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2008 discharge: performance, financial management and control of agencies

European Parliament resolution of 5 May 2010 on the 2008 discharge: performance, financial management and control of EU agencies (2010/2007(INI))

The European Parliament,

- having regard to the report of 15 October 2008 from the Commission to the European Parliament on the follow-up to 2006 discharge decisions (COM(2008)0629) and the accompanying Commission Staff Working Document (SEC(2008)2579),
 - having regard to the Commission Communication of 11 March 2008 entitled 'European agencies – the way forward' (COM(2008)0135),
 - having regard to its resolution of 21 October 2008 on a strategy for the future settlement of the institutional aspects of Regulatory Agencies¹,
 - 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,
 - 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 Regulation (EC, Euratom) No 1605/2002³, and in particular Article 96 thereof,
 - having regard to Special Report No 5/2008 of the European Court of Auditors entitled 'The European Union's agencies: getting results',
 - having regard to its 2009 study on the opportunity and feasibility of establishing common support services for EU agencies,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A7-0074/2010),
- A. whereas this resolution contains, for each body within the meaning of Article 185 of Regulation (EC, Euratom) No 1605/2002, horizontal observations accompanying the discharge decision in accordance with Article 96 of Regulation (EC, Euratom) No 2343/2002 and Article 3 of Annex VI to Parliament's Rules of Procedure,
- B. whereas there has been an unprecedented increase in the number of agencies over recent years, as decided by the EU legislator, and whereas this has enabled some of the Commission's tasks to be outsourced and additional tasks to be given to agencies, at the risk of this appearing in some cases to be tantamount to a dismantlement of the Union's administration that is jeopardising its ability to carry out its duties,
- C. whereas, following the adoption of the above-mentioned Commission communication of 11

¹ OJ C 15 E, 21.1.2010, p. 27.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 357, 31.12.2002, p. 72.

March 2008, Parliament, the Council and the Commission relaunched the project of defining a common framework for the agencies and, in 2009, set up an interinstitutional working group,

- D. whereas the Community contributions to the decentralised agencies - excluding the now closed European Agency for Reconstruction (EAR) - increased between 2000 and 2010 by about 610% from EUR 94 700 000 to EUR 578 874 000, and staff numbers increased by about 271% from 1219 to 4794; notes, however, that the number of decentralised Agencies increased from 11 in 2000 to 29 in 2010 which corresponds to 0,102% of the total EU budget for 2000 and 0,477% for 2010;

I. Common challenges on financial management

Carry-over and cancellation of operational appropriations

1. Notes that the Court of Auditors drew attention to a large volume of carry-overs and cancellations of operational appropriations by several agencies in the financial year 2008; stresses that this situation often points to weaknesses in agencies' resource planning systems; considers accordingly that the agencies concerned should introduce:
 - an effective system for scheduling and monitoring the contractual deadlines laid down,
 - a risk assessment process for their activities so that, subsequently, they can be closely monitored,
 - a system of differentiated appropriations in future budgets for grants so that, in subsequent financial years, cancellations are avoided;
2. Notes, furthermore, that some agencies have difficulties in dealing with large increases in their budgets; wonders, therefore, whether it would not be more responsible for the budgetary authorities, in future, to take greater care to decide on increases in some agencies' budgets in the light of the time needed to carry out the new activities; calls, in this connection, on the agencies that frequently experience such difficulties to provide the budgetary authority with fuller details on the feasibility of future commitments;

Cash holdings

3. Notes that many agencies record permanently high cash holdings; calls on the Commission and the agencies to work on ways of bringing the cash holdings down to an acceptable level; asks the Commission against this background also to examine alternative common plans for efficient management of cash holdings and to draw up proposals with a view to changing the structural framework conditions in order to achieve more efficient management of cash holdings; but notes also that the agencies receive payments after the authorised work has been concluded and paid for (work undertaken by rapporteurs, for example) and therefore some cash holdings are essential in each case;

Weaknesses in procurement procedures

4. Deplores the fact that the Court of Auditors again found deficiencies in procurement procedures conducted by several agencies; expresses concern in particular about the Court of Auditors' finding that in 2008, first, no prior estimate of the market value was made before the procedure was launched and, second, there were recurrent and severe weaknesses in the monitoring of contracts and the programming of procurement operations; stresses that

this situation points to major failings in cooperation between the relevant departments of the agencies concerned;

Human resources

5. Voices concern at the fact that the Court of Auditors again noted shortcomings in the planning and implementation of staff recruitment procedures in some agencies; stresses, in particular, the need to narrow the gap between posts filled and posts on the establishment plan in the agencies; acknowledges the difficulties arising from the implementation of the EU Staff Regulations, especially for decentralised agencies; calls on the agencies also provide better guarantees of transparent, non-discriminatory treatment of external and internal applicants;

Host agreements

6. Notes that many of the host agreements concluded between the agencies and the host countries have shortcomings that detract from the agencies' efficiency (e.g. expensive transport links to some agencies, problems with buildings rented by some agencies, social inclusion of staff); calls accordingly, when the initial decision is taken by the Council on where an agency is to be located, for host countries to supply more detailed host agreements that will better serve the interests of the agency; is also in favour of thought being given to moving agencies in cases where the host agreement is seriously undermining the agency's effectiveness; requests the interinstitutional working group on agencies to tackle the issue and possibly to define common standards for host agreements;

