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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2013: performance, financial management and control
(2014/2139(DEC))

Committee on Budgetary Control

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2013: performance, financial management and control (2014/2139(DEC))

The European Parliament,

- having regard to its decisions on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2013,
- having regard to the Commission's report on the follow-up to the discharge for the 2012 financial year (COM(2014)0607), and to the accompanying Commission staff working documents (SWD(2014)0285, SWD(2014)0286),
- having regard to the Court of Auditors' specific annual reports¹ on the annual accounts of the decentralised agencies for the financial year 2013,
- 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 Communities²,
- 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 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 Communities⁴,
- 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 110 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 opinions of the Committee on Employment and Social Affairs, the Committee on Transport and Tourism, the Committee on Civil Liberties, Justice and Home Affairs and the Committee on Women's Rights and Gender Equality (A8-0000/2015),

¹ OJ C 442, 10.12.2014.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

⁵ OJ L 328, 7.12.2013, p. 42.

- A. whereas this resolution contains, for each body within the meaning of Article 208 of Regulation (EU, Euratom) No 966/2012, cross-cutting observations accompanying the discharge decisions in accordance with Article 110 of Commission Delegated Regulation (EU) No 1271/2013 and Article 3 of Annex V to Parliament's Rules of Procedure,
- B. whereas there has been a substantial increase in the number of agencies over the last decade, from three in 2000 to 32 in 2013,
1. Reiterates the importance of the tasks performed by agencies and their direct impact on the daily lives of Union citizens, the autonomy of the agencies, in particular of the regulatory agencies and those with the function of independent information collection; reminds that the main reason for establishing agencies was for the purpose of making independent technical or scientific assessments;
 2. Notes from the Court of Auditors' summary of the results of its 2013 annual audits of the European Agencies and other bodies (the "Court's summary") that the agencies' 2013 budget amounted to some EUR 2 billion, representing an increase of 25 % compared to 2012 and about 1,4 % of the Union's general budget; observes from the Court's summary that the agencies employ around 6 500 permanent and temporary officials representing 14 % of the total number of Union officials authorised under the general Union budget; notes furthermore that around 2 900 contract or seconded staff are working for the agencies;
 3. Reminds that the reputational risk related to the agencies is high for the Union, as they are highly visible in the Member States and have significant influence on policy and decision making and programme implementation in areas of vital importance to the Union citizens;

Common approach and Commission's Roadmap

4. Recalls that in July 2012, Parliament, the Council and the Commission adopted a Common Approach on decentralised agencies (the "Common Approach"), a political agreement concerning the future management and reform of the agencies; takes note that the Commission is responsible for the follow-up to this agreement;
5. Welcomes the Commission's 'Roadmap on the follow-up to the Common Approach on EU decentralised agencies' (the "Roadmap") set out in December 2012 and invites all involved parties to continue their progress made in implementing the ideas expressed therein; acknowledges that the Commission set out in its Roadmap a detailed plan of how to perform the follow-up to the Common Approach and listed 90 issues for which action was needed from all actors involved;
6. Acknowledges the Commission's progress report on the implementation of the Common Approach, its agenda for 2013 and beyond as well as the efforts made jointly by the Commission and the decentralised agencies which resulted in demonstrated progress;
7. Acknowledges from the Union Agencies Network (the "Network") that the agencies

have advanced well in terms of implementation of the actions foreseen in the Common Approach; acknowledges furthermore that, according to the survey that the Network launched among agencies subject to the Roadmap, the completion rate of the agency-relevant roadmap actions is 96 %;

8. Takes note that the Commission services developed standard provisions which include appropriate legal provisions to reflect the principles agreed upon in the Common Approach, as well as other provisions usually part of the agencies' founding acts; acknowledges that these standard provisions are used as a reference point when new agencies are created or when existing founding acts are revised;
9. Notes that on the basis of the agencies' contribution, the Commission elaborated guidelines with standard provisions for headquarter agreements between decentralised agencies and host Member States; notes with concern that 10 agencies¹ still do not have a headquarter agreement;
10. Ascertains that the Commission improved its service to agencies both in the form of general and specific recommendations by using the information and suggestions provided by the Network; notes that in the context of constrained financial and human resources, these improvements have led to the consideration of possible structural measures to rationalise the functioning of the agencies; notes that these measures already produced results such as sharing services between agencies;

