

## **2013 discharge: performance, financial management and control of EU agencies**

### **European Parliament resolution of 29 April 2015 on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2013: performance, financial management and control (2014/2139(DEC))**

*The European Parliament,*

- having regard to its decisions on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2013,
  - having regard to the Commission's report on the follow-up to the discharge for the 2012 financial year (COM(2014)0607), and to the accompanying Commission staff working documents (SWD(2014)0285, SWD(2014)0286),
  - having regard to the Court of Auditors' specific annual reports<sup>1</sup> on the annual accounts of the decentralised agencies for the financial year 2013,
  - 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<sup>2</sup>,
  - 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 1605/2002<sup>3</sup>, and in particular Article 208 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 Regulation applicable to the general budget of the European Communities<sup>4</sup>,
  - 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 Council<sup>5</sup>, and in particular Article 110 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 opinions of the Committee on Employment and Social Affairs and the Committee on Civil Liberties, Justice and Home Affairs (A8-0070/2015),
- A. whereas this resolution contains, for each body within the meaning of Article 208 of Regulation (EU, Euratom) No 966/2012, cross-cutting observations accompanying the

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<sup>1</sup> OJ C 442, 10.12.2014.

<sup>2</sup> OJ L 248, 16.9.2002, p. 1.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 357, 31.12.2002, p. 72.

<sup>5</sup> OJ L 328, 7.12.2013, p. 42.

discharge decisions in accordance with Article 110 of Commission Delegated Regulation (EU) No 1271/2013 and Article 3 of Annex V to Parliament's Rules of Procedure;

- B. whereas there has been a substantial increase in the number of agencies over the last decade, from three in 2000 to 32 in 2013;
1. Reiterates the importance of the tasks performed by agencies and their direct impact on the daily lives of Union citizens, the autonomy of the agencies, in particular of the regulatory agencies and those with the function of independent information collection; reminds that the main reason for establishing agencies was for the purpose of making independent technical or scientific assessments; points out that the role of the decentralised agencies is to help the Commission implement Union policies on behalf of the Union itself; calls on the Commission and the Union Agencies Network (the "Network") to improve their communication policies to ensure agencies communicate effectively with citizens, in order to raise awareness of productivity and achievements;
  2. Acknowledges the role of the agencies in supporting Union policies; calls for the broader use of this expertise and capacity in the relevant stages of the European Semester policy process; emphasises the contribution of the agencies in working towards the targets of the Europe 2020 Strategy;
  3. Acknowledges the high number of agencies which have been set up in the area of freedom, security and justice but reiterates the importance of the missions which they carry out and their direct impact on citizens' everyday lives; stresses that all the new agencies have been set up in response to a specific need; notes that some agencies in the area of freedom, security and justice are operational ones and that the implementation of their budget also depends on external factors;
  4. Considers that the discussion of the draft annual work programmes and the multiannual strategies of the agencies in the committees responsible helps to ensure that the programmes and strategies reflect the actual political priorities;
  5. Notes from the Court of Auditors' summary of the results of its 2013 annual audits of the European Agencies and other bodies (the 'Court's summary') that the agencies' 2013 budget amounted to some EUR 2 billion, representing an increase of 25 % compared to 2012 and about 1,4 % of the Union's general budget; notes that this increase mainly results from the newly established agencies and new responsibilities for some agencies; observes from the Court's summary that the agencies employ around 6 500 permanent and temporary officials representing 14 % of the total number of Union officials authorised under the general Union budget; notes furthermore that around 2 900 contract or seconded staff are working for the agencies;
  6. Reminds that the reputational risk related to the agencies is high for the Union, as they have significant influence on policy and decision making and programme implementation in areas of vital importance to the Union citizens;
  7. Notes that the principle of 'value for money' also holds for agencies and that they should demonstrate that their performance is effective, ensuring that the citizens are well informed of the results of the agencies' activities; requests the Network to keep the discharge authority closely informed of the use and added value of the common set of principles and handbooks on performance measurement systems and frameworks, multi-

annual and annual programming documents, key performance indicators, reporting and evaluating tools;

