

PART C – THE EUROPEAN COURT OF AUDITORS AS INSTITUTION

Budget execution and performance-based budgeting

(items 19 and 20)

34 We will continue our efforts to improve the payment execution rates. In 2018, the payment rate in Title 2 was 55,11 % for payment appropriations (55,75 % in 2017) and 59,13 % for commitments (57,13 % in 2017).

35 The Integrated Financial and Activity Planning (IFAP) project, in which we participate since 2017, is still in a preliminary phase. This project is implemented by an inter-institutional group, led by the General Secretariat of the Council. The focus is currently on the choice of the IT tool solution, and on evaluating potential technical solutions using SAP Funds Management. We will report in our annual activity reports on the progress made.

Continuing to improve performance

(item 25)

36 In 2018, we published 35 special reports (28 in 2017) and 9 review-based publications (2 in 2017). We also produced a record number of opinions, 10 in total in 2018 (5 in 2017), mostly related to the Commission's legislative proposals for the post-2020 MFF.

37 At the same time, in line with the EU's Financial Regulation we strive to produce our special reports generally within 13 months, except for duly justified cases where this timeframe would not allow the audit to be properly carried out. In 2018, as shown in our 2018 annual activity report, it took an average of 15,2 months from the start of an audit to the adoption of a report (14,6 months in 2017). 15 of the in total 35 reports published during 2018 – 43 % - took less than 13 months (29 % in 2017).

Raising awareness on the work of the ECA

(item 26)

38 We consider clear and accessible communication of our work and main messages to our audiences to be key to have added value and impact. In 2018, we saw a strong increase in media interest in our work, with particularly high coverage for our special reports. In 2018, we also issued 12 audit previews for recently started audit tasks, designed to be a source of information for those interested in the policy or

programmes being examined. In addition, we refreshed our ECA Journal to provide insights on how we do our work and our audit findings in a specific domain. Each issue features a different overarching theme. We will continue to promote our publications through social media channels.

Information on public audit in the EU

(item 21)

39 In January 2019, we published our handbook on ‘Public Audit in the European Union.’ This information on the Supreme Audit Institutions’ (SAIs) set-up, mandate and organisation is also available online on our webpage. We intend to update this information in our online portal on a regular basis.

40 Moreover, in 2018, in the framework of the Contact Committee of European Union heads of SAIs, we took the lead in publishing an ‘Audit Compendium’ of performance audit work done in relation to youth employment. For 2019, such a compendium will be published in relation to public health.

Use of official cars

(items 27 and 28)

41 Decision 81-2016 reflects the assumption that 10.000 km correspond to the standard global distance that is usually covered, on a yearly basis, by each Court member for such short journeys between home and the place of employment, and between the place of employment/home, train stations or airports in Luxembourg (or nearby cities) and any other protocol related journey.

42 We also consider that a detailed analysis of the category ‘Other journeys undertaken in the performance of official duties’ in relation to the use of official cars would create a disproportionate administrative burden, because it would assume that members of the Court have to register all their short journeys. There is however no indication of misuse of the official cars, which would warrant a further analysis of such journeys. At the same time, we have taken note of the request to simplify administrative procedures in this area and have revised Decision No 81-2016. A copy of the decision will be transmitted to the Parliament.

Gender balance and staff well-being

(items 30, 29 and 31)

43 We are committed to being an Equal Opportunities employer, and make continuous efforts towards this goal. In 2018, a female candidate was appointed Director in an audit chamber. Currently, as shown in our 2018 annual activity report, the share of women in management positions in the audit chambers is 24%.

44 Overall, sick leave ratios at our institution are in line with those of other institutions. We also aim at improving the well-being of staff and the work-life balance. In response to feedback received following a staff satisfaction survey, an action plan to improve staff satisfaction was set up in 2019, including increased possibilities for teleworking and more flexible rules for working time.

45 In 2018, we continued to organise trainings/presentations for managers, incoming staff and human resources staff to raise awareness regarding harassment in the working environment. Moreover, contact point persons for the fight against harassment receive relevant trainings on a yearly basis.