Budget and financial management

11. Reminds that the principle of annuality is one of the three basic accounting principles, together with unity and balance, which are indispensable to ensuring the efficient implementation of the Union budget; notes that decentralised agencies sometimes do not fully comply with that principle;
12. Notes from the Court's summary that a high level of committed appropriations carried over remains the most frequent issue of the budgetary and financial management and that that issue concerned 24 agencies; acknowledges that, although a high level of carryovers is usually considered to be at odds with the budgetary principle of annuality, it often resulted from events which were, completely or partly, beyond the agencies' control, or was justified by the multiannual nature of operations, procurement procedures or projects;
13. Takes note that the high level of cancellations of carryovers from previous years was noted by the Court only in seven cases; observes that such carryovers indicate that the appropriations carried over were made on the basis of over-estimated needs or were otherwise not justified; acknowledges from the Network that the level of cancellation is indicative of the extent to which the agencies have correctly anticipated their financial needs, and is a better indicator of a good budgetary planning than the level of carryovers;
14. Acknowledges that the Commission has adopted the new framework financial

¹ CdT, CPVO, EASA, EMA, ERA, ESMA, eu-LISA, EU-OSHA, Eurofound, Frontex.

regulation¹ (FFR) on 30 September 2013 with a view to simplifying rules applicable to the agencies;

15. Notes that in order to ensure better consistency and comparability between documents produced by the agencies, the Commission is working together with them on guidelines for the programming document, consisting of an annual and a multiannual component, as well as on a template for consolidated annual activity reports (AARs) adapted to the requirements set by the FFR;
16. Notes that the FFR provides for a consolidated AAR to be sent by 1 July each year to the Commission, the Court and the discharge authority which combines information from the AAR, internal and external audit reports as well as financial reports as required by the previous framework financial regulation; notes that the discharge reports remain separate due to their specific nature and addressees of the provisional accounts;

Cooperation among agencies - shared services and synergies

17. Notes that all agencies have examined their internal administrative processes in line with the previous recommendations from the discharge authority; notes furthermore that a number of agencies already have a regular process assessment carried out in accordance with ISO Certification (ISO 9001) as well as audits performed by their quality and internal audit departments; acknowledges that some agencies have contracted the assistance of consultants to undertake an evaluation of their internal administrative processes;
18. Welcomes the fact that the FFR provides for the possibility of sharing or transferring services where cost efficiency might be gained; recalls that the agencies already seek synergies, exchange best practices and share services for their efficient operation and in order to make the most of their resources; acknowledges the evolution of the agencies' cooperation amongst themselves which will intensify further in the coming years and enable them to continue to deliver on their objectives; notes that 82 % of the agencies have signed a memorandum of understanding with other agencies; calls on the agencies to continue to expand their already well-established cooperation and shared services;
19. Acknowledges from the agencies that an online communication tool was created which serves as a platform for the exchange of information, knowledge and best practices among the agencies and includes a database of shared services in various areas and references to new initiatives; takes note that the cooperation between the agencies continuously increases in their respective specialised areas and that, in the near future, 65 % of the agencies expect to conclude new initiatives and sign new memorandums of understanding with other agencies;

Human resources management

20. Takes note that the Commission adopted in July 2013 a Communication² to establish a programming of human and financial resources for decentralised agencies for the period

¹ Commission Delegated Regulation (EU) No 1271/2013.

² COM(2013)0519.

2014-2020, with a view to ensuring compatibility of resources with the constraints set in this regard by the multiannual financial framework 2014-2020;

21. Ascertains from the Network that most of the agencies have already implemented, although with great difficulty, the requested staff reduction of 5 % in their respective multiannual staff policy plans; regrets the fact that the Commission has created an additional redeployment pool of 5 % of the staff, thus effectively imposing additional cuts to the agencies' establishment plans and going beyond the agreed 5 % target;
22. Acknowledges from the Network that some agencies are already facing serious difficulties in fulfilling their mandates with the limited resources put at their disposal; notes with concern that it will be difficult for the agencies to provide the same level of quality of work if this process of additional staff reductions continues, as the Union is entrusting an increasing number of tasks and responsibilities to them; calls on the Commission to review its plan regarding the additional staff reductions and to adapt it to the specific situation of well-functioning agencies which are successful in fulfilling their mandates and are valued for the work they do;
23. Notes that the Network agreed to establish an inter-agency pool of investigators in order to carry out disciplinary investigations; acknowledges that the candidates nominated by the agencies will participate in a specific training action for that purpose that is carried out by the Commission's Investigation and Disciplinary Office;