### ***Common approach and Commission's Roadmap***

8. Recalls that in July 2012, Parliament, the Council and the Commission adopted a Common Approach on decentralised agencies (the "Common Approach"), a political agreement concerning the future management and reform of the agencies; takes note that the Commission is responsible for the follow-up to this agreement;
9. Welcomes the Commission's 'Roadmap on the follow-up to the Common Approach on EU decentralised agencies' (the "Roadmap") set out in December 2012 and invites all involved parties to continue their progress made in implementing the ideas expressed therein; acknowledges that the Commission set out in its Roadmap a detailed plan of how to perform the follow-up to the Common Approach and listed 90 issues for which action was needed from all actors involved;
10. Acknowledges the Commission's progress report on the implementation of the Common Approach, its agenda for 2013 and beyond, as well as the efforts made jointly by the Commission and the decentralised agencies which resulted in demonstrable progress; welcomes in this regard the clarification of the modalities and roles of agencies' internal control functions and internal audit services in the revised Framework Financial Regulation<sup>6</sup> (FFR), as well as the guidelines for agencies' anti-fraud strategies elaborated upon by the European Anti-Fraud Office (OLAF);
11. Acknowledges from the Network that the agencies have advanced well in terms of implementation of the actions foreseen in the Common Approach; acknowledges furthermore that, according to the survey that the Network launched among agencies subject to the Roadmap, the completion rate of the agency-relevant roadmap actions is 96 %;
12. Takes note that the Commission services developed standard provisions which include appropriate legal provisions to reflect the principles agreed upon in the Common Approach, as well as other provisions usually part of the agencies' founding acts; acknowledges that these standard provisions are used as a reference point when new agencies are created or when existing founding acts are revised;
13. Notes that on the basis of the agencies' contribution, the Commission elaborated guidelines with standard provisions for headquarter agreements between decentralised agencies and host Member States; notes with concern that 10 agencies still do not have a headquarter agreement; exhorts these agencies to tackle the issue of headquarter agreements effectively and as a priority in order to increase efficiency and save costs; expresses concern that the lack of headquarter agreements may have serious implications for the staff of the agencies and calls on the Member States to complete the agreements before the start of the next discharge procedure;
14. Considers it necessary to carry out a serious assessment to evaluate the possibility of merging agencies that perform similar tasks, not only to avoid wasting resources but also to create a critical mass that makes the agencies truly effective;

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<sup>6</sup> Commission Delegated Regulation (EU) No 1271/2013.

15. Ascertains that the Commission improved its service to agencies both in the form of general and specific recommendations by using the information and suggestions provided by the Network; notes that in the context of constrained financial and human resources, these improvements have led to the consideration of possible structural measures to rationalise the functioning of the agencies; notes that these measures already produced results such as sharing services between agencies and encourages agencies to continue these efforts;

### ***Budget and financial management***

16. Reminds that the principle of annuality is one of the three basic accounting principles, together with unity and balance, which are indispensable to ensuring the efficient implementation of the Union budget; notes that decentralised agencies sometimes do not fully comply with that principle; calls on the agencies to minimize the errors in that regard;

17. Notes from the Court's summary that a high level of committed appropriations carried over remains the most frequent issue of the budgetary and financial management and that that issue concerned 24 agencies; acknowledges that a high level of carry-overs is at odds with the budgetary principle of annuality;

18. Takes note that in seven cases, the Court of Auditors still noted a high level of cancellations of carry-overs from previous years; observes that such carry-overs indicate that the appropriations carried over were made on the basis of over-estimated needs or were otherwise not justified; calls upon the agencies to do everything in their power, especially to implement better budgetary planning processes, to prevent future carry-overs, in particular concentrating on those agencies, that cancelled carry-overs from previous years;

19. Acknowledges that the Commission has adopted the new FFR on 30 September 2013 with a view to simplifying rules applicable to the agencies;

20. Notes that in order to ensure better consistency and comparability between documents produced by the agencies, the Commission is working together with them on guidelines for the programming document, consisting of an annual and a multiannual component, as well as on a template for consolidated annual activity reports (AARs) adapted to the requirements set by the FFR;

