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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2013
(2014/2089(DEC))

Committee on Budgetary Control

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2013
(2014/2089(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Union Agency for Fundamental Rights for the financial year 2013, together with the Agency's 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- 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 Communities³,
- 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 1605/2002⁴, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 168/2007 of 15 February 2007 establishing a European Union Agency for Fundamental Rights⁵, 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

1 OJ C 442, 10.12.2014, p. 301.

2 OJ C 442, 10.12.2014, p. 301.

3 OJ L 248, 16.9.2002, p. 1.

4 OJ L 298, 26.10.2012, p. 1.

5 OJ L 53, 22.2.2007, p. 1.

Regulation applicable to the general budget of the European Communities¹,

- 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 Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A8-0000/2015),
1. Grants 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 2013 / 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 2013;
 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 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).

1 OJ L 357, 31.12.2002, p. 72.

2 OJ L 328, 7.12.2013, p. 42.

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 2013 (2014/2089(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Union Agency for Fundamental Rights for the financial year 2013, together with the Agency's 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- 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 Communities³,
- 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 1605/2002⁴, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 168/2007 of 15 February 2007 establishing a European Union Agency for Fundamental Rights⁵, 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

1 OJ C 442, 10.12.2014, p. 301.

2 OJ C 442, 10.12.2014, p. 301.

3 OJ L 248, 16.9.2002, p. 1.

4 OJ L 298, 26.10.2012, p. 1.

5 OJ L 53, 22.2.2007, p. 1.

Regulation applicable to the general budget of the European Communities¹,

- 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 Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A8-0000/2015),
1. Notes that the final annual accounts of the European Union Agency for Fundamental Rights are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Union Agency for Fundamental Rights for the financial year 2013 / Postpones the closure of the accounts of the European Union Agency for Fundamental Rights for the financial year 2013;
 3. 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).

1 OJ L 357, 31.12.2002, p. 72.

2 OJ L 328, 7.12.2013, p. 42.

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 European Union Agency for Fundamental Rights for the financial year 2013
(2014/2089(DEC))**

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2013,
- having regard to Rule 94 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A8-0000/2015),
- A. whereas, according to its financial statements, the final budget of the European Union Agency for Fundamental Rights (“the Agency”) for the financial year 2013 was EUR 21 348 510, representing an increase of 4,77 % compared to 2012,
- B. whereas the Court of Auditors ("the Court"), in its report on the annual accounts of the European Union Agency for Fundamental Rights (“the Court’s report”), has stated that it has obtained reasonable assurances that the Agency’s annual accounts are reliable and that the underlying transactions are legal and regular,

Follow-up of 2012 discharge

1. Notes from the Court’s report that for the three comments made in the Court’s 2012 report, corrective actions were taken and two out of the three recommendations are marked as "Completed" while one is marked as "Not Applicable";
2. Acknowledges from the Agency 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; acknowledges that in line with the reporting to the Court, the contract was cancelled, the ranking corrected and a new contract was signed with the correct winning supplier;
 - the information on the impact of its activities on Union citizens is provided on the Agency’s website through multiple tools and through the publication of strategic documents such as the Annual Activity Report;
 - the Agency continues to apply the Commission’s whistleblowing guidelines following a decision of its Executive Board; notes that these guidelines will be replaced as soon as the Agency adopts the Regulatory Agencies’ model guidelines on whistleblowing;

- the cooperation agreements on closer coordination were established with the European Foundation for the Improvement of Living and Working Conditions, the United Nations, the European Asylum Support Office, the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union, the European University Institute, the European Institute for Gender Equality and the Council of Europe;

Budget and financial management

3. Notes that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 100 % and that the payment appropriations execution rate was 70,27 %; acknowledges from the Court's report that the high overall level of committed appropriations indicated that commitments were made in a timely manner;

Commitments and carry-overs

4. Notes with concern that the level of committed appropriations carried over to 2014 was high at 27 % for Title II (administrative expenditure) and at 69 % for Title III (operating expenditure); acknowledges that the carry-overs under Title II mainly relate to the planned purchase of IT goods and services; acknowledges furthermore that the carry-overs under Title III mainly reflect the multiannual nature of the Agency's operational projects, where payments are made according to a planned schedule; ascertains from the Agency that the fact that the level of cancellations is less than 2 % is an indication of good planning and the good management of carry-overs;

Procurement and recruitment procedures

5. Notes that for the year 2013, neither sampled transactions nor other audit findings have led to any comments on the Agency's procurement procedures in the Court's report; notes furthermore that the Court made no comments as regards the Agency's recruitment procedures in its report;

Prevention and management of conflicts of interests and transparency

6. Acknowledges from the Agency that it has adopted provisional rules before the adoption of its reviewed policy on the prevention and management of conflicts of interests, on the basis of the Commission's Guidelines on the Prevention and Management of Conflicts of Interest in EU Decentralised Agencies; notes that the Agency is in the process of harmonising the rules concerning its Management Board and needs to adopt the rules regarding its staff; calls on the Agency to inform the discharge authority about the review and harmonisation results once available;

Internal audit

7. Notes that the Commission's Internal Audit Service (IAS) carried out a risk assessment exercise in order to establish the new IAS strategic audit plan 2013-2015; acknowledges that following the risk assessment, all the processes were perceived by the IAS as satisfactorily controlled and that no process was placed in the high risk area; ascertains from the Agency that its Management Board endorsed the IAS strategic audit plan in May 2013;

8. Takes note that the IAS performed the audit on human resources management in September 2013, with the audit objective set to assess and provide an independent assurance on the adequacy and effectiveness of the internal control system on human resources management; notes that, following the audit, the IAS raised six recommendations, two of which were rated as "Very Important" and four as "Important"; notes furthermore that the Agency submitted an overall action plan which was accepted by the IAS with the aim of mitigating the issues found and that the Agency is undertaking actions on all the recommendations;
9. Notes that the IAS performed a limited review on contract management in October 2013, which produced three recommendations, one of which was rated as "Very Important" and two as "Important"; notes furthermore that the Agency submitted an overall action plan, which was accepted by the IAS, with the aim of mitigating the issues on contract management and that the Agency is taking action on all the recommendations;
10. Acknowledges that in 2013 the IAS followed up the implementation of its earlier recommendations through a desk review and that it found no recommendations open as of year-end;

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11. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2015¹ on the performance, financial management and control of the agencies.

1 Texts adopted of that date, P8_TA-PROV(2015)0000