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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European
Aviation Safety Agency for the financial year 2016
(2017/2158(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 Aviation Safety Agency for the financial year 2016 (2017/2158(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety 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 Regulation (EC) No 216/2008 of the European Parliament and of the Council of 20 February 2008 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency, and repealing Council Directive 91/670/EEC, Regulation (EC) No 1592/2002 and Directive 2004/36/EC⁴, and in particular Article 60 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

¹ OJ C 417, 6.12.2017, p. 68.

² OJ C 417, 6.12.2017, p. 68.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 79, 19.3.2008, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

the Committee on Transport and Tourism (A8-0000/2018),

1. Grants the Executive Director of the European Aviation Safety 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 Aviation Safety 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 Aviation Safety 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 Aviation Safety Agency for the financial year 2016 (2017/2158(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety 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 Regulation (EC) No 216/2008 of the European Parliament and of the Council of 20 February 2008 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency, and repealing Council Directive 91/670/EEC, Regulation (EC) No 1592/2002 and Directive 2004/36/EC⁴, and in particular Article 60 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

¹ OJ C 417, 6.12.2017, p. 68.

² OJ C 417, 6.12.2017, p. 68.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 79, 19.3.2008, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

the Committee on Transport and Tourism (A8-0000/2018),

1. Approves the closure of the accounts of the European Aviation Safety Agency for the financial year 2016 / Postpones the closure of the accounts of the European Aviation Safety Agency for the financial year 2016;
2. Instructs its President to forward this decision to the Executive Director of the European Aviation Safety 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 Aviation Safety Agency for the financial year 2016

(2017/2158(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Aviation Safety 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 Transport and Tourism (A8-0000/2018),
- A. whereas in the context of the discharge procedure, the discharge authority stresses the particular importance of further strengthening of the democratic legitimacy of the Union institutions through improving on transparency and accountability, implementing the concept of the 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 Aviation Safety Agency (the "Agency") for the financial year 2016 was EUR 193 398 000, representing an increase of 4,30 % compared with 2015; whereas EUR 36 370 000 of the budget of the Agency derives from the Union budget and EUR 95 926 000 is revenue from fees and charges;
- C. whereas the Court of Auditors (the "Court"), in its report on the Agency's annual accounts for the financial year 2016 (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;

Comments on the legality and regularity of transactions

1. Notes that, according to the Court's report, although in 2016 industry financed activities resulted in a deficit of EUR 7 600 000, budgetary results fluctuate over the years and the Agency has accumulated EUR 52 000 000 surplus from this category of activity; recalls that the Agency's founding Regulation establishes that industry fees levied should be adequate to cover the Agency's cost for the related certification activities and thus does not foresee an accumulated surplus;

Budget and financial management

2. Notes that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 99 %, representing an increase of 1 % compared to 2015; notes, furthermore, that the payments appropriations execution rate was stable at 91 %;

¹ OJ C 333, 09.09.2016, p.16

- Notes that the commitments for other administrative expenditure increased by EUR 2 140 000 in absolute terms to EUR 24 060 000, representing 16,5 % of the overall percentage of the Agency's budget; notes that this increase is largely due to the costs of the Agency's move to its new premises on 6 June 2016;

Commitments and carry-overs

- Notes that the budget implementation rate in relation to the execution of payments against amounts carried over to 2016 was above 96 % (compared to 97 % in 2015), above the Commission target of 95 %;
- Notes that carry-overs are often partly or fully justified by the multiannual nature of the agencies' operational programmes, do not necessarily indicate weaknesses in budget planning and implementation and are not always at odds with the budgetary principle of annuality, in particular if they are planned in advance and communicated to the Court;

Staff policy

- Observes that in 2016 the Agency filled all available posts authorised in its establishment plan, namely 676 AST and AD posts;
- Appreciates a continuous transfer of posts from the Administration categories (Administration and Support, Coordination and Neutral) to Operational, namely 81 %;
- Stresses that the work-life balance should be part of the staff policy of the Agency; stresses that the budget spent for team building and social and sport activities amounts to EUR 176 207,54; notes that the Agency organised 14,5 days of team building events; observes that the average number of sick leave is 8 days per staff;
- Reminds that the Agency already put in place procedures concerning the psychological and sexual harassment; suggests to organise training and information sessions to increase the awareness of the staff; notes that there was no case reported in 2016;
- Appreciates the fact that the Agency did not receive any complaints, law-suits or reported cases linked to hiring or firing of staff in 2016;
- Observes that, in order to cope with the challenges of the aviation industry, the Agency decided to operate a dual career system aiming at maintaining and growing competences required by the European Aviation Safety Strategy; looks forward to the implementation of this new career system over the following years until reaching full maturity; calls on the Agency to report to the discharge authority on the results of this new career system;
- Notes with satisfaction a new initiative launched aiming at recruiting junior talents directly from Universities ("Junior Qualification Programme"); notes that this pilot project aims to bring-in expertise from recent graduates with a high level of academic qualifications, in order to establish a talent pipeline for jobs in the technical domains of the Agency;
- Welcomes the fact that the Agency was gradually changing the recruitment approach

from reactive (identification of needs linked to filling gaps, automatically replacing leavers) to proactive (forward planning, prioritisation and redeployment, and aligning resource needs to overall strategic objectives);

