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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Fisheries Control Agency for the financial year 2016
(2017/2166(DEC))

Committee on Budgetary Control

Rapporteur: Bart Staes

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Fisheries Control Agency for the financial year 2016 (2017/2166(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Fisheries Control Agency for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Fisheries Control Agency for the financial year 2016, together with the Agency's reply¹,
- 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 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... February 2018 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2016 (00000/2018 – C8-0000/2018),
- having regard to Article 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 1605/2002³, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 768/2005 of 26 April 2005 establishing a Community Fisheries Control Agency and amending Regulation (EEC) No 2847/93 establishing a control system applicable to the common fisheries policy⁴, and in particular Article 36 thereof,
- 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 Council⁵, and in particular Article 108 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 and the opinion of the Committee on Fisheries (A8-0000/2018),

¹ OJ C 417, 6.12.2017, p. 110.

² OJ C 417, 6.12.2017, p. 110.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 128, 21.5.2005, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

1. Grants the Executive Director of the European Fisheries Control Agency discharge in respect of the implementation of the Agency's budget for the financial year 2016 / Postpones its decision on granting the Executive Director of the European Fisheries Control Agency discharge in respect of the implementation of the Agency's budget for the financial year 2016;
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 Executive Director of the European Fisheries Control Agency, 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 Fisheries Control Agency for the financial year 2016 (2017/2166(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Fisheries Control Agency for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Fisheries Control Agency for the financial year 2016, together with the Agency's reply¹,
- 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 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... February 2018 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2016 (00000/2018 – C8-0000/2018),
- having regard to Article 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 1605/2002³, and in particular Article 208 thereof,
- having regard to Council Regulation (EC) No 768/2005 of 26 April 2005 establishing a Community Fisheries Control Agency and amending Regulation (EEC) No 2847/93 establishing a control system applicable to the common fisheries policy⁴, and in particular Article 36 thereof,
- 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 Council⁵, and in particular Article 108 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 and the opinion of the Committee on Fisheries (A8-0000/2018),

¹ OJ C 417, 6.12.2017, p. 110.

² OJ C 417, 6.12.2017, p. 110.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 128, 21.5.2005, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

1. Approves the closure of the accounts of the European Fisheries Control Agency for the financial year 2016 / Postpones the closure of the accounts of the European Fisheries Control Agency for the financial year 2016;
2. Instructs its President to forward this decision to the Executive Director of the European Fisheries Control Agency, 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 European Fisheries Control Agency for the financial year 2016 (2017/2166(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Fisheries Control Agency for the financial year 2016,
 - 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 and the opinion of the Committee on Fisheries (A8-0000/2018),
- A. whereas in the context of the discharge procedure, the discharge authority stresses the particular importance of further strengthening the democratic legitimacy of the Union institutions by improving transparency and accountability, and implementing the concept of performance-based budgeting and good governance of human resources;
- B. whereas, according to its statement of revenue and expenditure¹, the final budget of the European Fisheries Control Agency (“the Agency”) for the financial year 2016 was EUR 9 967 000, representing an increase of 8,14 % compared to 2015; whereas the increase was mainly due to additional *ad hoc* grants related to the European Coastguard Pilot Projects; whereas the entire budget of the Agency derives from the Union budget;
- C. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the Agency’s annual accounts for the financial year 2016 are reliable and that the underlying transactions are legal and regular;

Budget and financial management

1. Notes that budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 99,6 %; notes furthermore that the payment appropriations execution rate was at 88,5 %;
2. Takes note that additional funds that were received from the Commission during the year for Pilot Projects in relation to the European Coastguard functions have significantly influenced the budget, notably two *ad hoc* grants, EUR 750 000 in total, were received in the budget as assigned revenue to be spent in the budget years 2016 and 2017 (i.e. multi-annual), which justifies the fact that their implementation rate is considered apart from the implementation of the remaining budget;
3. Welcomes the steps achieved in 2016 in the area of e-Administration: implementation of the e-Prior modules for electronic tendering, ordering and invoicing in cooperation with the Commission’s Directorate-General for Informatics (DG DIGIT), implementation of the contract management tool ABAC Contracts for the registration

¹ OJ C 333, 9.9.2016, p. 31.

and follow-up of framework contracts, implementation of the mission management system of the Commission (MIPS) leading to a major reduction in use of paper forms, future use of Sysper 2 (HR IT tool); acknowledges from the Agency that, together with the implementation of other rationalisation improvement measures, it currently processes around 95 % of its financial transactions electronically, leading to greater efficiency, reliability of data and audit trails;

Commitments and carryovers

4. Notes that the level of funds carried-forward from 2016 to 2017 has resulted in 11 % of the total 2016 subsidy; notes that the rate of carryovers for Title II (administrative expenditure) was at 34 %, representing an increase of 14 % comparing to 2015 results; notes however that a lower implementation for Title II can be explained with a number of external services still pending at year-end for completion and final payments (such as ICT, translation and external evaluation services); acknowledges from the Agency that their full implementation will take place during 2017 and the appropriations will not have to be cancelled;
5. Notes that, as regards the commitments carried forward from the previous year, the implementation is 95,3 %, and the corresponding cancellation represents 0,4 % of the payment appropriations of 2016;
6. Points out that carryovers are often partly or fully justified by the multiannual nature of the agencies' operational programmes, and do not necessarily indicate weaknesses in budget planning and implementation, nor are they always at odds with the budgetary principle of annuality, in particular if they are planned in advance by the agencies and communicated to the Court of Auditors;

Transfers

7. Notes with satisfaction that, according to the Agency's final accounts, the level and nature of transfers in the year 2016 remained within the limits of the financial rules;

