



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Budgetary Control

2011/2218(DEC)

06.02.2012

DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Agency for Safety and Health at Work for the financial year 2010 (C7-0279/2011 – 2011/2218(DEC))

Committee on Budgetary Control

Rapporteur: Monica Luisa Macovei

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Agency for Safety and Health at Work for the financial year 2010 (C7-0279/2011 – 2011/2218(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2010,
 - having regard to the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2010, together with the Agency's replies¹,
 - having regard to the Council's recommendation of ... (0000/2012 – C7-0000/2012),
 - 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 Council Regulation (EC) No 2062/94 of 18 July 1994 establishing a European Agency for Safety and Health at Work³, 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 Regulation applicable to the general budget of the European Communities⁴, and in particular Article 94 thereof,
 - 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 Employment and Social Affairs (A7-0000/2012),
1. ... the Director of the European Agency for Safety and Health at Work discharge in respect of the implementation of the Agency's budget for the financial year 2010;
 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 Director of the European Agency for Safety and Health at Work, the Council, the Commission and the Court of Auditors, and to arrange for their publication in

¹ OJ C 366, 15.12.2011, p. 45.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 216, 20.8.1994, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

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 Agency for Safety and Health at Work for the financial year 2010 (C7-0279/2011 – 2011/2218(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2010,
 - having regard to the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2010, together with the Agency's replies¹,
 - having regard to the Council's recommendation of ... (0000/2012 – C7-0000/2012),
 - 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 Council Regulation (EC) No 2062/94 of 18 July 1994 establishing a European Agency for Safety and Health at Work³, 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 Regulation applicable to the general budget of the European Communities⁴, and in particular Article 94 thereof,
 - 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 Employment and Social Affairs (A7-0000/2012),
1. ... the closure of the accounts of the European Agency for Safety and Health at Work for the financial year 2010;
 2. Instructs its President to forward this Decision to the Director of the European Agency for Safety and Health at Work, 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 C 366, 15.12.2011, p. 45.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 216, 20.8.1994, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

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 Agency for Safety and Health at Work for the financial year 2010 (C7-0279/2011 – 2011/2218(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2010,
 - having regard to the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2010, together with the Agency's replies¹,
 - having regard to the Council's recommendation of ... (0000/2012 – C7-0000/2012),
 - 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 Council Regulation (EC) No 2062/94 of 18 July 1994 establishing a European Agency for Safety and Health at Work³, 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 Regulation applicable to the general budget of the European Communities⁴, and in particular Article 94 thereof,
 - 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 Employment and Social Affairs (A7-0000/2012),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,
- B. whereas on 10 May 2011 Parliament granted the Director of the European Agency for Safety and Health at Work discharge for implementation of the Agency's budget for the

¹ OJ C 366, 15.12.2011, p. 45.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 216, 20.8.1994, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

financial year 2009¹, and in its resolution accompanying the discharge decision, inter alia:

- called on the Agency to reduce the increased cancellation rate and inform the discharge authority of the actions taken,
- called on the accounting officer of the Agency to describe the methodology used in the validation of its accounting system, supports the idea of developing cooperation within the existing Inter Agency Accountants Networks in order to come up with common requirements and develop a common methodology for validation of the accounting systems agencies,
- stressed that the carry forward of EUR 3 500 000 (47 % of the Agency's operation appropriations) relating to operational activities delays the implementation of the Agency's activities and is at odds with the budgetary principle of annuality, which is partly because of the multi-annuality of the important projects,

C. whereas the overall budget of the Agency for the year 2010 was EUR 15 500 000 which is 3,3 % more than for the year 2009, whereas the initial contribution of the Union to the budget of the Agency for 2010 was EUR 13 743 434 compared to EUR 13 800 000 in 2009², which represents a decrease of 0,41 %,

Budget and Financial Management

1. Recalls that the initial Union contribution to the Agency for 2010 amounted to EUR 13 743 434; notes however that EUR 506 566, arising from the recovery of surplus, was added to this which, as a result, makes a total Union contribution of EUR 14 250 000 for 2010;
2. Establishes from the Annual Accounts that the original 2010 budget of the Agency has been amended twice and that transfers have taken place; regrets the absence of information from the Agency on the reasons behind these changes; calls on the Agency to remedy the situation and inform the discharge authority on this matter;
3. Acknowledges from the Agency's Annual Report that of the budget available in 2010, 96,1 % was committed by the end of the year;

Carryover appropriations

4. Notes an improvement in the Agency's carryover appropriations over the years; notes in particular, that in 2010 it reduced its cancellation rate to 11 % from 19 % in 2009; calls, nevertheless, on the Agency to further improve the situation by avoiding delay in the implementation of its activities;

Human Resources

¹ OJ L 250, 27.9.2011, p. 201.

² OJ L 64, 12.03.2010, p. 509.