21. Notes that the FFR provides for a consolidated AAR to be sent by 1 July each year to the Commission, the Court of Auditors and the discharge authority which combines information from the AAR, internal and external audit reports as well as financial reports as required by the previous framework financial regulation; notes that the discharge reports remain separate due to their specific nature and addressees of the provisional accounts;

22. Regrets the fact that in the case of the European Institute of Innovation and Technology and Frontex, the Court of Auditors still had to issue qualified opinions on the legality and regularity of the transactions underlying their accounts; is concerned by the still high number (97) of comments by the Court of Auditors affecting 35 agencies; urges the Network to see to it that the agencies concerned take all necessary measures to follow up on the Court's observations;

### *Cooperation among agencies - shared services and synergies*

23. Expresses its doubts about the geographical locations of agencies, many of which are located far away from the other European institutions; is of the opinion that for the protection of the independence of the agencies geographical distance is not necessary, nor is it in itself a safeguard against undesirable interferences from either the Commission or Member States, but in all cases it brings with it additional travel costs, and it makes it more difficult to benefit from synergies, such as more centralised administrative and financial services shared by all or a number of agencies;
24. Notes that all agencies have examined their internal administrative processes in line with the previous recommendations from the discharge authority; notes furthermore that a number of agencies already have a regular process assessment carried out in accordance with ISO Certification (ISO 9001) as well as audits performed by their quality and internal audit departments; acknowledges that some agencies have contracted the assistance of consultants to undertake an evaluation of their internal administrative processes;
25. Welcomes the fact that the FFR provides for the possibility of sharing or transferring services where cost efficiency might be gained; recalls that the agencies already seek synergies, exchange best practices and share services for their efficient operation and in order to make the most of their resources; acknowledges the evolution of the agencies' cooperation amongst themselves which will intensify further in the coming years and enable them to continue to deliver on their objectives; notes that 82 % of the agencies have signed a memorandum of understanding with other agencies; calls on the agencies to continue to expand their already well-established cooperation and shared services; invites the agencies to proactively seek further collaboration amongst each other in order to enhance efficiency and efficacy of their work;
26. Acknowledges from the agencies that an online communication tool was created which serves as a platform for the exchange of information, knowledge and best practices among the agencies and includes a database of shared services in various areas and references to new initiatives; takes note that the cooperation between the agencies continuously increases in their respective specialised areas and that, in the near future, 65 % of the agencies expect to conclude new initiatives and sign new memorandums of understanding with other agencies;

### *Performance*

27. Welcomes that a common set of principles for efficient and effective results oriented management, as well as common guidelines on performance measurement systems, multi-annual and annual programming documents and reporting and evaluation tools have been agreed upon; emphasises that it is important that the Network becomes a member of the new Inter-institutional Working Group on Performance to encourage common understanding of the concept of a good and improved performance; requests that the Court of Auditors provides an evaluation of the agencies' performance and results in time for the review in the 2016 Multiannual Financial Framework;
28. Is of the opinion that the trend to focus reporting more on effectiveness and results achieved is a positive one; asks that the reporting system be further strengthened in this respect to enhance the democratic accountability of the agencies;

### ***Human resources management***

29. Takes note that the Commission adopted in July 2013 a Communication<sup>7</sup> to establish a programming of human and financial resources for decentralised agencies for the 2014-2020 period, with a view to ensuring compatibility of resources with the constraints set in this regard by the multiannual financial framework 2014-2020;
30. Ascertains from the Network that most of the agencies have already implemented, although with great difficulty, the requested staff reduction of 5 % in their respective multiannual staff policy plans ; regrets the fact that the Commission has created an additional redeployment pool of 5 % of the staff , thus effectively imposing additional cuts to the agencies' establishment plans and going beyond the agreed 5 % target;
31. Acknowledges from the Network that some agencies are already facing serious difficulties in fulfilling their mandates with the limited resources at their disposal; notes with concern that it will be difficult for the agencies to provide the same level of quality of work if this process of additional staff reductions continues as the Union is entrusting an increasing number of tasks and responsibilities to them; calls on the Commission to review its plan regarding the additional staff reductions and to adapt it according to the workload and resource demands of each agency;
32. Recalls Parliament's position on the budgetary procedure that staff financed by fees paid by industry, and consequently not financed by the Union budget, should not be affected by the 1 % yearly cut applied by the Union; considers that the Commission should treat agencies financed primarily by the Union budget as a separate case and put forward a specific framework for agencies financed mainly by industry, which should be in proportion to the services provided by the agency concerned;
33. Considers, in overall terms, that improvements need to be made with regard to recruitment procedures, with a focus on their transparency, among other things;
34. Notes that the Network agreed to establish an inter-agency pool of investigators in order to carry out disciplinary investigations; acknowledges that the candidates nominated by the agencies will participate in a specific training action for that purpose that is carried out by the Commission's Investigation and Disciplinary Office;

