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Committee on Budgetary Control

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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Environment Agency for the financial year 2013
(2014/2099(DEC))

Committee on Budgetary Control

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Environment Agency for the financial year 2013 (2014/2099(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Environment Agency for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Environment Agency for the financial year 2013, together with the Agency's replies¹,
- 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³,
- 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 1605/2002⁴, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 401/2009 of the European Parliament and of the Council of 23 April 2009 on the European Environment Agency and the European Environment Information and Observation Network⁵, and in particular Article 13 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial

1 OJ C 442, 10.12.2014, p. 144.

2 OJ C 442, 10.12.2014, p. 144.

3 OJ L 248, 16.9.2002, p. 1.

4 OJ L 298, 26.10.2012, p. 1.

5 OJ L 126, 21.5.2009, p. 13.

Regulation applicable to the general budget of the European Communities¹,

- 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 Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2015),
1. Grants the Executive Director of the European Environment Agency discharge in respect of the implementation of the Agency's budget for the financial year 2013 / Postpones its decision on granting the Executive Director of the European Environment Agency discharge in respect of the implementation of the Agency's budget for the financial year 2013;
 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 Environment Agency, 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).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the European Environment Agency for the financial year 2013
(2014/2099(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Environment Agency for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Environment Agency for the financial year 2013, together with the Agency's replies¹,
- 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³,
- 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 1605/2002⁴, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 401/2009 of the European Parliament and of the Council of 23 April 2009 on the European Environment Agency and the European Environment Information and Observation Network⁵, and in particular Article 13 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial

1 OJ C 442, 10.12.2014, p. 144.

2 OJ C 442, 10.12.2014, p. 144.

3 OJ L 248, 16.9.2002, p. 1.

4 OJ L 298, 26.10.2012, p. 1.

5 OJ L 126, 21.5.2009, p. 13.

Regulation applicable to the general budget of the European Communities¹,

- 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 Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2015),
1. Notes that the final annual accounts of the European Environment Agency are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Environment Agency for the financial year 2013 / Postpones the closure of the accounts of the European Environment Agency for the financial year 2013;
 3. Instructs its President to forward this decision to the Executive Director of the European Environment Agency, 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).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

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 Environment Agency for the financial year 2013
(2014/2099(DEC))**

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Environment Agency for the financial year 2013,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2015),
- A. whereas, according to its financial statements, the final budget of the European Environment Agency (“the Agency”) for the financial year 2013 was EUR 49 270 722, representing an increase of 18,16 % compared to 2012; whereas the increase is mostly related to operating expenditure for strategic actions,
- B. whereas according to its financial statements, the contribution of the Union to the Agency's budget for 2013 amounted to EUR 34 886 367, representing a decrease of 1,35 % compared to 2012,
- C. whereas the Court of Auditors, in its report on the annual accounts of the European Environment Agency for the financial year 2013 (“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,

Follow-up of 2012 discharge

1. Notes from the Court’s report that the status of the two comments from the Court’s 2012 report are marked as "Ongoing";
2. Acknowledges from the Agency that:
 - the high level of mission expenses incurred by the Agency's Executive Director in 2012 was due to the participation in the “Rio+20” conference in Brazil, as well as related Brussels-based missions; acknowledges that the missions undertaken by the Executive Director have significantly decreased since 2012;
 - one of the means of communicating its work results and direct impact on Union citizens is through multimedia material available on the Agency's website;

Budget and financial management

3. Notes that budget monitoring efforts during the financial year 2013 resulted in a budget

implementation rate of 98,66 % and that the payment appropriations execution rate was 88,92 %;

Commitments and carryovers

4. Acknowledges that the Court of Auditors' annual audit has found no notable issues as regards the level of carry-overs in 2013; takes note of the Agency's compliance with the principle of annuality and the timely execution of its budget;

Procurement and recruitment procedures

5. Acknowledges from the Agency that it produced a multiannual staff policy plan for 2013-2015, in line with the Commission's guidelines, which was approved by its Management Board; observes that the Agency had 209 staff in 2013, consisting of officials, temporary agents, contractual agents and seconded national experts, representing a decrease of eight posts in comparison with 2012;

Prevention and management of conflicts of interests and transparency

6. Acknowledges from the Agency that following the assessment of its exposure to conflicts of interests, the mapping of existing rules and practices in the Agency, as well as assessment of the implementation of the rules, the Agency finalised a policy on the management and prevention of conflicts of interests which was adopted by its Management Board at its meeting held in June 2014;
7. Notes that the policy specifies the requirement to sign declarations of interest by staff members and Scientific Committee; acknowledges that the declarations of interest of the members of the Scientific Committee are made publically available; observes that the declarations of interests of the members of the Management Board, the Executive Director and senior management are not publicly available; calls on the Agency to remedy this issue as a matter of urgency;

Internal controls

8. Takes note from the Court's report that the Agency has awarded grants under five grant programmes to consortia consisting of environmental institutions and bodies in Europe, United Nations organisations and national environment organisations; observes that the total grant expenditure in 2013 was EUR 13 900 000, representing 31 % of the total operating expenditure; acknowledges that following the Court's comment of last year, the Agency intensified its checks on the eligibility and accuracy of staff costs claimed under the grant programmes, as these represent the major part of total costs;
9. Observes that the Agency's ex ante verifications consist of a desk analysis of cost claims, while on the spot verifications at beneficiary level are rare; notes with concern that existing controls provide only limited assurances as to the eligibility and accuracy of the costs claimed by beneficiaries; acknowledges however that for the transactions audited by the Court, supporting documentation was obtained which provided reasonable assurances as to their legality and regularity;

10. Acknowledges from the Agency that in 2014, it offered detailed explanations and training to the beneficiaries regarding the criteria for eligibility of costs, and in particular, the acceptable methodologies for calculating staff costs, all described in a written manual; notes furthermore that the Agency conducted four on-the-spot verifications, with the objective of verifying the calculation of the claimed costs based on relevant documentation and analysing the reliability of the internal control systems put in place; takes note that the verifications included checking the payments made in 2013, which covered 20,45 % of beneficiaries' total staff costs and that 0,12 % of the controlled costs were considered as ineligible;

Internal audit

11. Notes from the Agency's annual activity report that its Internal Audit Capability (IAC) finalised the audit report on the management of earmarked funds, with the objective of assessing the overall impact on the Agency of the projects financed with external assigned revenue; acknowledges furthermore that the IAC actively supported the team of external auditors commissioned by the Commission to look at the financial cost statements for 2010-2011;
12. Takes note from the Agency that the Commission's Internal Audit Service (IAS) followed up on the implementation of its earlier recommendations through a desk review, and that all open recommendations were closed on 31 December 2013;

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13. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 20151 on the performance, financial management and control of the agencies.

1 Texts adopted of that date, P8_TA-PROV(2015)0000