Cooperation of the Network with Parliament

24. Is satisfied with the cooperation of the Network with the responsible parliamentary committee and notes the availability and openness of the directors of the agencies contacted by the committee in the framework of the annual discharge procedure;

Conflicts of interest and transparency

25. Observes that, following the Roadmap action, the Commission published the "Guidelines on the prevention and management of conflicts of interest in EU decentralised agencies"(the "Guidelines") in December 2013; notes that those Guidelines include provisions concerning the publication of declarations of interests for management board members, executive directors, experts in scientific committees or other such bodies and staff; notes furthermore that the Guidelines provide a clear reference for the policies adopted by the agencies; takes note that a number of agencies have issued or updated their policies on prevention and management of conflicts of interest in order to reflect the Guidelines;
26. Acknowledges from the agencies that the trust of the Union citizens in the European institutions, agencies and bodies is of the highest importance; notes that the agencies have introduced a number of concrete measures and tools to adequately address the risks of actual and perceived conflicts of interest; notes that 88 % of the agencies have already adopted relevant policies for prevention and management of conflicts of interest, while the remaining 12 % are in the process of doing so; notes that the policies of 81 % of the agencies take into account seconded national experts, and external and interim staff;

27. Takes note that 61 % of the agencies have already published the CVs and declarations of interests of their management board members, management staff and external and in-house experts on their website; acknowledges that the remaining agencies will publish the same information upon adoption of revised policies;
28. Acknowledges that the European Anti-Fraud Office (OLAF) elaborated guidelines for agencies' anti-fraud strategies and that it has taken the agencies' contribution into account when doing so; notes that OLAF has provided support to the agencies to facilitate their implementation of those guidelines;

Visibility

29. Acknowledges that in 2014, nearly all agencies have included on their websites the statement that they are agencies of the Union;
30. Notes that, in relation to the social accountability, all contracts signed by the agencies for external services bind the contractors to comply with the local labour and tax legislation; acknowledges that the agencies also undertook further actions promoting social accountability, either due to the social profile of their specific missions or in relation to the local communities in which they are based;
31. Notes in particular the following actions:
 - the European Medicines Agency is publishing the overwhelming proportion of its output on its website, in order to improve public information and awareness,
 - the European Centre for the Development of Vocational Training is actively supporting the municipality of Thessaloniki in exploring possibilities to map and match skills at local and regional level as well as redistributing its declassified IT equipment to local schools and charities based on a transparent process of application and allocation,
 - the European Training Foundation's innovative programme of social media activities during the European Year for Combating Poverty and Social Exclusion in 2010 won international awards and such participative approach was further disseminated across its activities;
32. Notes that only one agency, the Translation Centre for the Bodies of the European Union (CdT), publishes its AAR in all the official languages of the Union, while three agencies translate summaries of their AAR in 23 official languages, with Gaelic being the exception;
33. Takes note that under the lead of CdT, the Network has carried out a survey on the agencies' approaches to multilingualism; notes that that survey shows a great variation in the current approaches to multilingualism and observes that, as each agency has different target audiences, stakeholder demands as well as varying budgets and scales, there can be no "one size fits all" language policy for all the agencies;
34. Acknowledges nevertheless that all agencies are working towards applying a

multilingual practice in their online presence and aim to have at least a section or document on their website that provides basic information about the agency in all the official languages of the Union; points out that a multilingual approach requires a significant financial commitment and calls on the agencies to take actions in this field within the limits of their available resources;

35. Takes note that the results of the agencies' work are made publicly available through the inclusion of their AAR on their websites; notes moreover that parts of the AAR include descriptions that explain in accessible terms how Union funds are used in the agencies' budget; observes that most of the agencies produce reports related to the impact of their specific tasks on Union citizens and which explain why their work is important;

Internal controls

36. Observes that 10 agencies had in total 17 comments related to internal control issues, which represents progress in comparison with 2012, when 22 agencies had 34 comments regarding the same issues; notes that in four cases those issues related to the implementation of internal control standards which were not adopted at year-end or adopted but only partially implemented, or for which corrective actions were still ongoing; notes that comments regarding fixed assets management and grant management decreased in comparison to 2012;
37. Takes note that the roles of the Commission's Internal Audit Service (IAS) and of the agencies' Internal Audit Capabilities (IACs) have been further clarified by the FFR by setting the premises for enhanced coordination of work, exchange of information and overall synergies between them; notes that the FFR gives the agencies the possibility of sharing their IACs and calls on them to do so, where possible;

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38. Instructs its President to forward this resolution to the agencies subject to this discharge procedure, 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).