5. Observes from the Agency's Annual Report that the total number of staff as of 31 December 2010 stood at 66; notes, in addition, that the staffing is comprised of 44 Temporary Agents (TA), 21 Contract Agents (CA) and 1 CA post situated in Networking and Coordination funded from the IPAC2 programme;
6. Calls on the Agency to inform the discharge authority about the measures the Agency took to fulfil the below objectives set out in its Work Annual Programme:
 - organising and monitoring selection procedures for TA and CA;
 - managing and administering the human resources function in an effective and timely manner;
 - getting the necessary qualified staff for the Agency to meet the Agency's strategy and objectives to implement its annual management plans;

Performance

7. Acknowledges from its 2010 Annual Activity Report that the Agency detailed data comparing one year to another so as to enable the discharge authority to assess more effectively the Agency's performance; considers this a best practice to be followed by the other agencies;
8. Welcomes the Agency's initiative of launching "foresight" on the health and safety impact of technological innovations in "green jobs" by 2020; notes that the dissemination of the results of these projects to their target audiences has now started at the World Congress and in a seminar series; would therefore appreciate receiving the feedback of these initiatives from the Agency;

Internal audit

9. Welcomes the Agency's initiative of automatically providing to the discharge authority the Internal Audit Service (IAS)'s Annual Internal Audit Report on the Agency; considers this to be an indication of transparency and an example of best practice to be followed by all other agencies; considers that the IAS's audit reports often help further developed processes and measures mitigating/controlling the Agency's risks;
10. Acknowledges from the Agency that the IAS undertook a follow-up on the open recommendations of past audits; welcomes in particular that in relation to the follow-up of earlier recommendations from the IAS, the internal auditor assessed that all very important recommendations are adequately implemented and closed except the one on validation of accounting systems, which was downgraded to "important" due to partial implementation; calls, therefore, on the Agency to fully implement this recommendation in addition and to inform the discharge authority on the measures taken;
11. Notes, in addition, that the IAS performed an audit on website and external communication in November 2010; notes in particular that on this audit the IAS raised seven recommendations, none of them were rated as "critical" but two were considered as "very important" and were related to:

- the service level agreement documentation;
- the adoption and implementation of a security policy;

Calls therefore on the Agency to promptly implement these two recommendations and to inform the discharge authority on the measures taken;

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12. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;
13. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 2012 on the performance, financial management and control of the agencies.

Annex
European Parliament recommendations over past years

European Agency for Safety and Health at Work	2006	2007	2008	2009
Performance	n.a.	n.a.	<p>-Calls on the Agency to set out a diachronic analysis of operations carried out in this and the previous years</p> <p>-Congratulates the Agency on having significantly improved its financial management over the last three years; encourages it to continue to strive for the highest standards in budgetary planning, implementation and control</p>	<p>-Calls on the Agency to set out in a table annexed to the Court of Auditors next report a comparison of the operations that were carried out during the year for which discharge is to be granted and during the previous financial year so as to enable the discharge authority to assess more effectively the Agency's performance from one year to the next</p>
Governance of the Agency	n.a.	n.a.	<p>-The Agency's governance costs are not insignificant (84-member Governing Board and employs 64 staff)</p>	
Operating appropriations carried over	<p>-The budgetary principle of specification was not strictly observed. (The Director signed 19 decisions for approximately 880 000euro authorising budgetary transfers from article to article within chapters. Contrary to the Financial Regulation, the Governing Board did not receive the required information</p>	n.a.	<p>-Calls in the interests of sound financial management, for the budget forecasts to be adjusted to reflect actual needs (the state of affairs was at odds with the principle of annuality)</p>	<p>-Acknowledges that the Agency carried forward EUR3.5m (47 % of its operation appropriations) in respect of the operational activities. Stresses that this situation delays in the implementation of the Agency's activities and is at odds with the budgetary principle of annuality, which is partly because of the multiannuality of important projects</p> <p>-Calls on the Agency to reduce the increased cancellation rate and inform the discharge authority of the actions taken</p>

European Agency for Safety and Health at Work	2006	2007	2008	2009
Procurement procedures	n.a.	n.a.	-Calls on the agency to resolve the problem of using public procurement framework contract beyond its maximum value, in order to give effect to European budgetary law	
Human Resources and Internal Audit	n.a.	n.a.	-Calls on the Agency to take steps to fulfil 14 out of 33 recommendations made by the Internal Audit Service, notes that 6 of them are considered to be very important: i.e. management of the stakeholders' expectations and the implementation of certain internal control standards, namely dealing with individual file problems, the annual report on internal control and promoting internal control procedures	-Calls on the accounting officer of the Agency to describe the methodology used in the validation of its accounting system, supports the idea of developing cooperation within the existing Inter Agency Accountants Networks in order to come up with common requirements and develop a common methodology for validation of the accounting systems in agencies -Encourages the Agency to revise the checklists to match the specifications of different financial transactions and to make them available to all staff -Calls on the Agency to finalise its documentation procedures -Calls on the Agency to produce an exhaustive list of the main processes to be matched with required procedures and for this list to be systematically updated