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*Plenary sitting*

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**A8-0084/2015**

30.3.2015

# REPORT

on discharge in respect of the implementation of the budget of the Translation Centre for the Bodies of the European Union for the financial year 2013 (2014/2101(DEC))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

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## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on discharge in respect of the implementation of the budget of the Translation Centre for the Bodies of the European Union for the financial year 2013 (2014/2101(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2013, together with the Centre's replies<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 17 February 2015 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2013 (05304/2015 – C8-0054/2015),
- 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 Communities<sup>3</sup>,
- 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 1605/2002<sup>4</sup>, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 2965/1994 of 28 November 1994 setting up a Translation Centre for Bodies of the European Union<sup>5</sup>, and in particular Article 14 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

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1 OJ C 442, 10.12.2014, p. 35.

2 OJ C 442, 10.12.2014, p. 35.

3 OJ L 248, 16.9.2002, p. 1.

4 OJ L 298, 26.10.2012, p. 1.

5 OJ L 314, 7.12.1994, p. 1.

Regulation applicable to the general budget of the European Communities<sup>1</sup>,

- 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 Council<sup>2</sup>, 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 (A8-0084/2015),
1. Grants the Director of the Translation Centre for the Bodies of the European Union discharge in respect of the implementation of the Centre'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 Translation Centre for the Bodies of the European Union, 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).

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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 Translation Centre for the Bodies of the European Union for the financial year 2013 (2014/2101(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2013, together with the Centre's replies<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 17 February 2015 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2013 (05304/2015 – C8-0054/2015),
- 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 Communities<sup>3</sup>,
- 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 1605/2002<sup>4</sup>, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 2965/1994 of 28 November 1994 setting up a Translation Centre for Bodies of the European Union<sup>5</sup>, and in particular Article 14 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

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1 OJ C 442, 10.12.2014, p. 35.

2 OJ C 442, 10.12.2014, p. 35.

3 OJ L 248, 16.9.2002, p. 1.

4 OJ L 298, 26.10.2012, p. 1.

5 OJ L 314, 7.12.1994, p. 1.

Regulation applicable to the general budget of the European Communities<sup>1</sup>,

- 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 Council<sup>2</sup>, 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 (A8-0084/2015),
1. Notes that the final annual accounts of the Translation Centre for the Bodies of the European Union are as annexed to the Court of Auditors' report;
  2. Approves the closure of the accounts of the Translation Centre for the Bodies of the European Union for the financial year 2013;
  3. Instructs its President to forward this decision to the Director of the Translation Centre for the Bodies of the European Union, 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).

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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 Translation Centre for the Bodies of the European Union for the financial year 2013 (2014/2101(DEC))**

*The European Parliament,*

- having regard to its decision on discharge in respect of the implementation of the budget of the Translation Centre for the Bodies of the European Union 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 (A8-0084/2015),
- A. whereas, according to its financial statements, the final budget of the Translation Centre for the Bodies of the European Union (“the Centre”) for the financial year 2013 was EUR 52 193 667, representing an increase of 8,08 % compared to 2012,
- B. whereas the Court of Auditors, in its report on the annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2013 ("the Court's report"), has stated that it has obtained reasonable assurances that the Centre's annual accounts are reliable and that the underlying transactions are legal and regular,
- C. whereas the Centre's task is to provide any Union institution or body which call upon its services with the translation services necessary for their activities,

#### ***Follow-up of 2012 discharge***

1. Notes from the Court's report that the status of two corrective actions taken in response to its previous year's comments are marked as "Ongoing";
2. Acknowledges from the Centre that it has prepared an action plan in order to reduce its administrative costs as identified in the areas of human resources, financial circuits, IT and infrastructure; ascertains from the Centre that it has reached its limit as regards administrative costs reduction;

#### ***Budget and financial management***

3. Notes that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 83,47 % and that the payment appropriations execution rate was 77,68 %;

#### ***Framework contracts***

4. Notes that the Centre concluded 472 framework contracts with translation services for a maximum four-year period in 2008; notes, furthermore, that in 2012 the Centre participated in the Commission's procurement procedure for translation services, but no agreement on the contract terms could be reached with the Commission;
5. Acknowledges that as a consequence, the Centre extended its existing framework contracts for an additional year; notes with concern that although a derogation was issued by the Centre's Director, such an extension is not in compliance with the implementing rules for the Centre's financial regulation, which stipulates a maximum period of four years for framework contracts;
6. Acknowledges from the Centre that the lack of an agreement with the Commission was due to the fact that the Commission changed the tender conditions at a late stage of the process; notes the Centre's decision to extend the existing contracts on the basis of the negative impact of no contracts being in place until the next tender could be organised;