Ethics and integrity

Whistleblowing (item 32)

46 We offer to all staff a dedicated training course on public ethics, which is compulsory for all incoming staff. This training contains a part on whistleblowing that explains the procedure to follow, including the rights of staff. Moreover, our own ethical framework is currently reviewed by experts from the Supreme Audit Institutions of Poland and Croatia. The Parliament will be informed of any follow-up actions that may be decided because of this review.

Agreement with OLAF (item 33)

47 Our Secretary General signed an administrative arrangement for a framework for cooperation between the Court and OLAF in May 2019. A copy of the arrangement will be transmitted to the Parliament. We also intend to enter in a similar cooperation arrangement with the EPPO once the Chief Prosecutor has been appointed.

Information on activities of ECA Members

(items 34, 35, 36 and 37)

48 The Court's Attendance Register, which is effective since 1 January 2019, will be evaluated in due course and the Parliament will be informed of any follow-up actions decided.

49 The declarations of the members of the Court related to their external activities are subject to the evaluation of the Court's Ethics Committee. These declarations as well as the one disclosing their financial interests are necessarily of a self-declaratory nature. Given the current legal framework, neither the Court nor its Ethics Committee have any investigation powers to control the veracity and the exhaustiveness of the declared data. The declaration related to the financial interests are published on line and are therefore subject to public scrutiny. Based on the results of the peer review referred to by the Parliament, we will evaluate how to improve the system of members' declarations of financial interest and will inform the Parliament of any measures taken.

50 Since December 2017, Decision No 61-2017 of the Court defines the information to be provided by the Court members on their work-related travel. As a general rule, members must provide the names and job title of the persons met, a general description of the topics to be discussed and the invitation containing the necessary details. Since July 2018, information on the Members' work-related travel is published on a quarterly basis on our webpage. This information includes dates, location, purpose and total cost of the travel.

51 We will inform the Parliament of the outcome of the internal auditor's report of mission expenses and the use of the official cars once it is finalised (most likely in the second semester of 2019) and will inform the Parliament's Budgetary control committee about any measures taken.

UK withdrawal

(item 39)

52 We follow the developments regarding the United Kingdom's decision to withdraw from the European Union closely and will undertake the necessary preparations depending on the actions foreseen. In 2018, our President already addressed a message to all staff explaining the measures to be undertaken regarding the employment of staff holding only UK nationality following the withdrawal of the UK from the EU.

ANNEX II: REFERENCES TO THE 2017 DISCHARGE DOCUMENTS

Item	Reference	Text
1.	Paragraph 10	Recalls that the Court of Auditors (the 'Court') performs a specific assessment of administrative and other expenditure as a single policy group for all the European institutions; points out that administrative and related expenditure comprises expenditure on human resources (salaries, allowances and pensions), accounting for 60 % of total administrative expenditure, and expenditure on buildings, equipment, energy, communications and information technology;
2.	Paragraph 13	Notes the responses given by the Parliament in the adversarial procedure with the Court ; asks the Court to keep the responsible committee informed on the implementation of its recommendations;
3.	Paragraph 111	Recalls that on 23 October 1997, Parliament called upon its Bureau to request the Court to investigate Parliament's voluntary pension scheme, which led to the issuance of the Court's opinion No 5/99 on the "Pension Fund and Scheme for Members of the European Parliament"; calls on the Bureau to request the Court to produce another such opinion on the pension scheme and fund in 2019;
4.	Paragraph 8	Regrets that the Court has not examined the level of error for spending under heading 3 "Security and citizenship" and heading 4 "Global Europe"; considers that, although the figures under these headings are relatively low, they are of particular political importance; stresses that the audit of a representative sample size from under these two headings is essential for a rigorous and independent evaluation of financial transactions, as well as for better oversight on the use of Union funds by the European Parliament, and calls on the Court to provide data on the error rate for payments under these headings in its next annual reports;
5.	Paragraph 10	Urges the Court , in its future reports, to present the error rate for fisheries separately from those for the environment, rural development and health, and not on an aggregate basis; notes that combining them makes it impossible to work out the error rate for fisheries policy; notes that maritime affairs and fisheries are not covered in sufficient detail in the Court's annual report and that a proper evaluation of financial management in those areas is therefore difficult; considers that, to increase transparency, in future, the Court's annual report should include a separate breakdown for the figures relating to DG MARE;
6.	Paragraph 11	Regrets that for the area of "Competitiveness for growth and employment", to which transport belongs, the Court does not provide any comprehensive information regarding the audits performed for transport sector, in particular regarding Connecting Europe Facility (CEF);
7.	Paragraph 62	Stresses that unlike what was done in 2016, the estimated level of error for cohesion includes a quantification of 2017 disbursements to financial instruments; recalls that since the eligibility of expenditures for structural funds for the period 2007-13 was postponed to the end of March 2017, the disbursements to financial instruments for the first three months of 2017 are to be included into the calculation of the error-rate; nevertheless regrets that the Court has not mentioned the clear error rate for those disbursements anywhere in its annual report, except in a box; calls on the Court to take on board all the irregularities having a financial impact when determining the most likely error-rate, and to clearly mention the percentage of funds affected; calls on the Commission to table the necessary legislative proposal to put an end to future unilateral decisions on the extension of the eligibility of expenditures for structural funds via implementing acts;

