



Plenary sitting

A8-0101/2019

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REPORT

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2017, Section VII – Committee of the Regions
(2018/2173(DEC))

Committee on Budgetary Control

Rapporteur: Arndt Kohn

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2017, Section VII – Committee of the Regions (2018/2173(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2017¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2017 (COM(2018)0521 – C8-0324/2018)²,
- having regard to the Committee of the Regions' annual report to the discharge authority on internal audits carried out in 2017,
- having regard to the Court of Auditors' annual report on the implementation of the budget concerning the financial year 2017, together with the institutions' replies³,
- having regard to the statement of assurance⁴ 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 2017, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- 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 1605/2002⁵, and in particular Articles 55, 99, 164, 165 and 166 thereof,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁶, and in particular Articles 59, 118, 260, 261 and 262 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A8-0101/2019),

¹ OJ L 51, 28.2.2017.

² OJ C 348, 28.9.2018, p. 1.

³ OJ C 357, 4.10.2018, p. 1.

⁴ OJ C 357, 4.10.2018, p. 9.

⁵ OJ L 298, 26.10.2012, p. 1.

⁶ OJ L 193, 30.7.2018, p. 1.

1. Grants the Secretary-General of the Committee of the Regions discharge in respect of the implementation of the budget of the Committee of the Regions for the financial year 2017;
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 Committee of the Regions, the European Council, the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors, the European Ombudsman, the European Data Protection Supervisor and the European External Action Service, and to arrange for their publication in the *Official Journal of the European Union* (L series).

2. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2017, Section VII – Committee of the Regions (2018/2173(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2017, Section VII – Committee of the Regions,
 - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0101/2019),
- A. Whereas in the context of the discharge procedure, the discharge authority wishes to stress the particular importance of further strengthening the democratic legitimacy of the Union institutions by improving on transparency and accountability, and implementing the concept of performance-based budgeting and good governance of human resources;
1. Notes that the Court of Auditors (the “Court”), in the Court’s annual report on the implementation of the budget concerning the financial year 2017 (the “Court’s report”), identified no significant weaknesses in respect of the audited topics relating to human resources and procurement for the Committee of the Regions (the “Committee”);
 2. Notes with satisfaction that based on its audit work, the Court concluded that the payments as a whole for the year ended 31 December 2017, the administrative and other expenditure of the institutions and bodies were free from material error;
 3. Notes that in 2017 the Committee had an approved budget of EUR 93 295 000 (compared with EUR 90 500 000 in 2016), of which EUR 91,5 million (compared with EUR 89,4 million in 2016) comprised commitment appropriations with an implementation rate of 98,0 % (98,7 % in 2016) and of which EUR 83,9 million were payment appropriations with an implementation rate of 89,9 %;
 4. Notes that the Committee's budget is mostly administrative, with a large amount being used for expenditure concerning persons, buildings, furniture, equipment and miscellaneous running costs;
 5. Calls on the Committee to extend the performance-based budgeting methodology to relevant parts of its budget; asks to be regularly informed on the achievements related to the application of the principles of performance-based budgeting;
 6. Notes the fact that the overall execution rate for payments at the end of December 2017 was 89,9 %; notes that the final payment execution rate at the end of the budget cycle (after payment of carry-overs) will be higher and should ideally be close to the commitment rate;

