2016 discharge: European Union Agency for Fundamental Rights (FRA)

2017/2149(DEC) - 19/09/2017 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Fundamental Rights Agency (FRA) for the financial year 2016, together with the Agency's reply.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the European Fundamental Rights Agency (**FRA**). In brief, the objective of the Agency is to provide the relevant authorities of the Union and its Member States with assistance and expertise when implementing Union law relating to fundamental rights.

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Agency, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2016;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2016 are legal and regular in all material respects.

The report also makes a series of observations on the budgetary and financial management and the internal controls of the Agency, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- **budgetary management**: the Court stated that carry-overs of committed appropriations were high regarding operating expenditure at EUR 5.2 million, i.e. 68 % (2015: EUR 5.7 million, i.e. 70 %). They mainly reflect the nature of the activities which involve financing studies that span over several months, often beyond year-end. The Agency may consider introducing differentiated budget appropriations to better reflect the multi annual nature of operations and inevitable delays between the signature of contracts, deliveries and payments;
- **internal controls**: the Court stated that formal (sub-)delegations from authorising officers (by delegation) were not always consistent with the authorisation rights for transactions in the ABAC workflow system.

The Agency's replies:

- **budgetary management**: the Agency stated it has already assessed the possibility of using differentiated appropriations and concluded that, since the operational projects do not have a lifespan of more than 2 years, there is very little added value in using them;
- **internal controls**: the FRA replied by stating that in 2015 and 2016, as a result of organisational changes within the Agency, the Authorising Officer sub-delegations were updated. Due to a transcription error, all delegations, both old and current, were considered valid by the ABAC financial system. The error was corrected and measures have been put in place to ensure that ABAC only reflects currently valid delegations.

Lastly, the Court of Auditors' report contains a summary of the **Agency's activities in 2016**:

Budget: EUR 21.6 million (in payment appropriations).

Staff: 105 including officials, temporary and contract staff and seconded national experts.