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A7-0221/2014

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REPORT

on discharge in respect of the implementation of the budget of the European
Aviation Safety Agency for the financial year 2012
(C7-0297/2013 – 2013/2219(DEC))

Committee on Budgetary Control

Rapporteur: Petri Sarvamaa

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2012 (C7-0297/2013 – 2013/2219(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2012,
- having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2012, together with the Agency's replies¹,
- having regard to the Council's recommendation of 18 February 2014 (05849/2014 - C7-0054/2014),
- 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 Communities², and in particular Article 185 thereof,
- 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 Regulation (EC) No 216/2008 of the European Parliament and of the Council⁴ establishing a European Aviation Safety Agency, and in particular Article 60 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 Communities⁵,
- 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 Council⁶, and in particular Article 108 thereof,
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

¹ OJ C 365, 13.12.2013, p. 66.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 79, 19.3.2008, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ OJ L 328, 7.12.2013, p. 42.

- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A7-0221/2014),
- 1. Grants the Executive Director of the European Aviation Safety Agency discharge in respect of the implementation of the Agency's budget for the financial year 2012;
- 2. Sets out its observations in the resolution below;
- 3. Instructs its President to forward this Decision and the resolution that forms an integral part of it to the Executive Director of the European Aviation Safety 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).

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the European Aviation Safety Agency for the financial year 2012
(C7-0297/2013 – 2013/2219(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2012,
- having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2012, together with the Agency's replies¹,
- having regard to the Council's recommendation of 18 February 2014 (05849/2014 - C7-0054/2014),
- 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 Communities², and in particular Article 185 thereof,
- 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 Regulation (EC) No 216/2008 of the European Parliament and of the Council⁴ establishing a European Aviation Safety Agency, and in particular Article 60 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 Communities⁵,
- 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 Council⁶, and in particular Article 108 thereof,
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

¹ OJ C 365, 13.12.2013, p. 66.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 79, 19.3.2008, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ OJ L 328, 7.12.2013, p. 42.

- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A7-0221/2014),
- 1. Approves the closure of the accounts of the European Aviation Safety Agency for the financial year 2012;
- 2. Instructs its President to forward this Decision to the Executive Director of the European Aviation Safety 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).

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2012

(C7-0297/2013 – 2013/2219(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2012,
- having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2012, together with the Agency's replies¹,
- having regard to the Council's recommendation of 18 February 2014 (05849/2014 - C7-0054/2014),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities², and in particular Article 185 thereof,
- 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 Regulation (EC) No 216/2008 of the European Parliament and of the Council⁴ establishing a European Aviation Safety Agency, and in particular Article 60 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 Communities⁵,
- 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 Council⁶, and in particular Article 108 thereof,

¹ OJ C 365, 13.12.2013, p. 66.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 79, 19.3.2008, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ OJ L 328, 7.12.2013, p. 42.

- having regard to its previous discharge decisions and resolutions,
 - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A7-0221/2014),
- A. whereas according to its financial statements, the final budget of the European Aviation Safety Agency (“the Agency”) for the financial year 2012 was EUR 158 848 191, representing an increase of 7 % compared to 2011,
 - B. whereas the overall contribution of the Union to the Agency's budget for 2012 amounted to EUR 38 651 354,83, representing an increase of 6,95 % compared to 2011,
 - C. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the Agency’s annual accounts for the financial year 2012 are reliable and that the underlying transactions are legal and regular,
 1. Highlights the Agency’s vital role in ensuring the highest possible level of aviation safety throughout Europe; notes, furthermore, that the current review of the Single European Sky legislation could lead to greater powers being accorded to the Agency; stresses that, should this be the case, the Agency will need to be given the financial, material and human resources it needs to perform its tasks successfully;

Follow-up of 2011 discharge

2. Notes from the Court of Auditors’ report on the annual accounts that regarding the five comments made in 2011, two corrective actions taken in response to the previous year's comments are marked as 'ongoing' and three as 'completed';
3. Acknowledges from the Agency that:
 - the level of Title III carry-overs, excluding fees and charges, was considerably reduced in 2012 to EUR 6 200 000 (46 %),
 - work instructions for both fixed assets management and inventory management have been adopted and a full inventory was carried out in 2012, which resulted in the disposal of a number of fully depreciated assets,
 - in order not to hold cash funds in only one bank, a negotiated tender for opening bank accounts was launched in 2013, based on strict criteria as regards the credit rating of the prospective banks; notes that the selected bank has an excellent credit rating and once a contract is signed, the Agency's cash funds will be transferred to this bank depending on the balance between credit risk and interest rate,
 - measures and controls have been put in place to allow for the recruitment of the necessary experts from the industry, at the same time avoiding potential conflicts of

interest situations; observes, moreover, that the conflicts of interest training is finalised and that regular training is put in place for newcomers;

Budget and financial management

4. Notes that the overall level of appropriations committed was 95 %, varying between 96 % for title I (staff expenditure), 95 % for title II (administrative expenditure) and 89 % for title III (operational expenditure);
5. Notes with concern that carry-overs of committed appropriations were high for title III at 46 %; stresses that, although this is partly justified by the multiannual nature of the Agency's operations and by the duly justified carry-overs included in the Court of Auditors' sample, nevertheless such a high level is at odds with the budgetary principle of annuality;

Transfers

6. Notes with satisfaction that according to the annual activity report as well as the Court of Auditors' audit findings, the level and nature of transfers in 2012 have remained within the limits of the financial rules; commends the Agency for its good budgetary planning;