Procurement and staff policy

8. Notes that, on 31 December 2016, the total number of staff in activity was 56, which means that the establishment plan was 100 % filled;
9. Observes that the Agency has accomplished the general 5 % staff reduction; notes however that due to the change in the founding regulation, the Agency was granted 13 posts for the associated new tasks in the establishment plan for 2017;
10. Takes note that the Agency's internal structure was reorganised to adapt to the new changes and additional resources related to the amendment of the Agency's founding regulation;
11. Notes that the overall percentage of male staff members is 62 % and of female staff is 38 %;

12. Notes with satisfaction that the Agency made the vast majority of payments within the time limits of the Financial Regulation and that there was no interest charged by suppliers for late payments; notes furthermore that the average number of days for payment in 2015 was 22;
13. Stresses that work-life balance should be part of the staff policy of the Agency; notes that the budget spent on well-being activities amounts to EUR 138,14 per staff; observes that the average amount of sick leave per staff is 3,7 days;
14. Notes that the implementing rules on harassment were adopted by the administrative board in 2017; regrets the delay in the introduction of those rules; calls on the Agency to support the organisation of training and information sessions in order to increase the awareness of staff;
15. Notes with satisfaction the fact that the Agency did not receive any complaints, lawsuits or reported cases linked to hiring or dismissal of staff in 2016;

Prevention and management of conflicts of interests, transparency and democracy

16. Acknowledges that the Agency adopted a comprehensive policy on the prevention and management of conflict of interests, which was amended in 2016, and an anti-fraud strategy; takes note that from a total of 13 actions planned to be implemented by the end of 2017, 11 were already implemented; takes note that the Agency's controls aimed at preventing and detecting fraud are similar to those ensuring the legality and regularity of transactions, such as "the four eyes principle", automated controls in the financial and accounting systems, externalised salaries calculation as well as declarations of absence of conflicts of interest always being signed by panel members; notes with satisfaction from the Agency that, since its creation, no fraudulent events have occurred;
17. Welcomes the amendments to the Agency's conflict of interests policy adopted in 2016 namely the obligation for Administrative Board members, the Agency Executive Director and Heads of Unit to submit CVs which are subject to publication on the Agency's website and should be updated whenever necessary; notes the extension of the scope to the Advisory Board members;
18. Acknowledges from the Agency that all the annual written declarations of interests (DoI) have been monitored by the Agency; regrets however that, by the end of 2016, two Administrative Board members had not yet submitted their DoI; notes that Board members are asked before each meeting of the Administrative Board by the Chairperson to confirm the factual correctness of the DoI by declaring any potential conflict that could arise in relation to the meeting; calls on the Agency to report to the discharge authority on progress made regarding the submission of the missing DoI;
19. Acknowledges from the Agency that it is awaiting the model decision from the Commission in order to adopt their own decision on whistleblowing; notes however that until the Commission model decision is proposed, the current Commission decision on whistleblowing will continue to be provided as guidance to staff; notes that there was no whistle-blower cases in 2016 in the Agency; calls on the Agency to inform the discharge authority on the implementation of the model decision;

Performance-Based Budgeting

20. Welcomes the three main achievements and successes identified by the Agency in 2016, namely that:
- it coordinated 20 000 fisheries inspections in Union and international waters through its Joint Deployment Plans;
 - it established cooperation with other Union Agencies towards the establishment of a European Coast Guard Capacity;
 - it supported the regional implementation of the Landing obligation in the framework of the Common Fisheries Policy (CFP);

Internal controls

21. Notes that the Agency’s Administrative Board adopted a set of Internal Control Standards (ICS) aiming to ensure the achievement of the policy and operational objectives; acknowledges that 12 of the ICSs have a high level of implementation, with four areas having a medium degree of implementation in the internal control system;
22. Notes with satisfaction from the Court of Auditors’ report that ICS 10 (Business Continuity), ICS 11 (Document Management) and ICS 12 (Information and Communication) are now marked as “completed”;

Internal audit

23. Notes that, during 2016, the Internal Audit Service (IAS) carried out a risk assessment covering the Agency’s major processes, both operational and administrative; notes that, as result of the IAS’s work, the “IAS Strategic Internal Audit Plan 2017-2019” was established; notes with satisfaction that there are no open IAS recommendations;
24. Takes note that the second Five Year Independent External Evaluation of the Agency for the period 2012-2016 started in October 2015 and is planned to be completed in 2017; points out that each evaluation is to assess the utility, relevance and effectiveness of the Agency and its working practices and the extent to which it contributes to the achievement of a high level of compliance with rules made under the CFP; calls on the Agency to report to the discharge authority on the outcome of this evaluation;
25. Acknowledges the fact that the Agency developed and implemented a centralised monitoring of all audit recommendations issued by the Court of Auditors, the IAS and its Internal Control Capability, in order to consolidate and monitor them, as well as to improve the follow-up of corresponding action plans;

Performance

26. Notes the adoption of the Agency’s amended founding Regulation in 2016, which extended the mission of the Agency to cooperate with the European Border and Coast Guard Agency (Frontex) and the European Maritime Safety Agency (EMSA) to support national authorities carrying out coastguard functions; observes that those three Agencies have been working together with their three “partner” Commission

Directorates-General ((Maritime Affairs and Fisheries (MARE), Migration and Home Affairs (HOME) and Mobility and Transport (MOVE)) in the preparation and implementation of the pilot project “Creation of a European coastguard function”, established by Parliament in preparation for the implementation of the “border package”;

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27. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2018¹ on the performance, financial management and control of the agencies.

¹ Texts adopted of that date, P8_TA-PROV(2018)0000.