7. Notes that the analytical tool for monitoring the budget execution, Budget Watch, is used to monitor the execution of commitments and payments of all budget lines centrally, which contributes to an optimisation of the budget execution through a better preparation for the reallocation of resources; calls on the Committee to strengthen its efforts related to the payment execution rates, in particular for Budget Title 2 concerning buildings, equipment and miscellaneous operating expenditure, where the payment execution rate was of 77,1 %;
8. Encourages the Committee to publish its Annual Activity Report and its Annual Accounts by 31 March of the year following the accounting year in question with a view to optimising and speeding up the discharge procedure;
9. Regrets that the Committee's follow-up to the 2016 discharge resolution provides only indirect answers to Parliament's remarks by referring to the Annual Activity Report in several points; stresses that the follow-up report is essential for Parliament's Committee for Budgetary Control to determine whether the Committee has implemented Parliament's recommendations; calls on the Committee to include all the necessary answers and explanations on the implementation of Parliament's recommendations in their next follow-up report;
10. Notes that the Committee reduced the overall number of posts in its establishment plan by 48 from 537 to 489 between 2013 and 2017 mainly due to the 5 % staff cuts and the implementation of a cooperation agreement concluded in 2014 with Parliament; welcomes that despite the staff cuts the Committee managed to reinforce its political work by reallocating more human resources from support services to the core business areas related to political and legislative activities; asks the Committee to be informed on the mapping of the workload distribution within the organisation to verify the match between tasks and resources;
11. Notes that the number of members of contract staff increased from 34 posts in 2013 to 54 in 2017, while temporary staff increased from 64 posts in 2013 to 71 in 2017; notes that the increase of temporary and contract staff is mainly related to security issues prompted by the situation in Brussels; is concerned that part of this increase results from the need to compensate the overall staff reductions and might be detrimental to the distribution of workload and the long-term organisational development of the institution;
12. Welcomes the commitment to set clear political goals to enhance the Committee's involvement along the political and legislative cycle of the Union policies by strengthening the effective partnerships with other Union institutions; stresses the importance of promoting the involvement regional and local authorities given their role in the implementation of Union policies;
13. Welcomes the dialogue at political level between the Committee and Parliament; notes with satisfaction the exchanges between the Committee's commissions and Parliament's committees or the cooperation with the European Parliamentary Research Service (EPRS); encourages the Committee and Parliament to develop a more systematic approach to this cooperation;
14. Welcomes the inter-institutional administrative cooperation with Parliament and the

mid-term evaluation results on the implementation of the cooperation agreement between the Committee and the Economic and Social Committee, which highlights the successful implementation of several measures; notes that in the context of a redeployment exercise, 70 translators have been transferred to other services, including the EPRS;

15. Welcomes the fact that several service level agreements were negotiated and signed with the Commission;
16. Welcomes the results of the mid-term evaluation on the implementation of the cooperation agreement between the Committee and the European Economic and Social Committee which highlights that the governance and administrative structure was successfully simplified; welcomes the fact that the cooperation between own and joint services covering areas such as IT, EMAS, or meeting room management, for instance, is functioning well; notes that savings made in those operational domains outweigh by far the resources spent on coordination;
17. Welcomes the positive results from the preliminary assessment of the pilot project on the common management of translation units; encourages the Committee to further develop this cooperation with a view of creating more synergies;
18. Notes that the objective of reducing the translation output by 5 to 10 % was not reached in 2017 despite a decrease of 4,6 % compared to 2016; welcomes the commitment of the Committee to undertake further steps in 2018 to reach a manageable level of translation output and encourages the Committee to carry out further rationalisation measures including necessary IT developments;
19. Notes the low budget execution rate for line 1420 (supplementary services for translation), namely 55 % for commitments and 45 % for payments; notes that the total cost of translation for the Committee in 2017 was EUR 27 231 105 of which EUR 2 376 591 was for outsourced translations; notes that outsourcing represented 17,1 % of the total costs of translation in 2017; encourages the Committee to complete the adjustment of its translation units with a view to reaching the outsourcing target of at least 20 % soon;
20. Notes that the amount dedicated to travel expenditure for Members amounted to EUR 8 882 955 in 2017;
21. Notes the list of events attended by the Members in the Annual Activity Report 2017; regrets that the list is less detailed than the list provided in answer to the questionnaire for the discharge 2016; calls on the Committee to provide a more detailed list, including more specific information on participating members, title of the event, place, date and costs, in the follow-up to this discharge; calls on the Committee to include such a list for the year 2018 in its next Annual Activity Report;
22. Notes that for the period 2017-2018 the target of the Committee of the Regions for publications of files and studies launched was 15 each year and notes with concern that for 2017 the number of publications was 9 while in 2016 was 12; calls on the Committee of the Regions to put the necessary efforts in order to achieve the targets on publications and request a follow up of the situation in the follow up document of the

discharge for the year 2017;

