 Union Agency for Fundamental Rights, 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 Union Agency for Fundamental Rights for the financial year 2016
(2017/2149(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Union Agency for Fundamental Rights 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 168/2007 of 15 February 2007 establishing a European Union Agency for Fundamental Rights⁴, and in particular Article 21 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. 228.

² OJ C 417, 6.12.2017, p. 228.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 53, 22.2.2007, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

1. Approves the closure of the accounts of the European Union Agency for Fundamental Rights for the financial year 2016 / Postpones the closure of the accounts of the European Union Agency for Fundamental Rights for the financial year 2016;
2. Instructs its President to forward this decision to the Director of the European Union Agency for Fundamental Rights, 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 Union Agency for Fundamental Rights for the financial year 2016 (2017/2149(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights 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 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 Union Agency for Fundamental Rights (“the Agency”) for the financial year 2016 was EUR 21 603 000, approximately the same amount as in 2015; whereas the budget of the Agency derives almost exclusively from the Union budget;
- C. whereas the Court of Auditors (“the Court”), in its report on the annual accounts of the European Union Agency for Fundamental Rights for the financial year 2016 (“the Court's report”), has stated 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 with satisfaction that budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 100 %, which is the same rate as the previous year, and that the payment appropriations execution rate was 73,21 %, representing an increase of 1,59 % compared to the previous year; acknowledges that the high overall level of committed appropriations indicated that commitments were made in a timely manner;

Commitments and carry-overs

2. Notes that, according to the Court’s report, the level of committed appropriations carried over to 2017 for Title III (operating expenditure) was at EUR 5 200 000 (68 %), compared to EUR 5 700 000 (70 %) for the previous year; acknowledges that, according to the Court, these carry-overs mainly reflect the nature of activities of the Agency which involve financing studies that span over many months, often beyond year-end;

¹ OJ C230, 24.06.2016, p.1

3. Notes that the implementation rate of appropriations carried over from 2015 to 2016 was at 96,73 % meaning that the cancellation rate remained low at 3,27 %;
4. Points out 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 the Agency and communicated to the Court;

Transfers

5. Notes that in 2016 one budgetary transfer was submitted to the management board for approval and that the total amount transferred among Titles as a result of this transfer was EUR 297 714; notes moreover that those transfers mainly related to the reallocation of the surplus under administrative expenditure to operational projects; notes with satisfaction that the level and nature of transfers in 2016 remained within the limits of the financial rules;

Staff policy

6. Acknowledges that, according to the Agency, its establishment plan was increased by the addition of two new administrator posts in the areas of migration, integration and refugee protection and that one assistant post was removed in accordance with the 5 % staff reduction required; notes, however, that the Agency increased its contract agent positions by four;
7. Observes from the establishment plan that 70 temporary posts (out of 74 posts authorised under the Union budget) were occupied on 31 December 2016; notes that in addition the Agency employed 9 seconded national experts and 30 contract staff in 2016;
8. Notes that 49,3 % of the Agency's temporary agents are female and 50,7 % are male; regrets, however, the significant imbalance in the senior management positions, with a ratio of one woman to five men; calls on the Agency to do everything in its power to establish a more gender-balanced staff composition at the level of senior posts;
9. Observes with concern that on average the Agency's staff was on sick leave for a total of 9,2 days in 2016 and that 97 out of 109 staff took at least one day off as a sick-leave; notes that the Agency organised a staff away day and supports other well-being activities; notes that many of the Agency's staff participated in the Vienna marathon; calls on the Agency to consult the medical service on how to lower absences from work due to sick leave;
10. Notes with satisfaction that the Agency invests in protecting the dignity of the person and preventing psychological and sexual harassment and that it provided two training sessions for newcomers and a refresher for other staff; notes with satisfaction that confidential counsellors maintained a visible presence and that management reminded all staff of the policy and the network at various times;
11. Notes that the Agency keeps no statistical data on cases reported to the confidential

counsellors but that no harassment cases were reported, investigated or taken before the Court in 2016;