### *Commitments and carryovers*

7. Acknowledges that the Court' report mentions no notable issues as regards the level of carry-overs in 2013; notes that 5,79 % of budget appropriations were carried forward to 2014;

### *Internal controls*

8. Acknowledges that in 2013, the Commission's Internal Audit Service (IAS) carried out a full risk assessment resulting in the IAS Strategic Internal Audit Plan for the Centre, listing the proposed audit topics for 2014 – 2016;
9. Acknowledges that due to various constraints, such as the move to the Drosbach building, the progress achieved in the implementation of several actions included in the Internal Control Action Plan was not as much as initially anticipated;
10. Notes with concern that in the course of its risk analysis, the IAS identified certain processes of high inherent risk which could not be considered as auditable within the audit plan as the controls were assessed as absent or insufficient; points out that the Centre's management submitted to the IAS an action plan aimed at addressing those weaknesses and that the actions taken by the Centre for addressing them will be followed up by the IAS;
11. Takes note that the IAS has followed up the implementation of its earlier recommendations through a desk review, and that no previous critical recommendations remained open as of 31 December 2013; notes that one very important recommendation is being implemented and is on track, and that the implementation of another one very important recommendation was delayed; calls on the Centre to attend to this issue and inform the discharge authority upon completion;



12. Notes with concern that formal delegations from authorising officers are not always consistent with the authorisation rights for transactions in the accrual based accounting (ABAC) system; acknowledges from the Centre that it has updated the formal delegation in order to bring it in line with the rights in the ABAC system;

### ***Transfers***

13. Notes that according to the Centre's annual activity report, as well as the Court's report, the level and nature of transfers in 2012 have remained within the limits of the financial rules;

### ***Procurement and recruitment procedures***

14. Notes that for 2013, neither sampled transactions nor other audit findings have led to any comments on the Centre's procurement procedures in the Court's report;

### ***Prevention and management of conflicts of interests and transparency***

15. Acknowledges from the Centre that it has assessed its policy on the prevention and management of conflicts of interests on the basis of the Commission's "Guidelines on the Prevention and Management of Conflicts of Interest in EU Decentralised Agencies"; notes that based on that assessment, the Centre has created a new policy which states that the CVs and declarations of interests of the Management Board members, the Executive Director and senior management officials must be made publicly available;
16. Notes that the Centre presented that new policy to its Management Board in 2014 and that it was approved on 29 October 2014; acknowledges that the Centre made the CVs and declarations of interests of the Managing Board members available on its website; calls on the Centre to facilitate the ease of access to those documents;

### ***Performance***

17. Notes from the Court's report that the cash held by the Centre increased from EUR 35 000 000 at the end of 2012 to EUR 40 000 000 at the end of 2013; notes, furthermore, that budgetary surplus and reserves increased from EUR 30 900 000 to 37 500 000 during the same period;
18. Ascertains from the Centre that its 2012 budget surplus was generated mainly by external factors beyond its control and that the Centre took actions in order to reduce it; notes that in light of the Centre's 2012 cost analysis, as well as its cost analysis of the first half of 2013, the Centre decided to lower its prices for 2014; acknowledges from the Centre that its 2014 and 2015 budgets were planned as deficit budgets in order to use part of the previous years' surpluses;

### ***Other Comments***

19. Acknowledges that the Centre became operational in 1994 and has, since then, worked on the basis of correspondence and exchanges with the host Member State; acknowledges that the Centre's negotiations with its host Member State regarding its headquarters have reached the final phase, and that it has signed the headquarters agreement with the Government of the Grand Duchy of Luxembourg; notes that the Centre is waiting for final confirmation in this matter;

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20. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2015<sup>1</sup> on the performance, financial management and control of the agencies.

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<sup>1</sup> Texts adopted of that date, P8\_TA-PROV(2015)0000.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	23.3.2015
<b>Result of final vote</b>	+: 21 -: 5 0: 0
<b>Members present for the final vote</b>	Inés Ayala Sender, Ryszard Czarnecki, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Ingeborg Gräßle, Bernd Kölmel, Bogusław Liberadzki, Verónica Lope Fontagné, Monica Macovei, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Michael Theurer, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Joachim Zeller
<b>Substitutes present for the final vote</b>	Caterina Chinnici, Iris Hoffmann, Monika Hohlmeier, Benedek Jávor, Andrey Novakov, Julia Pitera, Miroslav Poche
<b>Substitutes under Rule 200(2) present for the final vote</b>	Laura Ferrara