23. Welcomes the achievements made by the Committee in terms of communication activities to increase its visibility and media impact, including an increase of its outreach on social media; welcomes in particular the “Reflecting on Europe” initiative to promote citizen engagement in the ongoing debate on the future of the Union and the 180 citizens’ dialogues carried out in this context; encourages the Committee to improve its cooperation with other Union institutions in joint communication campaigns and other initiatives;
24. Notes that following a major review of the Human Resources regulatory framework, some provisions on flexitime, parental leave and annual travel expenses have been updated in 2017; notes that a scheme for stand-by duty and shift work in the security service was introduced in March 2017; welcomes that efforts to further simplify Human Resources processes have been pursued, in particular through new decisional workflows; notes that the first internal Human Resources annual report has been published;
25. Welcomes the comprehensive policy on well-being, health and absence management, which has further been consolidated in cooperation between the Medical Service and the Working Conditions service; notes that the absenteeism rates are closely followed up with a focus on prevention, verification and on successful reintegration after long-term sick leave; notes that the absenteeism rate has decreased over the years (from 4,86 % in 2015 to 4,60 % in 2016 and 4,50 % in 2017); welcomes the Committee’s transparency with regard to members of staff suffering from “burn-out” and welcomes the workload assessment exercise initiated by the Committee in 2018 to map the workload distribution within the organisation and verify the match between tasks and resources; asks to be informed of the results of that assessment;
26. Regrets that the share of women in middle management has not seen any significant improvement in 2017 with around 38 % (compared to 37 % in 2015 and 33 % in 2016); strongly regrets that the share of women in senior management positions further decreased from 33 % in 2016 to around 25 % in 2017, due to the departure of a senior female manager in 2017; welcomes the comprehensive measures undertaken by the Committee to improve the situation, including the creation of a new functional management scheme, which was designed, inter alia, to increase the number of women aspiring to carry out formal managerial duties; encourages the Committee to significantly improve its performance in this regard and reports back on its progress to the discharge authority;
27. Notes that 13,3 % of management positions were held by nationals of Member States who acceded to the Union after 2004 (EU13); calls on the Committee to further pursue its efforts to improve the geographical balance in manager positions with a view to reaching the target of 20 which reflects the proportion of the EU13 population compared to the total Union population;
28. Welcomes the measures taken by the Committee to actively prevent harassment in the working environment, such as the regular training on the anti-harassment policy and the work of the confidential counsellors; encourages the Committee to closely monitor the efficiency of its policy in this regard, to continue raising awareness about harassment at

the work place and to foster a culture of zero tolerance toward harassment; expresses concern, however, that the Committee has no internal complaint mechanism or penalties provided for harassment cases involving its Members; calls the Committee to update its code of conduct for Members and the internal rules of procedures in that regard and reports back to the discharge authority;

29. Welcomes the long-term building strategy which was approved by the Committee and by the European Economic and Social Committee in 2017; notes that that building strategy provides a framework for any future decision related to the building policy to be taken and contains a set of guiding principles in the field of real estate; notes that several scenarios have been identified and explored in order to prepare the building policy beyond 2021 with a priority given to scenarios that include the continued use of the VMA building; asks to be kept informed about the ongoing negotiations with the Commission regarding the continued use of the VMA building; encourages the Committee, together with the European Economic and Social Committee, to carry out an assessment of potential renovation needs and to make an estimation of the costs for the scenario where the two Committees take over the entire VMA building;
30. Notes with satisfaction that the number of subscribers and activity rate of the Committee of the Regions online course for regional and local authorities (MOOC) has risen in a 5 % of subscribers and 5 percentage points of activity rate after the low numbers in 2016 due to the terrorist attacks that took place in Brussels and notes with satisfaction that the number of visitors increased in 14 % in 2017;
31. Welcomes the good results achieved with regard to the environmental management system through the joint cooperation between the Economic and Social Committee and the Committee; welcomes measures to improve the energy consumption of the Committee and the insertion of environmental criteria in most call for tenders; notes that the EMAS service was consulted on 27 tendering procedures related to environmental criteria; welcomes that the Committee together with the European Economic and Social Committee obtained the Label Good Food, awarded by the Brussels Region to certify that the canteens of the Committees are managed in a sustainable way;
32. Notes that the Committee is still awaiting the final report of OLAF concerning the whistleblowing case notified to OLAF in October 2016; asks the Committee to fully respect the findings and the outcome of the report and reports back to the discharge authority about the outcome and the follow-up actions taken;
33. Notes the judgment of the Court of Justice of the European Union (the “Court of Justice”) on 23 October 2018 on the case against the Committee lodged by a former internal auditor; notes that that judgment annuls the Committee’s decision of 2 December 2014 endorsing the findings of the second invalidity committee, which had concluded that the former internal auditor's invalidity was not of professional origin; notes that the Court of Justice considered in its judgement that the invalidity committee's assessment was not sufficiently reasoned and contained an error in its assessment methodology; notes that the Court of Justice condemned the Committee to pay a compensation of EUR 5 000 but rejected the former internal auditor's claim of an additional compensation of EUR 20 000;
34. Urges on the Committee to swiftly comply with the Court of Justice’s judgement and to