Procurement and recruitment procedures

7. Notes with concern that in one of the audited recruitment procedures, the selected candidate did not meet the requirements of the Staff Regulations of Officials of the European Communities as regards university degrees or equivalent professional training; calls on the Agency to provide an explanation as to how it could have happened;

Prevention and management of conflicts of interests and transparency

8. Welcomes the Agency's adoption of the "cooling off period" of non-assignment for a year, so that anyone new to the organisation is not allocated work on files they had directly worked on in the previous five years;
9. Notes that following the recommendation of the discharge authority, the Agency will include information and statistics on the management of conflicts of interests in its 2013 annual activity report;
10. Notes that the Agency is currently assessing the declarations of interests of managers and of person holding sensitive functions; regrets, however, that the CVs and declarations of interests of Management Board members and observers, as well as the declarations of interests of the Executive Director, are still not publicly available on the Agency's website; calls on the Agency to remedy the situation as a matter of urgency;
11. Regrets the lack of information available on the Agency's website regarding the members of the Board of Appeal; believes that the names, CVs and declarations of interests of those

members should be made public; therefore, calls on the Agency to remedy the situation as a matter of urgency;

Internal controls

12. Notes with concern that while the Agency established a standard procedure for *ex ante* verifications, the related checklists were not completed and documentation justifying the validation of expenditure was not always available; calls on the Agency to take steps to rectify this and to report on its actions within the framework of the 2012 discharge follow-up;
13. Regrets the fact that although a methodology for *ex post* verifications was approved in 2009 and that the Agency made further developments in its implementation, room for improvement still exists in some areas, namely that there is still no annual planning of verifications, that the sample of transactions to be checked is not risk-based and that the methodology does not cover public procurement procedures; calls on the Agency to further improve its performance in this regard and to report on the progress made within the framework of the 2012 discharge follow-up;

Internal audit

14. Acknowledges from the Agency that in 2012, the Commission's Internal Audit Service (IAS) performed a limited review of IT projects management, which led to two very important recommendations; notes that the IAS also carried out an assessment of the progress made by the Agency in implementing its recommendations resulting from its earlier audits (2006-2011); observes that the IAS confirmed that the Agency has adequately implemented 22 out of 23 recommendations, while the remaining one was reported by the Agency as implemented and waiting for final assessment by IAS;

Performance

15. Requests that the Agency communicate the results and impact its work has on European citizens in an accessible way, mainly through its website;

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16. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of ... 2014¹ on the performance, financial management and control of the agencies.

¹ Texts adopted, P7_TA-PROV(2014).

20.2.2014

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2012
(2013/2219(DEC))

Rapporteur: Michel Dantin

SUGGESTIONS

The Committee on Transport and Tourism calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the finding of the Court of Auditors that the accounts of the European Aviation Safety Agency for the 2012 financial year are in order;
2. Notes that the Agency's annual budget for 2012 was EUR 150.2 million, of which EUR 36.6 million came from the European Union and EUR 113.6 million from other sources, including income from fees and charges (EUR 83 million), and that the implementation rate was 97%;
3. Highlights the Agency's vital role in ensuring the highest possible level of aviation safety throughout Europe; also notes that the current review of the Single European Sky legislation could lead to greater powers being accorded to the EASA; stresses that, should this be the case, the Agency will need to be given the financial, material and human resources it needs to perform its tasks successfully;
4. Welcomes the corrective measures taken by the Agency, in response to Parliament's resolution of 17 April 2013, to address problems of conflicts of interest and recruitment procedures, particularly by setting up guidelines for selection procedures and specific training courses for Agency staff on conflicts of interest; the Commission and EASA shall report to the Council and the European Parliament about the progress made in stopping those conflicts of interest;

5. Is pleased that the Agency has set up a standard procedure for the ex-post auditing of accounts, and calls on the Agency to continue to work towards an optimum methodology, in line with the Court of Auditors' recommendations;
6. Proposes that Parliament grant the Executive Director of the European Aviation Safety Agency discharge in respect of the implementation of the Agency's budget for the financial year 2012.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	20.2.2014
Result of final vote	+: 28 -: 4 0: 0
Members present for the final vote	Inés Ayala Sender, Georges Bach, Izaskun Bilbao Barandica, Michael Cramer, Joseph Cuschieri, Philippe De Backer, Luis de Grandes Pascual, Saïd El Khadraoui, Ismail Ertug, Jacqueline Foster, Franco Frigo, Mathieu Grosch, Jim Higgins, Dieter-Lebrecht Koch, Georgios Koumoutsakos, Eva Lichtenberger, Marian-Jean Marinescu, Gesine Meissner, Dominique Riquet, Brian Simpson, Giommara Uggias, Peter van Dalen, Patricia van der Kammen, Artur Zasada
Substitute(s) present for the final vote	Spyros Danellis, Isabelle Durant, Eider Gardiazábal Rubial, Alfreds Rubiks, Bernadette Vergnaud, Janusz Władysław Zemke
Substitute(s) under Rule 187(2) present for the final vote	Birgit Sippel, Robert Sturdy

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	17.3.2014
Result of final vote	+: 17 -: 1 0: 1
Members present for the final vote	Marta Andreasen, Jean-Pierre Audy, Zuzana Brzobohatá, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Rina Ronja Kari, Monica Luisa Macovei, Jan Mulder, Eva Ortiz Vilella, Paul Rübig, Petri Sarvamaa, Bart Staes, Georgios Stavrakakis, Derek Vaughan
Substitute(s) present for the final vote	Amelia Andersdotter, Markus Pieper
Substitute(s) under Rule 187(2) present for the final vote	Thomas Ulmer