14. Deeply regrets the gender imbalance within the Agency management board members; acknowledges from the Agency that the representatives are nominated directly and independently by the Member States and the industry and are therefore not under the control of the Agency itself; regrets that by reference to the number of all posts occupied on 31 December 2016, gender balance has not been met since the ratio is 34 % female to 66 % male;

Procurement

15. Notes that in 2016 the Agency managed over 40 procurement procedures with the value over EUR 60 000; notes moreover that approximately 400 specific contracts under framework contracts and 150 low value contracts were concluded;
16. Welcomes the corrective measures that have been taken to improve the overall procurement planning in the Agency, such as the signature of Service Level Agreements (SLAs) with operational departments, training of contract managers and awareness to reduce delays as well as unplanned procedures;

Prevention and management of conflict of interest, transparency and democracy

17. Acknowledges that the Agency adopted an anti-fraud strategy in November 2014 to enhance the effective prevention and detection of fraud, as well as to develop counter-procedures; notes that at the end of 2016, all actions foreseen, in particular the delivery of a training course to at least 80 % of the staff, have been completed;
18. Notes that the Agency set up and implemented internal rules on whistleblowing;
19. Notes that in 2016, the Agency has produced a specific code of conduct for external experts supporting the work of the Agency including a policy on conflict of interest and a declaration of acknowledgement of the code;
20. Acknowledges from the Agency that it is currently in the process of reviewing its staff “Policy on impartiality and independence: prevention and mitigation of Conflict of Interest”, in order to further improve the internal process for the completion, review and update of declarations of interest; calls on the Agency to report to the discharge authority on the progress made;
21. Welcomes the fact that the Agency published the declarations of absence of conflicts of interests and the CVs of their respective management board members on its website, taking into account remarks made by the Parliament;

Performance-based budgeting

22. Welcomes the three main achievements identified by the Agency in 2016, namely:
 - the Germanwings action plan was implemented: the Agency proposed measures in the Air Operations and Aircrew Medical domains, as well as a working paper on

- the issue of balancing patient confidentiality and public safety;
- more than 3 000 certificates were issued, including 18 new Type Certificates;
 - a Conflict Zone Alerting System was developed responding to a new area of activity, in close cooperation with the Commission (DG MOVE and DG HOME);

Internal audits

23. Notes that the Commission's Internal Audit Service (IAS) performed two audit engagements in 2016 whereby they assessed the design and the effective and efficient implementation of the management and internal controls systems of the Rulemaking and the European Plan for Aviation Safety (EPAS) activities; notes that during the audit of rulemaking, no findings classified as "critical" or "very important" were raised by the IAS;
24. Notes that the Internal Audit Capability (IAC) performed three audit assurance engagements across the Agency in 2016, including Social Committee accounts, Air Traffic Management/Air Navigation Services (ATM/ANS) & Aerodromes, and Mission Management; points out that the main recommendations resulting from the IAC audit work in 2016 were to be implemented in 2017; calls on the Agency to report to the discharge authority on their implementation;

Internal Control

25. Notes that the internal control standards of the Agency include both the 16 internal control standards of the European Commission and the international quality standards (ISO 9001) resulting in 24 EASA Management Standards; notes that these standards were revised and adopted by the Management Board in 2016 to align them with the latest version of the ISO 9001:2015 standards;
26. Notes that in 2016 the Agency performed an annual assessment of the "EASA management standards", which integrate both the internal control standards and the international standards organisation standards; acknowledges that, as a conclusion of the assessment, the Agency's management system complies with the management standards, thanks to the robust monitoring system which has been established at both management and process level; observes that some potential enhancements were identified regarding the business continuity; acknowledges from the Agency that the business continuity management project is under the second year of development, with all business impact assessments performed and with most of the of the business continuity plans already finished for the identified critical processes;

Other comments

27. Notes with satisfaction that the Agency completed its move to a new, purpose-designed premises during 2016 without any disruption to business;
28. Notes that, according to the Court's report, over the period 2014 to 2016 the Agency spent EUR 9 400 000 (compared to EUR 4 400 000 in 2016) from its accumulated surplus in financing the EUR 12 400 000 refurbishment and removal cost for the

Agency's relocation to a new building; notes that the Commission also contributed EUR 3 000 000 from the Union budget for this purpose; notes moreover that this financing split between industry and Union contributions was in line with the standard cost allocation methodology employed by the Agency and resulted in these works being financed, in large part from industry fees;

29. Acknowledges from the Agency that it intends to amend both its Financial and Fees and charges regulations to better formalise the treatment of an accumulated surplus; calls on the Agency to report to the discharge authority on that revision;
30. Stresses that concerning the seat of the Agency, the headquarters agreement between the Agency and the host Member state has been finalised and came into effect on 17 August 2017;
31. Highlights that, according to the Court's report, 70 % of the Agency's 2016 budget was financed by fees from the aviation industry and 30 % from the Union funds; stresses that a future decrease of the Agency's revenue resulting from the United Kingdom's decision to leave the Union is possible and might have a considerable impact on the Agency business plan;

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32. 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.