take all necessary measures to follow-up on its decision; encourages the Committee to consider finding an amicable settlement with the former internal auditor in the interest of both parties and requests that Parliament is regularly kept informed;

35. Notes that on 31 January 2018, the former internal auditor introduced a request, on the basis of article 90(1) of the Staff Regulations, to be formally recognised by the Committee as bona fide whistleblower on the basis of Article 22a of the Staff Regulations; further notes that the former internal auditor lodged a complaint to the appointing authority, on the basis of Article 90(2) of the Staff Regulation, which was introduced on 23 August 2018 following the decision of the Committee of 24 May 2018 to refuse to recognise him as a bona fide whistleblower;
36. Notes that the Committee of the Regions analysed the request and came to the conclusion that there is no legal basis to recognize the former internal auditor as bona fide whistleblower; regrets that this conclusion is in contradiction with Parliament's position that the internal auditor is a bona fide whistleblower, confirmed in its resolution of 13 January 2004 on the communication from the Commission: 'The operating framework for the European regulatory agencies'; encourages the Committee to consider a symbolic recognition of the internal auditor's status despite the lack of an appropriate legal basis at the time of the facts;
37. Calls for a mediation between the former internal auditor of the Committee and the Committee with the aim to an amicable settlement in the ongoing dispute in the interest of both parties; points out that such a mediation should also address the bona-fide whistleblower status of the former internal auditor (as recognized by Parliament in its resolution of 2004) and the fact that he was acting in the interests of the Union by reporting wrongdoings to the Union institutions;
38. Notes that the Committee estimates that the financial impact of the United Kingdom's decision to withdraw from the Union amounts to EUR 373 666 in 2019 and EUR 576 559 in 2020 due to the reduction of its membership by the 24 seats currently attributed to the United Kingdom; welcomes the establishment of a group to reflect about maintaining close relations with regional and local authorities in the United Kingdom after its departure from the Union.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	20.2.2019
Result of final vote	+: 20 -: 2 0: 0
Members present for the final vote	Nedzhmi Ali, Inés Ayala Sender, Zigmantas Balčytis, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Ingeborg Gräßle, Jean-François Jalkh, Wolf Klinz, Arndt Kohn, Monica Macovei, Georgi Pirinski, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Marco Valli, Derek Vaughan, Tomáš Zdechovský
Substitutes present for the final vote	Karin Kadenbach, Marian-Jean Marinescu
Substitutes under Rule 200(2) present for the final vote	Petra Kammerevert

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

20	+
ALDE	Nedzhmi Ali, Martina Dlabajová, Wolf Klinz
ECR	Monica Macovei
GUE/NGL	Dennis de Jong
PPE	Tamás Deutsch, Ingeborg Gräßle, Marian-Jean Marinescu, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Tomáš Zdechovský
S&D	Inés Ayala Sender, Zigmantas Balčytis, Karin Kadenbach, Petra Kammerevert, Arndt Kohn, Georgi Pirinski, Derek Vaughan
VERTS/ALE	Bart Staes

2	-
EFDD	Marco Valli
ENF	Jean-François Jalkh

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention