2011 discharge: European Police Office (EUROPOL)

1. European Parliament decision of 17 April 2013 on discharge in respect of the implementation of the budget of the European Police Office for the financial year 2011 (C7-0268/2012 – 2012/2205(DEC))

The European Parliament,

– having regard to the final annual accounts of the European Police Office for the financial year 2011,

– having regard to the Court of Auditors' report on the annual accounts of the European Police Office for the financial year 2011, together with the Office's replies¹,

– having regard to the Council's recommendation of 12 February 2013 (05753/2013 – C7-0041/2013),

– 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 Council Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol)⁴, and in particular Article 43 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 Civil Liberties, Justice and Home Affairs (A7-0083/2013),

1. Grants the Director of the European Police Office discharge in respect of the implementation of the Office's budget for the financial year 2011;

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 Police Office, 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).
The European Parliament,

- having regard to the final annual accounts of the European Police Office for the financial year 2011,
- having regard to the Court of Auditors' report on the annual accounts of the European Police Office for the financial year 2011, together with the Office's replies\(^1\),
- having regard to the Council's recommendation of 12 February 2013 (05753/2013 – C7-0041/2013),
- 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 Communities\(^2\), and in particular Article 185 thereof,
- having regard to Council Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol)\(^4\), and in particular Article 43 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 Civil Liberties, Justice and Home Affairs (A7-0083/2013),

1. Approves the closure of the accounts of the European Police Office for the financial year 2011;

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2. Instructs its President to forward this Decision to the Director of the European Police Office, 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).
The European Parliament,

– having regard to the final annual accounts of the European Police Office for the financial year 2011,

– having regard to the Court of Auditors' report on the annual accounts of the European Police Office for the financial year 2011, together with the Office's replies\(^1\),

– having regard to the Council's recommendation of 12 February 2013 (05753/2013 – C7-0041/2013),

– 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 Communities\(^2\), and in particular Article 185 thereof,


– having regard to Council Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol)\(^4\), and in particular Article 43 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 Civil Liberties, Justice and Home Affairs (A7-0083/2013),

A. whereas the European Police Office ("the Office"), which is located in The Hague, was established by a Council Decision (Decision 2009/371/JHA),

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\(^4\) OJ L 121, 15.5.2009, p. 37.
B. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2011 are reliable and that the underlying transactions are legal and regular,

C. whereas 2011 was the second year that the Office operated financially as a Union Agency,

D. whereas the Office's overall budget for the year 2011 was EUR 84 771 084,01, compared to EUR 91 830 691,75 in 2010, which represents a decrease of 7,69 %,

E. whereas on 10 May 2012, Parliament granted the Director of the Office discharge for implementation of the Office's budget for the financial year 2010¹, and in its resolution accompanying the discharge decision, inter alia:

- called on the Office to adopt the Implementing Rules to the Staff Regulations (and related internal instruments) and prepare a learning and development framework,

- called on the Office to include in its annual work programme information on the overview of planned procurement activities to serve as a "financing decision", required by the implementing provisions of the Framework Financial Regulation,

- called on the Office to finalise the translation of its organisational mission statement into concise descriptions of roles and objectives for the departments and units,

F. whereas the Office signed a housing agreement with the host Member State in March 2011 and moved to its new headquarters in June 2011,

G. whereas the contribution of the Union to the Office's budget for 2011 was EUR 83 469 000,

H. whereas the balance for the outturn account for the Office in 2011 was positive, totalling EUR 6 938 170,36 (after a deduction of exchange rate differences equal to EUR 10 632,56),

1 Believes that common elements between the Office and the European Police College should be explored further; reiterates its call on the Commission to prepare a comprehensive impact assessment regarding a potential merger of those two Agencies setting out the cost and benefits, considering the complementarities between the Office and the European Police College and the potential synergies, and to evaluate whether the merger could lead to economies of scale and optimisation of the performance in cross-border cooperation in the fight against crime;

