



Plenary sitting

A9-0082/2024

8.3.2024

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 2022
(2023/2142(DEC))

Committee on Budgetary Control

Rapporteur: Petri Sarvamaa

CONTENTS

	Page
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION.....	3
2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION.....	5
3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	7
ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT.....	13
INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE.....	14
FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE	15

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 2022 (2023/2142(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 2022,
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2022, together with the agencies' 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 2022, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 22 February 2024 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2022 (00000/2024 – C9-0000/2024),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- 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 966/2012³, and in particular Article 70 thereof,
- having regard to Council Regulation (EC) No 2965/1994 of 28 November 1994 setting up a Translation Centre for Bodies of the European Union⁴, and in particular Article 14 thereof,
- having regard to Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁵, and in particular Article 105 thereof,
- having regard to Rule 100 of and Annex V to its Rules of Procedure,

¹ OJ C, C/2023/594, 27.10.2023.

² OJ C, C/2023/112, 12.10.2023.

³ OJ L 193, 30.7.2018, p. 1.

⁴ OJ L 314, 7.12.1994, p. 1.

⁵ OJ L 122, 10.5.2019, p. 1.

- having regard to the report of the Committee on Budgetary Control (A9-0082/2024),
- 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 2022;
- 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).

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 2022 (2023/2142(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 2022,
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2022, together with the agencies' 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 2022, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 22 February 2024 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2022 (00000/2024 – C9-0000/2024),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- 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 966/2012³, and in particular Article 70 thereof,
- having regard to Council Regulation (EC) No 2965/1994 of 28 November 1994 setting up a Translation Centre for Bodies of the European Union⁴, and in particular Article 14 thereof,
- having regard to Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁵, and in particular Article 105 thereof,
- having regard to Rule 100 of and Annex V to its Rules of Procedure,

¹ OJ C, C/2023/594, 27.10.2023.

² OJ C, C/2023/112, 12.10.2023.

³ OJ L 193, 30.7.2018, p. 1.

⁴ OJ L 314, 7.12.1994, p. 1.

⁵ OJ L 122, 10.5.2019, p. 1.

- having regard to the report of the Committee on Budgetary Control (A9-0082/2024),
- 1. Approves the closure of the accounts of the Translation Centre for the Bodies of the European Union for the financial year 2022;
- 2. 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).

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 2022 (2023/2142(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 2022,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A9-0082/2024),
- A. whereas, according to its statement of revenue and expenditure¹, the final budget of the Translation Centre for the Bodies of the European Union (the ‘Centre’) for the financial year 2022 was EUR 49 839 955, representing a decrease of 6,02 % compared to 2021; whereas 95,80 % of the Centre’s budget derives from direct contributions from institutions, other agencies and bodies;
- B. whereas the Court of Auditors (the ‘Court’), in its report on the annual accounts of the Centre for the financial year 2022 (the ‘Court’s report’), states that it has obtained reasonable assurance that the Centre’s annual accounts are reliable, and that the underlying transactions as regards revenue are legal and regular in all material aspects; whereas the Court identified irregular payments totalling EUR 1,3 million, of which EUR 0,6 million pertained to the Court’s determination that the Centre’s justifications for selecting certain procurement procedures without prior notification were insufficient, and EUR 0,7 million related to a failure by the Centre to monitor the consumption of financial ceilings at the level of individual procedures and framework contracts for translations, cumulatively accounting for 2,4 % of the payment appropriations available in 2022, thereby exceeding the materiality threshold set for the audit and, consequently, resulting in a qualified opinion on the legality and regularity of payments underlying the Centre’s accounts; whereas, except for those irregular payments, the Court concluded that the underlying transactions as regards payments for the year ended 31 December 2022 are legal and regular in all material respects;

Budget and financial management

1. Notes that budget monitoring efforts during the financial year 2022 resulted in a budget implementation rate of current year commitment appropriations of 89,08 % representing an increase of 5,55 % compared to 2021; notes that the current year payment

¹ OJ C 38, 31.1.2023, p. 38.

appropriations execution rate was 83,50 %, representing an increase of 6,99 % compared to 2021;