Item	Reference	Text
8.	Paragraph 82	<p>Recommends that:</p> <p>(a) the Court of Auditors (the ‘Court’) issue separately error rates regarding respectively the direct payments, the market operations and the rural development spending of the CAP as the Director General of DG AGRI does in its annual activity report;</p>
9.	Paragraph 103	<p>Notes that the Court did not provide a separate error rate for security and citizenship, as just a small part (2%) of the 2017 budgetary payments relate to this area, but that DG HOME presented the following error rates in its AAR, which, however, were not checked by the Court:</p> <p>a) Solidarity and Management of migration Flows (SOLID): Detected Error Rate (DER) of 2.26 % and Residual error rate (RER) of 0.75 %;</p> <p>b) Asylum Migration and integration Fund (AMIF) Internal Security Fund (ISF): DER of 0 % and RER of 1.54%;</p> <p>c) Indirect management decentralised agencies: RER of less than 2 %;</p>
10.	Paragraph 104	<p>Notes that for 2017, the Court has not calculated an error rate for the Union funds spent under heading 4 of the MFF “Global Europe” and that this decision was taken following the general strategy of the Court to reduce its substantive testing and partially rely on the so-called “work of others”;</p>
11.	Paragraph 237	<p>Recommends that the Court continue to provide a separate chapter for security and citizenship in its annual report and to deepen its analysis in this regard, as the public and political interest in the security and migration part of the Union budget is much higher than its financial share;</p>
12.	Paragraph 241	<p>Insists that the Court should improve the coordination between project level performance assessments carried out in the context of the Statement of Assurance work and the remainder of its performance work, through the reporting, in particular, of the main conclusions of its special reports in sectoral chapters of its Annual report; considers this helpful for improving and reinforcing a systematic association of Parliament’s sectoral policy committees in using the Court’s products;</p>
13.	Paragraph 242	<p>Requests the Court to provide the discharge authorities with an assessment in terms of both compliance and performance, of each European policy, following chapter by chapter the budget headings in the Court annual report;</p>
14.	Paragraph 243	<p>Insists that the Court put in place an extended follow-up of its performance audit recommendations;</p>
15.	Paragraph 250	<p>Is worried, in addition, that the Annual Management and Performance Report compares very different figures and is therefore misleading, given that the Court’s estimated level of error is an error rate at payment and without deduction of corrections, while the Commission’s global amount at risk reported in the AMPR is calculated after deduction of corrections; finds it therefore impossible to make proper comparisons or to draw reliable conclusions; supports the Court in calculating the error rate without taking corrections into account; calls on the Commission to indicate error rates without and with corrections in all annual activity reports, as well as in the AMPR; would appreciate that, in order to find a solution to this incomparability, the Court express its opinion on the Commission’s error rate after correction;</p>

