

2011 discharge: performance, financial management and control of EU agencies

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The Committee on Budgetary Control adopted the report by Gerben-Jan GERBRANDY (ADLE, NL) on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2011: performance, financial management and control.

Although Members stress the importance of the tasks performed by the agencies, they consider that their performance should be improved, by enhanced monitoring. To this effect, they call on all the institutions to cooperate to monitor the regularity and sound financial management of the agencies, at all levels.

They believe that, for the agencies to operate as efficiently as possible and to make the most of their resources, they **must seek synergies, exchange best practices and share services on the basis of geographical proximity or relevance**. They consider that access to services provided by the Commission should also be improved, expanded and facilitated (in particular, IT services).

Members also call for a **simplification of the financial rules applicable to the Agencies** which would allow the agencies' administrative staff costs to be reduced.

Members regret:

- **carryovers** which are not supported by commitments or which appear excessively high,
- lack of transparency or rigour in **recruitments**,
- **procurement and contract management**, and
- **potential conflicts of interest**, including at management board level.

Members emphasise, moreover, that the agencies have for some time been calling for greater flexibility in the rules applicable to them under the Financial Regulation because many of those rules are disproportionate and ill-suited (in particular to the smaller Agencies).

Budget and financial management: Members reiterate that the **principle of annuality** is one of the three basic accounting principles (unity, annuality and balance) indispensable to ensure an efficient implementation of the Union budget. However, they note that decentralised agencies do not always fully comply with this principle.

They return to the **persistent problem of carryovers** and consider that better internal planning and general revenue forecasting would help alleviate this problem. Although sound financial management is central, Members consider that the current financial rules do not resolve the problem of agencies whose funding is based on charges. Reforms are called for in this area.

They also highlight the inconsistencies in the audit and control procedures, which are often very unevenly distributed and may create difficulties for them. Better coordination of the various audits is necessary, therefore.

Human resources and recruitment policy: Members call for greater rigour in the Agencies' human resources policy by means of a global programming approach to human resources which tallies with their budgetary and administrative capacities. They also call for greater flexibility in the way in which staff undertake their tasks.

Conflicts of interest and transparency: Members recall the conclusions of the Court of Auditors' Special Report No 15/2012 on Management of Conflict of Interest in selected EU Agencies: the European Aviation Safety Agency (EASA), European Chemicals Agency (ECHA), European Food Safety Agency (EFSA) and European Medicines Agency (EMA). Members recall that the purpose of the Court of Auditors' audit was to give an answer to two questions: (i) were adequate policies and procedures in place, and (ii) were those policies and procedures adequately implemented. None of the four selected Agencies had adequately managed conflict of interest situations. They therefore call on the Agencies to prepare and implement comprehensive independence policies and procedures by, among other things, establishing a **breach of trust mechanism and clear sanctions** to be deployed in the event of a conflict of interest (or changing those already in place), on the basis of lessons learned and the recommendations of the Special Report. Agencies should deal with this matter before the end of 2013.

Members welcome the European Ombudsman's decision to conduct an own initiative inquiry into cases of 'revolving door-type' conflicts of interest in several cases recently reported at the Commission. They welcome the Commission's foreseen action on conflicts of interest and, in particular, its intention to come up with guidelines for a coherent policy on the prevention and management of conflicts of interest for members of the management boards and directors, experts in scientific committees, and members of boards of appeal. They also await the Commission's defining of transparent and objectively verifiable criteria for the impartiality and independence of those responsible for appointing staff. Members stress, however, that the **proliferation of codes of conduct and ethical guidelines can not themselves rule out conflicts of interest**. Above all, there is a need for a general culture of honesty, integrity and transparency by making available on the Agencies' websites the list of their management boards' members, management staff and external and in-house experts, together with their respective declarations of interests and curriculum vitae, as well as information on their financial interests.

Other matters: Members welcome the **Roadmap** on the follow-up to the Common Approach on EU decentralised agencies ("the Roadmap"), adopted by the Commission in December 2012, and invite all involved parties to take on board the ideas expressed thereon, in particular in the context of the ongoing negotiations on the multiannual financial framework (MFF). They consider, however, that although this Roadmap is a good starting point, a more proactive and forward looking approach is required to improve the Agencies':

- governance, in particular by defining more clearly the roles of the management board and the executive director;
- **independence**;
- transparency and **accountability**.

Members also look at the **possibilities of closer cooperation and of merging certain agencies**: (i) the European Police College and EUROPOL and (ii) the European Training Foundation, CEDEFOP, the European Foundation for Living and Working Conditions and the European Agency for Safety and Health at Work.

They also stress the need to ensure that newly-formed agencies (e.g. the Agency for the Cooperation of Energy Regulators, the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA), all founded in 2011) benefit from best practices of older and more experienced ones and for the latter to exchange their experiences. In passing, they note that the provisions of the Financial Regulation are not completely adapted to the European Supervisory Authorities' financing scheme as 55%-60% of their budget is financed by contributions from Member States and the EFTA countries. In Members' view, it is vital to find appropriate mechanisms to guarantee the security and financial stability of the ESAs, which are exposed to specific risks on account of the mixed nature of their funding.

Members also call for improvements in regard to **gender equality** ensuring that women and men are properly represented on the agencies' governing bodies.

Lastly, Members commend the good cooperation with the responsible committee from the side of the **Union Agencies Network**, a forum for coordination, information exchange and agreement of common positions on issues of common interest for agencies. They encourage the strengthening of the Network and expect it to support the changes requested by Parliament, in its previous discharge reports, for improved management and transparency and for anti-conflict of interest measures, as well as in regard to other issues mentioned in the context of this motion for resolution.