Internal audit

7. Will not accept agencies recruiting interim staff to perform what are deemed to be sensitive financial duties;
8. Calls on the agencies' management boards to take account of and implement the recommendations made by the Commission's Internal Audit Service, with a view to rapidly taking the action required in order to remedy the failings that have been identified;
9. Considers that the audit committee created by the European Food Safety Authority in 2006 plays an important role in assisting the Management Board by ensuring that the work of the Commission's Internal Audit Service and the internal audit capabilities of the Authority is properly carried out and duly taken into consideration by the Management Board and the Executive Director; believes, therefore, that this audit committee within the Authority might serve as an example to other agencies;

II. Agencies' governance

Agencies' rationale

10. Notes that some of the agencies have very similar remits; calls accordingly for the interinstitutional working group on agencies to consider whether some agencies should work closely together or even be merged;
11. Notes, furthermore, that the small agencies (with fewer than 75 staff members, such as the European Police College, the European Network and Information Security Agency, the European Agency for Safety and Health at Work, the European Union Agency for Fundamental Rights and the European GNSS Supervisory Authority) are faced with serious

efficiency problems; calls accordingly on the interinstitutional working group on agencies to look into the feasibility of determining the critical mass of agencies and setting up common services providing, for example, assistance with procurement procedures, human resources procedures and the budgetary process;

Disciplinary procedures

12. Recalls that Parliament, in its 2006 and 2007 discharge resolutions, called on the agencies to consider setting up an inter-agency disciplinary board; notes that this project remains difficult to take forward, owing in particular to problems in finding staff who have the appropriate career grade to be a member of the board; nonetheless calls on the agency responsible for coordinating the network of agencies to establish a network of staff at the grade required to be a member of the disciplinary board;

Agency management boards

13. Notes that most of the agencies subject to the discharge procedure in respect of the 2008 financial year have a representative of each Member State on their management boards; finds, in particular, the small agencies' fixed governance costs to be not insignificant, as is the case with the European Police College, which has a 27-member management board and employs only 24 staff (as at the start of 2008), or the European Agency for Safety and Health at Work, which has an 84-member management board and employs 64 staff (in 2008);
14. Demands that the EU agencies' management boards achieve maximum convergence between the planning of tasks and of resources (both financial and human) through the introduction of activity-based budgeting and management (ABB/ABM), and stresses that the agencies are subject to the principle of sound financial management and budgetary discipline;
15. Calls accordingly on the interinstitutional working group on agencies to consider whether the Commission should have a blocking minority when votes are taken by management boards, with a view to ensuring that the right technical decisions are taken for the agencies;

Agency directors' role

16. Calls on the interinstitutional working group on agencies to look into the qualities and skills which a director requires in order to run an agency effectively and secure access to expert advice on the EU's budget regulations from the moment the agency is set up;

Commission's role

17. Calls on the Commission to step up its efforts to provide all necessary administrative assistance to the relatively small agencies, in particular those that were set up recently;

III. Performance

18. Stresses that the agencies must draw up multiannual work programmes in accordance with the multiannual Union strategy in the sector; considers that SMART objectives and RACER indicators should be laid down in the annual work programmes for performance assessment purposes; stresses that each agency's work programme should also respect the limits of the agency's budget as authorised by the budgetary authority; calls accordingly on the agencies to consider making a Gantt diagram part of the programming for each of their operational

activities, with a view to indicating in concise form the amount of time spent by each staff member on a project and encouraging an approach geared towards achieving results;

19. Considers the European Food Safety Authority's introduction of a risk assessment process to be a positive development, which, starting in 2009, should reinforce and allow close monitoring of the Authority's scientific and administrative activities; calls accordingly on the other agencies to adopt this good practice introduced by that Authority;
20. Considers the use by the European Environment Agency of a performance-driving integrated management control system consisting of interconnected IT-based management applications that enable the Agency's management to monitor project progress and resource use in real time to be good practice; notes that this integrated management control system links the following applications:
 - (i) the financial applications that provide information on the level of use of commitment and payment appropriations;
 - (ii) the career cycle management application which confirms consistency among descriptions of posts, individual performances and the deployment of corrective measures;
 - (iii) the system to record working time;
 - (iv) the steering system for publications, which links each product to an action in the work programme;
21. Considers the development by the European Foundation for the Improvement of Living and Working Conditions of a system to monitor the information which it supplies also to be good practice; stresses, in particular, that this system is employed to assess the use made of the information which the Foundation supplies to targeted bodies and its impact on decision-making by the Union institutions and the social partners;
22. Stresses the importance of including an assessment of agencies' performance in the discharge process which is made available to the competent committee dealing with its respective agencies in Parliament; calls accordingly on the Court of Auditors to look into the matter in its next reports on the agencies;
23. Calls, in this connection, on the agencies to set out, in the tables which they annex to the Court of Auditors' next reports, a comparison of operations carried out during the year for which discharge is to be granted and in the previous financial year, so as to enable the discharge authority to assess more effectively their performance from one year to the next;
24. Calls, furthermore, on each agency to supply the discharge authorities with the 'logic model' to be presented in its performance audit, with a view to identifying and establishing the relationship between the socio-economic requirements that need to be taken into account in connection with its work, its objectives, its achievements and its impact, as the results achieved by the agencies are essential and need to become more visible;

IV. Interinstitutional dialogue on a common framework for agencies

25. Welcomes the establishment of an interinstitutional working group on agencies to look into and, possibly, lay down, common minimum standards for the decentralised agencies;

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26. Instructs its President to forward this resolution to the agencies subject to this discharge procedure, the Council, the Commission and the Court of Auditors.