Item	Reference	Text
16.	Paragraph 252	Reiterates its concern at the difference between the Commission's and the Court's methods for calculating errors, which prevents proper comparison of the error rates reported by them; stresses that in order to present a reliable comparison of the error rates reported by the Commission in its AMPR and the AARs of the Directorates General and estimated by the Court , the Commission should use an equivalent methodology to that of the Court when assessing the error rate and that both institutions should conclude as a matter of urgency an agreement in this regard; calls on the Commission to present the data in a manner consistent with the methodology adopted by the Court and including the expected estimated corrections;
17.	Paragraph 253	Asks the Commission and the Member States once again to put in place sound procedures to confirm the timing, the origin and the amount of corrective measures and to provide information reconciling, as far as possible, the year in which payments are made, the year in which the related error is detected and the year in which recoveries or financial corrections are disclosed in the notes to the accounts; asks the Court to mention the level of correction applied to calculate the error rate in its Annual Report, as well as the original error rate before corrections;
18.	Paragraph 254	Deplores the fact that the Annual Management and Performance Report (AMPR) has not been audited by the Court whilst some annual activity reports (AARs), and in particular, the ones of DG EMPL and DG REGIO have been examined by the Court ; calls on the Court carefully to examine and review the AMPR in its annual report;
19.	Paragraph 3	Stresses that the Court's budget is purely administrative, with a large amount being used for expenditure in relation to persons working within the institution (Title 1) and in relation to buildings, movable property, equipment and miscellaneous operating expenditure (Title 2); calls on the Court to continue improving payment execution rates, in particular in relation to Title 2 where the payment rate was 55,75 % of final appropriations and 57,13 % of commitments (compared to 52,8 % and 53,8 % respectively in 2016);
20.	Paragraph 5	Welcomes the participation of the Court in the inter-institutional Integrated Financial and Activity Planning (IFAP) project, which is a first step towards the implementation of performance-based budgeting as part of the EU Budget Focused on Results initiative; calls on the Court to report to the Parliament Committee on Budgetary Control in relation to progress in the next annual activity report;
21.	Paragraph 6	Welcomes the launch of the online portal 'Public Audit in the European Union' containing information on the work and role of the 29 Union Supreme Audit Institutions and the Member States; calls on the Court to publish short activity reports on the online portal, containing concrete data on the analyses performed by the Court and the Supreme Audit Institutions and the concrete results, including cost-benefits analyses and the amounts recovered;
22.	Paragraph 8	Welcomes the fact that the Court published its Final Accounts by 31 March 2018 as recommended by Parliament in its previous discharge; encourages the Court to streamline its procedures to ensure also the publication of its Annual Activity Report by 31 March, with a view to optimising and expediting the discharge procedure; suggests that the Court examines in its forthcoming opinions the extent to which the proposed arrangements would allow for a shortening of the discharge procedure;

