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A8-0083/2015

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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

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 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 17 February 2015 on discharge to be given to the Agency 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 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 (A8-0083/2015),
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;
 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 17 February 2015 on discharge to be given to the Agency 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 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 (A8-0083/2015),
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;
 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 (A8-0083/2015),
- 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 carry-overs

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;
6. Welcomes the fact that the Agency is committed to reviewing its staffing and organisational structure on a continual basis in order to ensure that the Agency carries out its work and addresses its challenges as effectively as possible; welcomes, in this respect, the fact that in 2013, two AD posts were added to the establishment table to cover new tasks related to two important topics: climate change mitigation and quality air reporting;
7. Notes that the Agency dedicates 71 % of its human resources to operational tasks and that this represents a slight increase compared to the situation in 2012; encourages the Agency to make further progress in this direction;

Prevention and management of conflicts of interests and transparency

8. 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;
9. Notes that the policy specifies the requirement to sign declarations of interests by staff members and the Scientific Committee; acknowledges that the declarations of interests of the members of the Scientific Committee are made publically available; deeply regrets that the declarations of interests of the members of the Management Board, the Executive Director and senior management are not publically available; does not agree with the decision of the Agency's Management Board that the CVs and declarations of interests of its members must not be published on the Agency's website; calls once again on the Agency to remedy this issue as a matter of urgency;

Internal controls

10. 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;
11. 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;
12. 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 notes furthermore that 0,12 % of the controlled costs were considered as ineligible; calls on the Agency however to further improve the level of its ex ante verifications to ensure the eligibility of beneficiaries and to inform the discharge authority on further progress in this regard;

Internal audit

13. 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;
14. 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;

Other comments

15. Calls on the Agency to make clear in its future internal and external communications that it receives funds made available from the Union budget (Union subsidy) instead of a Commission or Community subsidy;

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16. 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

3.2.2015

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Budgetary Control

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

Rapporteur: Giovanni La Via

SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that in 2013 an amount of EUR 41 740 292 was available to the European Environment Agency ("the Agency") of which EUR 36 309 240 (87%) have been made available through the general budget of the Union; stresses that this amount represents 0.024% of the overall Union budget;
2. Calls on the Agency to make clear in its future internal and external communication that it receives funds made available from the Union budget (Union subsidy) instead of a Commission or Community subsidy;
3. Welcomes the fact that the Agency is committed to reviewing its staffing and organisational structure on a continuous basis in order to ensure that the Agency carries out its work and addresses its challenges as effectively as possible; welcomes, in this respect, the fact that in 2013, two AD posts were added to the establishment table to cover new tasks related to two important topics: climate change mitigation and quality air reporting;
4. Takes note that 132 posts out of 138 had been filled by the end of 2013 and that 78 contract agents and seconded national experts were employed by the Agency; notes that the occupation rate has slightly decreased compared to 2012 and that the proportion of contract staff and seconded national experts has decreased compared to 2012; notes that the Agency is dedicating 71 % of its human resources to operational tasks and that this

represent a slight increase compared to the situation in 2012; encourages the Agency to make further progress in this direction;

5. Takes note of the comment on internal controls made by the Court of Auditors; is at the same time aware of the Agency's reply; welcomes the fact that the Agency has intensified its checks on the eligibility and accuracy of staff costs claimed under the grant programmes but underlines the Court of Auditors' assessment that more should be done in this regard; takes note that the Court of Auditors has highlighted that on-the-spot verifications of costs at beneficiary level are rare and takes the view that they should therefore be carried out more often;
6. Welcomes the fact that the Agency has a comprehensive policy on the management and prevention of conflict of interest in place and encourages the Agency to continue working along the lines of this policy in order to safeguard independence and transparency of decision making and all activities carried out by the Agency including the selection of the Members of the Scientific Committee;
7. Has carefully taken note that the Agency has made and will continue to make efforts as regards intensified verification measures; welcomes the fact that the Agency is issuing written guidelines to the beneficiaries in order to ensure greater understanding as regards eligibility of costs and supporting documentation needs;
8. Welcomes the fact that the Court of Auditors considers the transactions underlying the annual accounts of the European Environment Agency for the financial year 2013 as legal and regular in all material respects;
9. Recommends, on the facts available, that discharge be granted to the Executive Director of the European Environment Agency in respect of the implementation of the Agency's budget for the financial year 2013.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	29.1.2015
Result of final vote	+: 53 -: 8 0: 2
Members present for the final vote	Marco Affronte, Margrete Auken, Pilar Ayuso, Zoltán Balczó, Catherine Bearder, Ivo Belet, Simona Bonafè, Biljana Borzan, Nessa Childers, Alberto Cirio, Birgit Collin-Langen, Mireille D'Ornano, Miriam Dalli, Seb Dance, Angélique Delahaye, Jørn Dohrmann, Stefan Eck, Bas Eickhout, José Inácio Faria, Francesc Gambús, Elisabetta Gardini, Enrico Gasbarra, Jens Gieseke, Julie Girling, Matthias Groote, Françoise Grossetête, Jytte Guteland, Anneli Jäätteenmäki, Benedek Jávor, Josu Juaristi Abaunz, Karin Kadenbach, Kate ina Kone ná, Giovanni La Via, Peter Liese, Norbert Lins, Valentinas Mazuronis, Susanne Melior, Massimo Paolucci, Gilles Pargneaux, Piernicola Pedicini, Bolesław G. Piecha, Pavel Poc, Marcus Pretzell, Frédérique Ries, Davor Škrlec, Renate Sommer, Tibor Szanyi, Nils Torvalds, Glenis Willmott, Jadwiga Wi niewska
Substitutes present for the final vote	Nicola Caputo, Mark Demesmaeker, Herbert Dorfmann, Jan Huitema, Peter Jahr, Merja Kyllönen, Nuno Melo, Marijana Petir, Julia Reid, Bart Staes, Kay Swinburne
Substitutes under Rule 200(2) present for the final vote	Clara Eugenia Aguilera García, Damian Dr ghici

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	23.3.2015
Result of final vote	+: 21 -: 5 0: 0
Members present for the final vote	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
Substitutes present for the final vote	Caterina Chinnici, Iris Hoffmann, Monika Hohlmeier, Benedek Jávor, Andrey Novakov, Julia Pitera, Miroslav Poche
Substitutes under Rule 200(2) present for the final vote	Laura Ferrara