### ***Cooperation of the Network with Parliament***

35. Is satisfied with the cooperation of the Network with the responsible parliamentary committee and notes the availability and openness of the directors of the agencies contacted by the committee in the framework of the annual discharge procedure; calls on the Network and the individual agencies to further expand their communication and cooperation with Parliament beyond the discharge procedure;

### ***Conflicts of interest and transparency***

36. Observes that, following the Roadmap action, the Commission published the “Guidelines on the prevention and management of conflicts of interest in EU decentralised agencies”(the "Guidelines") in December 2013; notes that those Guidelines include provisions concerning the publication of declarations of interests for management board

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<sup>7</sup> COM(2013)0519.

members, executive directors, experts in scientific committees or other such bodies and staff; notes furthermore that the Guidelines provide a clear reference for the policies adopted by the agencies; takes note that a number of agencies have issued or updated their policies on prevention and management of conflicts of interest in order to reflect the Guidelines;

37. Notes that the Guidelines are not legally binding on the agencies and calls upon the Commission to examine how more binding agreements with the agencies can be concluded to promote transparency and to avoid conflicts of interest;
38. Acknowledges from the agencies that the trust of the Union citizens in the European institutions, agencies and bodies is of the highest importance; notes that the agencies have introduced a number of concrete measures and tools to adequately address the risks of actual and perceived conflicts of interest; notes that 88 % of the agencies have already adopted relevant policies for prevention and management of conflicts of interest, while the remaining 12 % are in the process of doing so; notes that the policies of 81 % of the agencies take into account seconded national experts, and external and interim staff;
39. Notes, however, that a number of agencies still experience difficulties with the implementation of their independence policies, especially with regard to staffing of expert groups and scientific panels and committees; recommends to the agencies to address this issue together with the Commission, taking into account also the recommendations raised by the European Ombudsman's own initiative inquiry (OI/6/2014/NF) opened on 12 May 2014, outlined in the letter to the Commission concerning the composition of the Commission's expert groups;
40. Takes note that 61 % of the agencies have already published the CVs and declarations of interests of their management board members, management staff and external and in-house experts on their website; acknowledges that the remaining agencies have agreed to publish the same information upon adoption of revised policies and expects these agencies to adopt the revised policies and publish this information without unnecessary delay;
41. Notes that seconded national experts, external and interim staff are not specifically mentioned in the guidelines and that especially in the case of so-called independent experts, there is still room for interpretation, for example, in the case of academics who have also undertaken research for individual companies or the business community at large; calls upon the Network to ensure a harmonised approach in this respect, which will also prevent any indirect conflicts of interest;
42. Acknowledges that OLAF elaborated guidelines for agencies' anti-fraud strategies and that it has taken the agencies' contribution into account when doing so; notes that OLAF has provided support to the agencies to facilitate their implementation of those guidelines;
43. Invites the Court of Auditors to follow-up on its Special Report No 15/2012 "Management of conflicts of interest in selected EU Agencies";
44. Encourages the Commission to conduct regular evaluation of transparency and integrity of the agencies and to make the results of such evaluation publicly available;