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23.	Paragraph 9	Deplores that since 2012 the Court has failed to publish any special report on the management of conflict of interest in selected Union agencies; urges the Court to publish annual special report on the management of conflict of interest in Union agencies working with industries, namely the European Aviation Safety Agency (EASA), the European Chemicals Agency (ECHA), the European Food Safety Authority (EFSA) and the European Medicines Agency (EMA); notes that the risk of conflict of interest is higher for Union agencies working with industries than for other Union agencies;
24.	Paragraph 11	Notes that the audit risk in the area of administrative expenditure is low and that error rate estimates have been below the level of materiality for several years; notes that the Court therefore considers that the number of transactions tested is sufficient to reach conclusions for its audit; regrets, however, that the scope of considerations in Chapter 10 of the annual reports on 'Administration' allows for only a very limited review of weaknesses in administrative expenditure in each institution; regrets that the Court's analysis of the progress made by Parliament and the European Economic and Social Committee in comparison with the 2014 recommendations for 'Administration' was not carried out, given that the Court's audit for 2017 did not include the examination of administrative expenditure for these institutions; calls on the Court to follow-up on these recommendations soon and speed up the follow-up for recommendations issued in this Chapter in future;
25.	Paragraph 14	Notes that, according to the Financial Regulation, the Court shall ensure that special reports are drawn up and adopted within an appropriate period of time which shall, in general, not exceed 13 months; notes that in 2017 it took an average of 14,6 months from commencement of an audit task to adoption of the special report while also the year before the 13-month target timeframe for producing special reports was not met; regrets that only eight of the special reports (29 %) published during 2017 complied with the 13 months target timeframe; observes that the time until publication was 16 months on average which was around two months less than in 2016 and, in that light, calls on the Court to continue improving its performance, while not compromising the quality of the special reports and the targeted nature of its recommendations;
26.	Paragraph 16	Welcomes the Court's strategy for communication, 'Get clear messages across to our audience', and the communication activities aimed at increasing its visibility and media impact, including an increase of its outreach on social media; welcomes the use of extensive social media analytics to better understand to what extent target groups are reached and whether media campaigns have been successful; encourages the Court to continue striving for the best use of various communication channels to raise awareness of its work among citizens;
27.	Paragraph 17	Welcomes the detailed review of the use of official cars by members of the Court and the Secretary General broken down by user, distance travelled and cost paid, provided by the Court in the framework of the discharge procedure 2017; observes that different regimes apply to journeys covered by a mission order and other journeys undertaken in the course of performance of official duties, up to a limit for reimbursement of 10 000 km per year; notes, moreover, that for all other journeys members and the Secretary-General shall bear any other related cost; notes that 17 % of all utilisation of official vehicles are for non-professional use; notes that drivers tasked with driving members on official missions and protocol journeys are also employed in various administrative tasks, as declared by the Court in the framework of the discharge procedure 2017; calls on the

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		Court to carry out a detailed analysis of the journeys under the category 'Other journeys undertaken in the performance of official duties';
28.	Paragraph 18	Welcomes the fact that Decision 81-2016, which decreased the annual limit for reimbursement for journeys undertaken in the performance of official duties from 15 000 to 10 000 km, resulted in savings of approximately 15 %; is concerned, however, that the current regime still results in a disproportionate burden in terms of administration and documentation; calls on the Court to make further simplifications while improving the reliability of the system for settlements; suggests that members of the Court are paid a monthly allowance, calculated in proportion to the list price of their respective official vehicle, instead of the current system which is based on travelled distance;
29.	Paragraph 24	Is concerned by the increase in sick leave taken by staff from 8 636 days in total (for 687 members of staff) in 2015 to 10 327 days (for 677 members of staff) in 2017; welcomes the transparency of the Court regarding the number of cases of staff burnout which occurred in 2017; calls on the Court to acknowledge this worrying trend and to prepare an action plan on improving the well-being of the staff, thus strengthening its efforts to improve staff well-being and work-life balance;
30.	Paragraph 26	Welcomes the fact that 43 % of auditors and administrators were women in 2017 and that gender balance in the promotion procedure was achieved in the context of the Action Plan for the Equal Opportunities Policy 2013-2017; notes that the share of women in management positions in the audit chambers increased from 7 % in 2015 to nearly 20 % in 2017; regrets however that only 2 out of 11 Directors and 7 out of 29 Heads of Private Office in 2017 were women; welcomes the adoption of an Equal Opportunities Action Plan for 2018-2020 and calls on the Court to continue its efforts to promote gender balance in management positions;
31.	Paragraph 28	Notes that no case of harassment was reported, investigated or concluded during 2017; welcomes the fact that the Court takes various measures to raise awareness regarding harassment in the working environment, including training for newcomers; notes with appreciation that procedures and penalties are envisaged to follow-up on complaints against members of staff as well as against members of the Court ; encourages the Court to closely monitor the effectiveness of its policy in this regard, to continue raising awareness about harassment in the workplace and to foster a culture of zero tolerance towards harassment;
32.	Paragraph 29	Notes that there were no cases of whistleblowing in 2017; notes that the Legal Service of the Court acts as a disclosure, advice and referral body for internal and external whistle-blowers; notes, furthermore, that a network of ethics advisors is in place to advise on the provision of information in cases of irregularities, as specified in the Court's rules of procedures; underlines that every member of staff are obliged to report on irregularities, both fraudulent and non-fraudulent, to the Legal Service of the Court ; calls on the Court to protect the identity of members of staff reporting irregularities as to enable proper investigations; calls on the Court to ensure that all members of staff are properly informed of their rights, for example during induction procedures for new staff; welcomes the Court's opinion published in October 2018, following the Commission's proposed Directive on the protection of persons reporting on breaches of Union law as published on 23 April 2018; underlines the importance of awareness raising and