12. Notes that the Agency does not have any official vehicles;

Prevention and management of conflicts of interest, transparency and democracy

13. Acknowledges that, according to the Agency, in addition to the Staff Regulations, it has introduced for its staff a practical guide on the management and prevention of conflicts of interest, which offers wide-ranging information and advice on a variety of issues; notes moreover that the Agency regularly provides compulsory training for staff on ethics and integrity and that it publishes the curricula vitae (CVs) and declarations of interests of all active members of its management board, the scientific committee and its management team;
14. Notes that the Agency applies the Code of Good Administrative Behaviour and that it assesses the checks on the financial interests declared by the management team, management board members and scientific committee members and publishes declarations of interests on its website as part of the policy on the prevention and management of conflicts of interest;
15. Notes that the minutes from the management board meetings are published on the Agency's website;
16. Notes that the Agency has in place a number of tools for the protection of staff in general and whistleblowers in particular; acknowledges that the Agency currently applies by analogy the Commission's whistleblowing guidelines following Executive Board Decision Nr 2012/04;
17. Acknowledges that, according to the Agency, a specific fraud risk assessment was implemented in the context of the anti-fraud strategy, resulting in an action plan that was fully implemented and is continuously monitored; notes with satisfaction that it achieved a significant result in terms of awareness raising by preparing and delivering internal training on fraud prevention based on materials provided by the European Anti-Fraud Office (OLAF);
18. Welcomes the introduction of an item on transparency, accountability and integrity in the Agency's 2016 annual activity report;
19. Notes that in 2016 the Agency received 20 requests for access to documents and that it granted full access to 22 documents, partial access to 120 documents and refused access to 68 documents due to "Protection of privacy and the integrity of the individual" and "Protection of commercial interests"; expects that the Agency, when deciding on limiting the access to documents due to the protection of commercial interests, also considers with utmost seriousness the interests of the citizen and the Union's commitment to greater transparency;
20. Notes that for seven of the refused requests for access to documents, the cases were subject to a confirmatory application after which partial access was granted to four;

Performance-based budgeting

21. Welcomes the three main achievements identified by the Agency in 2016, namely:
- it organised the Fundamental Rights Forum, its largest event gathering over 700 participants for four days of discussions on how the three themes of inclusion, refugee protection and the digital age are connected;
 - it submitted six legal opinions to assist Parliament in the development of its positions on legislative files or policies;
 - in line with its strategic priority to develop timely and targeted responses to fundamental rights emergencies, it published monthly reports on the situation in the Member States most affected by the refugee crises and deployed expert staff to Greece in order to provide Union and local actors on the ground with fundamental rights expertise;

Internal controls

22. Notes that in 2016 the Agency had foreseen a number of measures to improve the effective implementation of Internal Control Standard (ICS) No 5 “Objectives, performance indicators”, ICS No 11 “Document management”, and the ICS on “Business continuity”; notes that by the end of the reporting year those measures were undertaken and progressively implemented;
23. Notes that in December 2016 an internal gap analysis was performed with the aim of providing a detailed assessment of the compliance level of the ICSs; notes with satisfaction that the Agency identified a level of implementation close to full compliance and that additional measures are expected to be fully implemented by the end of 2017; calls on the Agency to report to the discharge authority on the implementation of those measures;
24. Notes that, according to the Court’s report, formal delegations and sub-delegations from authorising officers (by delegation) were not always consistent with the authorisation rights for transactions in the ABAC workflow system; notes from the Agency’s reply that the error was corrected and measures have been put in place to ensure that ABAC only reflects currently valid delegations;

Internal audit

25. Notes with satisfaction that at the end of the reporting period the results of ex post controls did not reveal any amounts to be recovered;
26. Notes that the Commission’s Internal Audit Service (IAS) closed the last open recommendation raised during the audit on human resources management and that in 2016 no IAS audit was carried out;
27. Notes with satisfaction that, in order to ensure a cost-effective and environmentally friendly working place and to reduce or offset CO₂ emissions, the Agency is working towards improving its environmental footprint by installing an environmentally friendly datacentre cooling system, which will enhance the heating system and result in lower consumption, by contracting an alternative electricity provider which uses renewable

sources, by promoting alternative ways for employees to commute to work through the provision of bicycle parking spaces, by promoting and implementing green public procurement in certain tendering procedures like ICT equipment acquisition and cleaning services, by promoting recycling and the use of recycled paper and other materials and by the introduction of LED technology lights;

28. Notes that the Agency recognises the financial risks due to Brexit as the potential loss of financial resources could impact the Agency's operational activities; notes that the Agency could possibly reduce the impact of this financial loss due to the fact that its operational research activities will not include the United Kingdom; notes, however, that the financial loss is expected to be higher than the savings from the limitation of research activities;
29. Notes that the Agency recognises the operational risks due to Brexit as potential loss of competition as a number of operational related contractors are based in the United Kingdom and a loss of skilful British national staff members;

o

o o

30. 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.