2. Notes that the Centre's initial budget for 2022 (EUR 49,0 million) was subject to one amending budget adopted by the Centre's management board in September 2022 and aimed to include the updated forecasts received from clients and the result of the review by the Centre of all expenditure items; notes further that the final 2022 budget outturn includes the result of the actual calculation of the 2022 budget outturn (minus EUR 0,05 million) plus the 2021 budget outturn of EUR 1,1 million, from which EUR 2,3 million was transferred to the 'Reserve for pricing stability' for securing the budget stability of the Centre in the future, resulting in a budget outturn carried forward in 2023 of a deficit of EUR 1,2 million;

Performance

3. Notes that the overall implementation rate of the Centre's work programme for 2022 was 89,6 % according to amending budget 1/2022; regrets that that rate is lower than in 2021 (93,4 %), therefore ending a positive trend of year-on-year improvements since 2018 when the implementation rate was 82,4 %;
4. Notes that with 348 070 pages, the number of pages of documents translated, modified, edited and revised decreased by 5,2 % compared to 2021 (367 264 pages); notes that in 2022, with regard to EU trade marks, the number of translated pages (239 964) further decreased by 12,6 % in comparison to 2021 (274 706 pages), therefore continuing on a significant downward trend; observes that, with a total of 588 033 pages translated in 2022, the actual volume decreased by 8,4 % from 2021;
5. Acknowledges the Centre's achievements in 2022, such as the development of a new Strategy for 2024-2027 aiming to increase its impact in the wider context of multilingualism in the digital age, the delivery of bespoke services that included providing specific services to a new client, the European Public Prosecutor's Office, the further development of the interinstitutional terminology database InterActive Terminology for Europe (IATE) and the support and maintenance of the interinstitutional terminology portal EurTerm; notes further that the Centre upgraded the computer-assisted translation technology in place, Trados Studio 2021, along with the upgrade of the modules dedicated to the management of translation memories and batch project creation;
6. Notes that the respondents (a rate of 36 %) to the annual client satisfactory survey conducted in 2022 expressed high rates of satisfaction with the Centre's services and mutual relations, while their priorities in order of importance remain the quality of translation, quality of relations, deadlines, price, language combinations and formatting;

Efficiency and gains

7. Acknowledges that 2022 was a difficult year for the Centre, considering the external environment with the war in Ukraine, the continuing impact of COVID-19, increasing energy costs and inflation, and, therefore, a consequential increase in internal costs for the Centre's premises and staff salaries; notes with appreciation that, despite the reduction in the translation efforts of some of the Centre's clients and thanks to its

investments in technologies and efficiency gains, the Centre presented a 2023 pricing structure with stable prices, which in real terms represent a price reduction;

8. Acknowledges the important role of the Centre and its translation services in the rationalisation of the working methods of the Union agencies, achieving economies of scale and also absorbing any surplus work of the Union institutions which have their own translation services;
9. Notes that the Centre took a significant step towards sustainability and environmental protection by signing a new lease contract and reducing its office space by 33 %, while establishing new working spaces, including a cafeteria;
10. Notes that the Centre has progressively optimised its structure and working methods and has implemented cost-efficiency measures throughout its business model, for example, by introducing Commission tools such as ABAC, SYSPER, MIPS and ARES; notes from the Centre's reply, with regard to SYSPER, that the implementation of a new module for the digitisation of personnel records started in 2022; notes further that the Centre introduced Systal (a selection and recruitment tool) and further optimised its use in 2022;
11. Welcomes that the Administration Department of the Centre has improved its performance by reviewing and revising working methods, while introducing new technology to streamline its operations, which has resulted in increased productivity, reduced costs, and overall improvement of the quality of the work;
12. Notes with satisfaction that the Centre was one of the participating agencies in the initiative called 'Joint EU Forces on AI', launched by the European Food Safety Authority;
13. Notes with appreciation from the Court's report that the Centre is among those agencies that have corporate plans to improve the energy efficiency and climate neutrality of their operations; regrets that the Centre is not yet in possession of an Eco-Management and Audit Scheme (EMAS) certificate, but welcomes that it is actively studying the possibility of starting the EMAS registration procedure in the near future; notes that the Centre is committed to continuously improving its environmental performance and relies on the general principles of EMAS and the ISO 14001 in its daily practices; welcomes the Centre's measures to reduce gas and electricity consumption at the Centre's premises for the period 1 November 2022 to 31 March 2023;