Item	Reference	Text
		training of staff as means of fostering a positive and trusting environment in which whistleblowing is an accepted part of the corporate culture;
33.	Paragraph 31	Notes that in 2017 the Court communicated 13 cases of suspected fraud to the European Anti-Fraud Office (OLAF), compared to 11 in 2016, which have been identified during the statement-of-assurance work for the financial years 2016 and 2017 and within the other audit tasks; welcomes the ongoing negotiations between the Court and the OLAF on a new administrative arrangement;; asks to be kept informed about developments with respect to relations with OLAF as well as about preparations for cooperation with the proposed European Public Prosecutors' Office (EPPO);
34.	Paragraph 31	Regrets that members of the Court may be absent from the Court without justification and without having to request leave for one or more days; notes with appreciation the introduction by the Court of an attendance register to record the presence of members at meetings of the Court , its chambers and its committees; notes that the Court publishes a calendar of all such meetings on its webpage; calls on the Court to establish procedures for keeping a register of members' annual leave, sick leave and absence from work for other reason to ensure that all leave taken by members is effectively recorded; stresses that the current practice could undermine the trust of Union citizens and institutions in the Court ;
35.	Paragraph 32	Recalls that in accordance with Article 285 of the Treaty on the Functioning of the European Union, members of the Court shall be completely independent in the performance of their duties and shall act solely in the Union's general interest; is concerned by the current self-declaratory nature of compliance with this criteria and urges the Court to develop stronger controls on the external activities of members and to ensure that they submit declarations of interests instead of declarations of the absence of conflicts of interest; underlines that the current procedures, including the ethics committee, need to be reinforced to ensure the lack of conflict of interests; welcomes the ongoing external peer review of the Court's ethical framework and asks to be kept informed about the outcome;
36.	Paragraph 33	Regrets that the information requested in mission orders in the past was insufficient and did not allow the Court to assess whether the activity planned by members of the Court fell within the area of interest of the Court ; calls on the Court to increase the amount of information required accordingly in order to prevent possible abuses and report back to the discharge authority on the applied changes; notes that following the revision of the rules on Members' official mission by the Court , the Court publishes on a quarterly basis information on Members' mission;
37.	Paragraph 35	Notes the Court's decision, in relation to the period 2012-2018, to complete a comprehensive internal audit of mission expenses and the use of the official cars by all members of the Court , the Secretary General and the Directors in order to identify potential irregularities and to recover the amounts affected by such irregularities; asks to be informed about the results promptly when the audit is concluded and calls on the Court to swiftly take all measures necessary to address potential weaknesses identified in this process; furthermore, calls on the Court to provide an annual list with the missions undertaken, including, for each mission, the dates, the full cost and the purpose;

