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Committee on Budgetary Control

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DRAFT REPORT

on the discharge in respect of the implementation of the budget of the
European Union Agency for Fundamental Rights for the financial year 2012
(C7-0287/2013 – 2013/2209(DEC))

Committee on Budgetary Control

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2012
(C7-0287/2013 – 2013/2209(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2012,
- having regard to the Court of Auditors' report on the annual accounts of the European Union Agency for Fundamental Rights for the financial year 2012, together with the Agency's replies¹,
- having regard to the Council's recommendation of ... (0000/2013 – C7-0000/2013),
- 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 Council Regulation (EC) No 168/2007 of the European Parliament and of the Council of 15 February 2007 establishing a European Union Agency for Fundamental Rights⁴, and in particular Article 21 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, 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 the Civil Liberties, Justice and Home Affairs (A7-0000/2014),

1. Grants the Director of the European Union Agency for Fundamental Rights discharge in

¹ OJ C 365, 13.12.2013, p. 245.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 53, 22.2.2007, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

respect of the implementation of the Agency's budget for the financial year 2012 /
Postpones its decision on granting the Director of the European Union Agency for
Fundamental Rights 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 Director of the European Union Agency for Fundamental Rights, 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 Union Agency for Fundamental Rights
for the financial year 2012
(C7-0287/2013 – 2013/2209(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2012,
- having regard to the Court of Auditors' report on the annual accounts of the European Union Agency for Fundamental Rights for the financial year 2012, together with the Agency's replies¹,
- having regard to the Council's recommendation of ... (0000/2013 – C7-0000/2013),
- 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 Council Regulation (EC) No 168/2007 of the European Parliament and of the Council of 15 February 2007 establishing a European Union Agency for Fundamental Rights⁴, and in particular Article 21 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, 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 the Civil Liberties, Justice and Home Affairs (A7-0000/2014),

1. Approves the closure of the accounts of the European Union Agency for Fundamental

¹ OJ C 365, 13.12.2013, p. 245.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 53, 22.2.2007, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

Rights for the financial year 2012 / Postpones its decision on the closure of the accounts of the European Union Agency for Fundamental Rights for the financial year 2012;

2. Instructs its President to forward this Decision to the Director of the European Union Agency for Fundamental Rights, 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 the discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2012
(C7-0287/2013 – 2013/2209(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2012,
- having regard to the Court of Auditors' report on the annual accounts of the European Union Agency for Fundamental Rights for the financial year 2012, together with the Agency's replies¹,
- having regard to the Council's recommendation of ... (0000/2013 – C7-0000/2013),
- 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 Council Regulation (EC) No 168/2007 of the European Parliament and of the Council of 15 February 2007 establishing a European Union Agency for Fundamental Rights⁴, and in particular Article 21 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, 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 the Civil Liberties, Justice and Home Affairs (A7-0000/2014),

¹ OJ C 365, 13.12.2013, p. 245.

² OJ L 248, 16.9.2002, p. 1.

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⁵ OJ L 357, 31.12.2002, p. 72.

- A. whereas according to its financial statements, the budget of the European Union Agency for Fundamental Rights ("the Agency") for the financial year 2012 was EUR 20 376 000,
- B. 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,

Follow-up of 2011 discharge

1. Acknowledges from the Agency that:

- for the 2012 financial year, the Court of Auditors already noted satisfactory rates of the implementation of payment appropriations for Titles I and II (98 % and 89 %, respectively); acknowledges that for Title III, the rate of payment implementation of 49 % was well justified and carry forwards of this level are unavoidable and are not the result of delays in the planning and implementation of the Agency's annual work programme,
- in May 2013, the Executive Board of the Agency adopted a decision (Decision 2013/01) on the conduct of administrative inquiries and disciplinary procedures, and in conclusion the Agency complied with Parliament's request by adopting this decision in agreement with the Commission, to adopt rules in order to respect the legitimate interest (including anonymity) of the parties,
- the European Anti-Fraud Office investigation, which was opened in 2012, was closed without recommendations in 2013, while the European Ombudsman case (0917/2011) is still open,
- the Agency implements an elaborate anti-harassment policy; is satisfied that all allegations of harassment have been carefully examined and that no cases of harassment were identified,
- the Agency currently applies the Commission's guidelines following a decision of the Executive Board (Decision 2012/04); notes that these guidelines will be replaced as soon as the Agency adopts the Regulatory Agencies' model guidelines on whistleblowing,
- declarations of interest and CVs of management team and most of full members of the Management Board are uploaded on the Agency's website;

Comments on the legality and regularity of transactions

2. Notes with concern that in 2012, the Agency procured cleaning services via cascading framework contracts to two suppliers and due to a clerical error during the evaluation of offers, the ranking of the contractors was incorrect; notes that as a result of this error, one specific contract for EUR 56 784 was awarded in 2012 and that the related payments are irregular; acknowledges that following the Court of Auditors' audit, the Agency has amended the ranking of the contractors accordingly;

Budget and financial management

3. Notes that budget monitoring efforts during the financial year 2012 resulted in a budget implementation rate of 100 %; notes that the payment appropriations execution rate was 78,5 %;
4. Notes that budget implementation for title III (operational expenditure) was low at 49 % of committed appropriations; acknowledges, however, that this did not arise from delays in the implementation of the Agency's annual work programme and that this low level reflects the multiannual nature of activities; notes that the Agency has adopted a budgetary planning module that is linked directly to its annual work programme and that payments were planned and executed according to operational needs and that the Court of Auditors considers such situations to be acceptable;

Commitments and carryovers

5. Acknowledges that the Court of Auditors' annual audit has found no notable issues as regards the level of carryovers in 2012; commends the Agency for adhering to the principle of annuality and for the timely execution of its budget;

Transfers

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

Procurement and recruitment procedures

7. Notes that for the year 2012, neither sampled transactions nor other audit findings have led to any comments on the Agency's procurement procedures in the Court of Auditors' annual audit report;
8. Notes that the Court of Auditors in its annual audit report for 2012 made no comments as regards the Agency's recruitment procedures.

Internal audit and controls

9. Acknowledges from the Agency that in 2012, the Commission's Internal Audit Service (IAS) carried out an audit on procurement within the Agency and made two very important and seven important recommendations; notes that the Agency proposed an action plan which was accepted by the IAS and that by the cut-off date of 31 December 2012, eight of those recommendations were closed; notes that the one remaining important recommendation was closed in 2013;
10. Notes with concern that the Agency did not have a formal *ex post* verification procedure in place during 2012; is satisfied that following a comprehensive risk analysis conducted by the Agency, a formal procedure was implemented at the beginning of 2013;

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11. 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).