### ***Visibility***

45. Regrets the lack of visibility and democratic accountability of the agencies, as they are generally not well known with citizens and are vulnerable in respect of external influences from specialist lobbyists, in particular from those representing big business;
46. Acknowledges that in 2014, nearly all agencies have included on their websites the statement that they are agencies of the Union; urges the remaining agencies to add the statement as a matter of urgency and calls on the agencies to ensure that they and their work are associated with the Union;
47. Welcomes the initiative of some of the agencies to introduce public consultations on some of their policies; invites the agencies to continue in this practice;
48. Notes that, in relation to the social accountability, all contracts signed by the agencies for external services bind the contractors to comply with the local labour and tax legislation; acknowledges that the agencies also undertook further actions promoting social accountability, either due to the social profile of their specific missions or in relation to the local communities in which they are based;
49. Notes in particular the following actions:
  - the European Medicines Agency is publishing the overwhelming proportion of its output on its website, in order to improve public information and awareness,
  - the European Centre for the Development of Vocational Training is actively supporting the municipality of Thessaloniki in exploring possibilities to map and match skills at local and regional level as well as redistributing its declassified IT equipment to local schools and charities based on a transparent process of application and allocation,
  - the European Training Foundation’s innovative programme of social media activities during the European Year for Combating Poverty and Social Exclusion in 2010 won international awards and such participative approach was further disseminated across its activities;
50. Notes that only one agency, the Translation Centre for the Bodies of the European Union (CdT), publishes its AAR in all the official languages of the Union, while three agencies translate summaries of their AAR in 23 official languages, with Gaelic being the exception;
51. Takes note that under the lead of CdT, the Network has carried out a survey on the agencies’ approaches to multilingualism; notes that that survey shows a great variation in the current approaches to multilingualism and observes that, as each agency has different target audiences, stakeholder demands as well as varying budgets and scales, there can be no “one size fits all” language policy for all the agencies;
52. Acknowledges nevertheless that all agencies are working towards applying a multilingual practice in their online presence and aim to have at least a section or document on their website that provides basic information about the agency in all the official languages of the Union; points out that although a multilingual approach requires a significant financial commitment, there is a need for the agencies to take immediate actions in this area;

53. Takes note that the results of the agencies' work are made publicly available through the inclusion of their AAR on their websites; notes moreover that parts of the AAR include descriptions that explain in accessible terms how Union funds are used in the agencies' budget; observes that most of the agencies produce reports related to the impact of their specific tasks on Union citizens and which explain why their work is important;
54. Notes that many of the agencies have strengthened their presence online and have put substantial efforts into raising their visibility and welcomes the proactive approach in this regard; further invites the agencies to expand their visibility through other tools such as social networks, open days, presence at fairs and other similar tools in order ensure that the European citizens are well informed in a transparent manner about the agencies' work;

### ***Internal controls***

55. Observes that 10 agencies had in total 17 comments related to internal control issues, which represents progress in comparison with 2012, when 22 agencies had 34 comments regarding the same issues; notes that in four cases those issues related to the implementation of internal control standards which were not adopted at year-end or adopted but only partially implemented, or for which corrective actions were still ongoing; notes that comments regarding fixed assets management and grant management decreased in comparison to 2012;
56. Takes note that the roles of the Commission's Internal Audit Service (IAS) and of the agencies' Internal Audit Capabilities (IACs) have been further clarified by the FFR by setting the premises for enhanced coordination of work, exchange of information and overall synergies between them; notes that the FFR gives the agencies the possibility of sharing their IACs and calls on them to do so, where possible;
57. Invites the Court of Auditors to further focus on auditing the sound financial management of the agencies, namely the economy, efficiency and effectiveness with which the agencies have used their appropriations in carrying out their responsibilities;

### ***Self-financed agencies***

58. Reiterates that the Union bodies to which the financial rules laid down in the FFR do not apply should establish, for the sake of consistency, similar rules, where appropriate.<sup>8</sup>; stresses that current surpluses must be dealt with as soon as possible, and the possibility of re-allocating the money to the Union budget should be explored, refers the issue to the Inter-institutional Working Group on Performance for consideration;

### ***Other comments***

59. Welcomes the efforts made by the agencies to address the issue of cost-effectiveness and environment-friendliness of work environment; encourages the agencies to further pursue cost-effective and environment-friendly solutions with regard to work and building management and to increase the utility of digital solutions such as videoconferences in order to reduce travel and other expenses;

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<sup>8</sup> Currently CPVO (Community Plant Variety Office) at Angers and OHIM (Office for Harmonization in the Internal Market) at Alicante.

60. Instructs its President to forward this resolution to the agencies subject to this discharge procedure, 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).