**Budgetary and financial management**

2. Notes that in 2011, the Office committed 99,1 %, 75 % and 95,1 % of the appropriations received under Title I (Staff Expenditure), Title II (Administrative Expenditure) and Title III (Operational Expenditure) respectively; observes that in terms of paid appropriations the Office's execution rate stands at 96,8% under Title I, 33,8% under Title II and 47,1% under Title III; takes note of the Office's statement that the costs related to the new headquarters had a substantial impact on the execution rates for Titles II and III which would have reached respectively 53% and 58% without this factor; calls, nevertheless, on the Office to

implement specific measures to improve its budgeting process and execution rate of payments in the case of administrative and operational expenditure;

3. Takes note of the Office's statement that it saved EUR 2.6 million on its allocated 2011 budget by reducing the number of management board meetings and the translation costs while modernising its internal capabilities in order to meet the increase in demand for the Office's services;

4. Acknowledges from the Court of Auditors' report that in 2010, more than EUR 1.6 million had to be cancelled and in 2011, EUR 1.9 million (9% of the appropriations carried over from 2010) were cancelled; notes, moreover, that in 2011, the level of carry-overs of commitment appropriations was also high, with EUR 4.2 million (41%) for Title II (Administrative Expenditure) and EUR 10.6 million (46%) for Title III (Operational Expenditure); requires the Office to inform the discharge authority of the actions taken to address those deficiencies, as the high carry-over and cancellation rates indicate difficulties in the planning and/or implementation of the Office's activities;

5. Takes note from the Court of Auditors' report that the level of payments against commitments was low, with 34% for Title II and 45% for Title III; calls on the Office to inform the discharge authority of the measures it has taken to address that deficiency, as the low level of payments is at odds with the budgetary principle of annuality;

6. Takes note of the report of the Court of Auditors on the annual accounts of the Office's pension fund1 for the financial year 2011 as well as the fund's replies; calls on the Office to inform Parliament about any decision regarding the future of the pension fund;

**Assets**

7. Acknowledges from the Court of Auditors' report that weaknesses were found as regards the physical verification and recording of assets before and after the move to the new headquarters; in addition, is concerned that insurance contracts do not reflect the value of the Office's assets: before the move, net assets were over-insured by about EUR 17 million and at the moment of audit they were under-insured by about EUR 21 million;

**Validation system**

8. Establishes from the Court of Auditors' report that the accounting system has not been fully validated by the Accounting Officer which did not, however, affect the correctness and legality of the accounts; welcomes the audit of the Internal Audit Service (IAS) of the Commission performed in 2011 on planning and budgeting process, which confirmed positive developments in this regard;

**Recruitment procedures**

9. Notes from the Court of Auditors' report that the Office could improve the transparency of recruitment procedures; invites the Office to clarify possible deficiencies in regard to its recruitment procedure; considers that some of the provisions of the Staff Regulations may present a considerable administrative burden;

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1 The Europol Pension Fund's objective is to finance and pay pensions for staff already employed by Europol before it became an EU agency on 1 January 2010.
**Financial regulation**

10. Acknowledges from the Court of Auditors' report that the Office's Financial Regulation refers to detailed rules and procedures laid down in the Office's Implementing Rules even though the rules have not yet been adopted; calls on the Office to inform the discharge authority of the state of play concerning the adoption of its Implementing Rules;

11. Welcomes the IAS Audit Report on Planning and Budgeting in the Office that was established in 2011; notes the recommendation stating that the Office should clarify precedence of deadlines; welcomes that the Office has undertaken steps to address that recommendation;

**Internal audit**

12. Recalls that the IAS performed one audit in 2011 with the objective of assessing the adequacy and effectiveness of the internal system for the Office's planning and budgeting processes; notes, furthermore, that procurement planning was not included in the scope of that audit;

13. Welcomes the IAS' conclusions that the internal control system in place provides reasonable assurances regarding the achievement of the business objectives set out for the planning and budgeting processes;

14. Notes that the following areas were assessed to be of high risk nature by the IAS:
   - business continuity management;
   - management of application requirement, project management framework and stakeholder commitment;
   - personnel competencies;
   - dependence on individuals and knowledge transfer;

calls on the Office to implement all the recommendations of the IAS in order to improve those areas and to inform the discharge authority on the actions taken;

15. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 17 April 2013\(^1\) on the performance, financial management and control of the agencies.

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\(^1\) Texts adopted, P7_TA(2013)0134.