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38.	Paragraph 36	Recalls the recommended criteria for appointment of members to the Court by Member States and the Council as endorsed by Parliament in Parliament's resolution of 4 February 2014; underlines that high standards of integrity and morality were an important criterion and that candidates should not hold any elected office or have any responsibilities in relation to a political party as of the date of their appointment; is of the opinion that the selection procedure should be further adapted to ensure that candidates hold the relevant qualifications and fulfil the relevant conditions; suggests that the pre-selection procedure for judges at the European Court of Justice could serve as a model for an independent pre-selection procedure for members at the Court ;
39.	Paragraph 37	Notes that the United Kingdom's decision to withdraw from the European Union will not have a major impact on the structure and human resources of the Court ; welcomes the fact that the Court has decided to follow a case-by-case approach to deciding on the extension of contracts for British temporary and contract agents and not to dismiss them on the sole ground that they are no longer nationals of a Member State; calls on the Court to swiftly develop a coherent strategy to provide certainty for the persons concerned; notes, moreover, that the member of the Court from the United Kingdom will not be in service as of 1 April 2019 and that the budgetary impact of his departure, eight months earlier than the termination of the mandate, will amount to about EUR 108 000.
40.	Paragraph 3	Regrets however that according to the EDPS annual activity report only a single payment was examined in 2017 by the Court ; takes the view that even if the EDPS is not a decentralised Union agency and its budget represents a very small percentage of the Union budget, the legality and regularity of EDPS transactions should nevertheless be properly examined by the Court , as from 2018, as transparency is vital for the appropriate functioning of this Union body; requests therefore that the Court issues separate annual activity reports on the annual accounts of this important Union body;
41.	Paragraph 4	Recalls its request to streamline and accelerate the discharge procedure towards deciding on granting discharge in the year immediately following the year for which the discharge is granted, closing the procedure within the year following the accounting year in question; welcomes in this regard the positive efforts made and the good cooperation with the European Union Agencies Network (the 'Network') and the individual agencies, and in particular the Court , which shows clear potential for streamlining and accelerating the procedure on their part; appreciates the progress made so far and invites all relevant actors to continue their efforts towards further advancing the procedure;
42.	Paragraph 12	Recalls the proposal from the Network in relation to the reporting of cancelled carry-overs exceeding 5 % of the total budget of the previous year; believes however that reporting the share of cancelled carry-overs over the total amount carried over from year N-2 to N-1 constitutes a more relevant indicator as regards the implementation of the budgetary principle of annuality; highlights that the level of carry-over cancellations is indicative of the extent to which the agencies have correctly anticipated their financial needs; invites the Court and the Commission to propose and define a consistent formula for the calculation of cancelled carry-overs and calls on the agencies to include this information in their respective Consolidated Annual Activity Reports for the coming financial years;
43.	Paragraph 41	Acknowledges the Court's comment on the need to strengthen the accounting officers' independence by making them directly responsible to the agencies'

Item	Reference	Text
		Directors and management boards in relation to 11 agencies; notes the Network's reply stating that there is no background or risk analysis to justify this comment; invites the Court and the Network to come to a common approach on the issue and to report to the discharge authority on developments in this regard;
44.	Paragraph 46	Regrets that the new Financial Regulation does not foresee a reduction of the administrative burden that continues to be borne by the decentralised agencies; notes that the audit of the decentralised agencies "remain under the full responsibility of the Court , which manages all administrative and procurement procedures required"; reiterates that the new audit approach involving private sector auditors has resulted in a significant increase in the administrative burden on the agencies, and that the time spent on procurement and administration of audit contracts has resulted in additional expenditure thus straining further the limited resources of the agencies; emphasises that it is necessary to resolve this issue; calls on the parties involved to provide solutions on the issue so as to significantly reduce the administrative burden;
45.	Paragraph 4	Notes that the Court issued a qualified opinion on the legality and regularity of payments underlying the accounts which is a result of projects taken over from Joint Undertaking's legal predecessors Artemis and ENIAC Joint Undertakings; invites the Court to reconsider the methodology that results in repetitive qualified opinions based on this reoccurring issue that cannot be solved until the Seventh Framework Programme projects are terminated;
46.	Paragraph 11	Regrets that further errors concerned, as in previous years, programme estimates, grants, contributions agreements managed both with international organisations and Member States' cooperation agencies; recalls its concern in relation to the fact that the notional approach applied in multi-donor projects implemented by international organisations and budget support activities limit the Court's audit scope; welcomes however the improvements made by the Commission in 2018 including the adoption of the "Terms of Reference for Expenditure Verifications" and the "Roadmap for Reinforcements of Controls under Programme Estimates"; invites the Commission to further reflect on its assumption that Union eligibility criteria have been complied with as long as the pooled amount includes sufficient eligible expenditure to cover the Union's contribution; recalls on the Commission to efficiently address shortcomings in contract management, selection procedures, document management and the procurement system;