Staff policy

14. Notes that, on 31 December 2022, the establishment plan was 93,78 % implemented, with 46 officials and 135 temporary agents appointed out of 51 officials and 142 temporary agents authorised under the Union budget (193 authorised posts, as in 2021); notes that, in addition, 20 contract agents worked for the Centre in 2022;
15. Notes the Centre's gender breakdown reported for 2022, with 8 women (42 %) and 11 men (58 %) in senior and middle management positions, with 38 men (59 %) and 26 women (41 %) at management board level and overall staff with 76 men (38 %) and 125 women (62 %); observes that there is an underrepresentation of men in the Centre's

overall staff; recalls the importance to ensure gender balance and asks the Centre to work towards gender balance at the staff, senior and middle management level and at management board level; asks the Commission and the Member States to take into account the importance of ensuring gender balance when nominating their members to the Centre's management board; notes the high number of management board members, which does not facilitate decision-making and simplified management;

16. Notes that the Centre has in place a common policy on the prevention of psychological and sexual harassment that includes a formal and informal procedure, with appointed confidential counsellors able to handle the informal procedure; notes the Centre's reply that in 2022 no harassment cases were reported;
17. Notes with concern that the number of overtime hours requested in 2022 and approved by the management in 2022 rose from 112 to 252, representing an increase of 125 % compared to 2021; observes from the Centre's reply a staff turnover of 7 % (retirements excluded) for 2022;

Procurement

18. Expresses its concern with regard to the observation from the Court's report that in 2021 the Centre presented several weaknesses in three public procurements by signing the contracts without prior publication of a contract notice, while the justification on the need to protect exclusive rights or on the extreme urgency was deemed insufficient by the Court; notes that in 2022 only one of these three contracts was open and led to one payment of EUR 0,6 million and the Court's observation is still open; observes that the Court's qualified opinion regarding the Centre's expenditure for 2022 covers that payment;
19. Notes with concern the Court's qualified opinion according to which payments amounting to EUR 0,1 million were irregular along with the two contracts of EUR 110 000 and EUR 52 000, with which those payments were associated and which the Centre chose to negotiate with a single provider without the prior publication of a contract notice; notes that despite the Centre having justified its choice of procedure on the grounds of extreme urgency, the Centre's justification has been found insufficient by the Court; notes furthermore the Centre's reply that it chose to procure an extension of the service through a negotiated procedure because no solution to transition from the old to the new framework contract was found;
20. Highlights furthermore the Court's qualified opinion on the legality and regularity of payments made in 2022 in connection with 117 separate framework contracts stemming from a single procedure relating to the translation of texts; notes from the Court's report that the global ceiling for that procedure, which was EUR 1 million, was not stipulated in the associated framework contracts; regrets that this finding was in breach of Article 2(31) of the Financial Regulation; notes moreover that the Centre did not monitor the consumption of that global ceiling either at the level of the individual framework contract or for the whole procedure, but only followed the related spending at the level of the budget line concerned; regrets that this led to an amount of EUR 0,5 million being irregularly paid in excess of that ceiling; notes from the Centre's reply the actions taken by the Centre to improve the Centre's controls systems in this area, namely the

development of a Business Objects report which lists all framework contracts in force and includes all the necessary details to follow the consumption of the ceiling of each one of those contracts; welcomes in this context the development of technical features that automatically detect, highlight and/or send warning emails when various budget consumption rates are reached (75 % and 90 %);

Prevention and management of conflicts of interest and transparency

21. Notes that the CVs of the management board members are not published on the Centre's website, while the declarations of interests of a majority of those members are uploaded thereon; notes that the Director's declaration of interests and CV are published on the Centre's website; notes from the Centre's report on the measures taken by the Centre in light of the discharge in respect of the implementation of the budget of the Centre for the financial year 2021, that the Centre is still working on the solution that will allow the management board's members to upload and maintain the declaration of interests and CVs by themselves; urges the Centre to finalise this technical step and calls on the Centre to report to the discharge authority on the progress made in this matter until all documents of all board members are published;
22. Welcomes that declarations of interests are signed by the candidates and staff before being recruited, during employment and before returning from leave on personal grounds or unpaid leave; welcomes further that the staff involved in selection committees for the recruitment of personnel or in evaluation committees for calls for tenders must fill in a declaration of confidentiality and absence of conflicts of interest; notes from the Centre's reply that there were no cases of conflicts of interest or whistleblowing were in 2022;
23. Notes that, given the nature of the Centre's core tasks, no meeting with lobbyists are taking place and the Centre does not currently plan to introduce an internal anticorruption strategy;

