



EUROPEAN PARLIAMENT

2014 - 2019

Committee on Budgetary Control

2014/2118(DEC)

29.1.2015

DRAFT REPORT

on discharge in respect of the implementation of the budget of the European
Police Office for the financial year 2013
(2014/2118(DEC))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

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 Police Office for the financial year 2013 (2014/2118(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Police Office for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Police Office for the financial year 2013, together with the Office'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 Office 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 Council Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol)⁵ , and in particular Article 43 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 Regulation applicable to the general budget of the European Communities⁶,
- having regard to Commission Delegated Regulation (EU) No 1271/2013 of

¹ OJ C 442, 10.12.2014, p. 290.

² OJ C 442, 10.12.2014, p. 290.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 121, 15.5.2009, p. 37.

⁶ OJ L 357, 31.12.2002, p. 72.

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 Council¹, 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 Civil Liberties, Justice and Home Affairs (A8-0000/2015),
1. Grants the Director of the European Police Office discharge in respect of the implementation of the Office's budget for the financial year 2013 / Postpones its decision on granting the Director of the European Police Office discharge in respect of the implementation of the Office'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 Director of the European Police Office, 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 328, 7.12.2013, p. 42.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the European Police Office for the financial year 2013 (2014/2118(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Police Office for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Police Office for the financial year 2013, together with the Office'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 Office 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 Council Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol)⁵, and in particular Article 43 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 Regulation applicable to the general budget of the European Communities⁶,
- 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

¹ OJ C 442, 10.12.2014, p. 290.

² OJ C 442, 10.12.2014, p. 290.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 121, 15.5.2009, p. 37.

⁶ OJ L 357, 31.12.2002, p. 72.

Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council¹, 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 Civil Liberties, Justice and Home Affairs (A8-0000/2015),
1. Notes that the final annual accounts of the European Police Office are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Police Office for the financial year 2013 / Postpones the closure of the accounts of the European Police Office for the financial year 2013;
 3. Instructs its President to forward this decision to the Director of the European Police Office, 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 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 Police Office for the financial year 2013 (2014/2118(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Police Office 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 Civil Liberties, Justice and Home Affairs (A8-0000/2015),
- A. whereas, according to its financial statements, the final budget of the European Police Office (“the Office”) for the financial year 2013 was EUR 82 520 500, representing a decrease of 1,94 % compared to 2012,
- B. whereas the Court of Auditors (“the Court”), in its report on the annual accounts of the European Police Office for the financial year 2013 (“the Court's report”), has stated that it has obtained reasonable assurances that the Office’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 regarding seven comments made in the Court’s 2011 report and marked as "Ongoing" or "Outstanding" in the Court's 2012 report, corrective actions were taken and four are now marked in the Court’s 2013 report as “Completed”, one as "Partially completed" and "Partially ongoing" and two as "Not Applicable"; notes furthermore, that as for the six comments made in the Court’s 2012 report, corrective actions were taken regarding five comments which are now marked as "Completed", while one is marked as "Not Applicable";
2. Acknowledges from the Office that:
 - a. the validation of its accounting system is considered as closed in the Court’s report; notes with concern that the Court still regards the corrective action for authorised exceptions as on-going and calls on the Office to inform the discharge authority about the outcome of the implementation of the corrective action;
 - b. the implementation of the discharge authority’s recommendation on the publication of the number of classified documents processed is on-going, as the Office is seeking the advice of its Security Committee and consulting the originators of the underlying classified information regarding the approach to publish the information; calls on the Office to inform the discharge authority about the progress made in this matter, as well as on the envisaged timeframe in which it should be completed;

- c. it provides public information, mainly on its website through which citizens have the possibility to subscribe to an automated mailing service of news regarding operational activities;

Comments on the legality and regularity of transactions

3. Notes with concern from the Court's report that the effectiveness of the procurement procedures in the year 2013 was affected by some decisions not being based on sufficiently specific selection criteria or realistic price offers, as well as by not being in accordance with the established professional requirements, although the Office improved the preparation, execution and documentation of procurement procedures over the years; acknowledges from the Office that further to the Court's findings, it has initiated an organisation-wide review of the overall procurement process in 2014, with a view to refining the current internal organisational set-up and the underlying processes; calls on the Office to inform the discharge authority on the outcome of the review and planned improvements to the procurements process;

Budget and financial management

4. Notes that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 98,60 % and that the payment appropriations execution rate was 87,20 %;

Commitments and carry-overs

5. Acknowledges that the level of committed appropriations carried over decreased from 19,64 % in 2012 to 11,60 % in 2013; notes with concern that the level of carry-overs of committed appropriations was still high at 41 % for Title II (administrative expenditure); acknowledges that these carry-overs are mainly related to planned modifications of the building late in the year and other administrative costs for which invoices had not been received at year-end; calls on the Office to increase its efforts to reduce future carry-overs;
6. Takes note that the level of cancelled commitments carried forward recorded in 2013 added up to 8,9 % of the overall amount carried forward, representing a decrease of 8,4 % in comparison to the amount recorded in 2012; notes the corrective actions undertaken by the Office in order to rectify this issue and notes that the Court considers the matter as completed;
7. Ascertains from the Office that following its actions regarding the preparation and assessment of the technical requirements for automatic carry-forwards, no issues were identified by the Court during its 2013 annual audit activities;

Procurement and recruitment procedures

8. Takes note that the Office updated its Recruitment Guidelines and recruitment process description, as well as the related template documentation according to the amended

Staff Regulation¹ which came into effect in 2014; acknowledges that the Office put its new Code of Conduct in force in order to strengthen the transparency and independence of discharging its duties;

Prevention and management of conflicts of interests and transparency

9. Observes that the curricula vitae and declarations of interests of the members of the Management Board and senior management, as well as the declaration of interests of the Director, are not publicly available; calls on the Office to remedy the situation as a matter of urgency;

Internal audit

10. Notes that the Commission's Internal Audit Service (IAS), together with the Office's Internal Audit Function, carried out a full risk assessment in 2013 with regard to the organisation's process landscape, covering administrative, financial, IT and operational dimensions of the Office's activities; acknowledges that following the audit, the report on the outcome of the risk assessment exercise, including a "Strategic Internal Audit Plan 2014 – 2016", was presented to the Office's Management Board; the report identified recruitment, stakeholder management, procurement and data management including information security as the following audit topics;
11. Takes note from the Office that the IAS followed up the implementation of its earlier recommendations through a desk review and that neither critical nor very important recommendations were open as of 31 December 2013;

Other comments

12. Notes that in line with the Court's guidance as well as the Office's Management Board, it is envisaged that the Europol Pension Fund will be consolidated with the annual accounts of the Office with effect as of 1 January 2016; takes note from the Office that a respective legislative instrument is under preparation in order to allow for the timely implementation of the implied changes;

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13. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2015² on the performance, financial management and control of the agencies.

1 Regulation (EU, Euratom) No 1023/2013 of the European Parliament and of the Council of 22 October 2013 amending the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union (OJ L 287, 29.10.2013, p. 15).

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