Internal control

24. Notes from the Court's report the observation that in three audited procurement procedures for services, the tender specifications omitted important criteria for assessing tenderers' technical and professional capacities and not defined a set of relevant, specific, and measurable minimum levels of the financial capacity, below which tenderers would not be accepted; notes the Centre's reply that those procedures used older templates for the tender documents and the new templates used by the Centre require that the relevant figures are clearly specified and filled in;
25. Notes that at the beginning of 2022, the Centre had five open audit recommendations stemming from two Internal Audit Services (IAS) audits; acknowledges in this context that by the end of 2022, the two recommendations relating to the 2019 IAS audit on the Centre's system for the management of the translation workflow and one of the three recommendations from the 2021 IAS audit on planning and budgeting were closed; notes further that for the two remaining recommendations, none of which marked as 'very important' or 'critical', actions have been addressed and the residual risk for these is minimal;

26. Notes that following-up on the Court's observation for the financial year 2021 regarding weaknesses identified in the Centre's documentation in several public procurement procedures, the Centre has in the meantime revised its procurement procedures and templates; notes that the status of that observation is now closed; notes that, in 2022, the Centre finalised and adopted a new anti-fraud action plan for 2022 and 2023, and finalised the last pending actions from the previous plan;
27. Welcomes the quality audits successfully completed in 2022 that provide an additional assurance to the Centre's management as to the effectiveness, efficiency and conformity of the audited procedures; notes that there were no deviations registered for the audited procedures and a number of remarks and suggestions for improvement were identified and agreed in the audit reports, and were further transposed into action plans for implementation;

Other comments

28. Acknowledges the efforts of the Centre in 2022 to increase its public visibility; notes the Centre's improved social media metrics, with a number of subscribers to the social media accounts (Facebook, LinkedIn, Twitter) that increased by 11 % in 2022; commends the Centre for maintaining its focus on making its enlarged service portfolio better known to its clients, external language service providers, institutional partners and the public, via leaflets, video tutorials for the internal and external workflow tools, or videos promoting the post-editing service, as a way to reach a wider audience; notes that the best practice exchanges with universities and the global translation community (memoQ podcast, Nordic Techkomm Denmark Conference) continued to be part of the Centre's outreach activities in 2022;

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29. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [...] 2024² on the performance, financial management and control of the agencies.

² Texts adopted, P9_TA(2024)0000.

**ANNEX: ENTITIES OR PERSONS
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

The rapporteur declares under his exclusive responsibility that he did not receive input from any entity or person to be mentioned in this Annex pursuant to Article 8 of Annex I to the Rules of Procedure.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	4.3.2024
Result of final vote	+: 17 -: 1 0: 1
Members present for the final vote	Dominique Bilde, Olivier Chastel, Caterina Chinnici, Ilana Cicurel, Carlos Coelho, Daniel Freund, Isabel García Muñoz, Monika Hohlmeier, Joachim Kuhs, Markus Pieper, Petri Sarvamaa, François Thiollet
Substitutes present for the final vote	Katalin Cseh, Bas Eickhout, Hannes Heide, Sabrina Pignedoli, Wolfram Pirchner
Substitutes under Rule 209(7) present for the final vote	César Luena, Miguel Urbán Crespo

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

17	+
ID	Dominique Bilde
NI	Sabrina Pignedoli
PPE	Caterina Chinnici, Carlos Coelho, Monika Hohlmeier, Markus Pieper, Wolfram Pirchner, Petri Sarvamaa
Renew	Olivier Chastel, Ilana Cicurel, Katalin Cseh
S&D	Isabel García Muñoz, Hannes Heide, César Luena
Verts/ALE	Bas Eickhout, Daniel Freund, François Thiollet

1	-
The Left	Miguel Urbán Crespo

1	0
ID	Joachim Kuhs

Key to symbols:

+ : in favour

- : against

0 : abstention