Discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2016: performance, financial management and control

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The Committee on Budgetary Control adopted the report by Bart STAES (Greens/EFA, BE) on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2016: performance, financial management and control.

Members emphasised that the agencies are highly visible in the Member States and have significant influence on policy and decision making and programme implementation in areas of vital importance to European citizens, such as health, safety, security, freedom and justice, research and industrial development, economic and monetary affairs, employment and social progress.

They expressed concern that in general the **visibility of agencies for European citizens is still limited**, whereas a high level of visibility is required for their accountability and independence.

On a **budgetary level**, Members noted that the agencies' 2016 budget amounted to some EUR 3.4 billion, representing an increase of about 21.42 % compared to 2015 and about 2.4 % (compared to: 2 % in 2015) of the Union's general budget. They pointed out that the increase is mainly related to agencies working on matters related to industry, research and energy (additional EUR 358 million) and civil liberties, justice and home affairs (additional EUR 174 million).

They also noted that of the EUR 3.4 billion budget, some EUR 2.4 billion were financed by the Union general budget, whereas some EUR 1 billion were financed by fees and also by direct contributions from Member States, the European Free Trade Association countries and other sources.

The report called on the Commission to work in close cooperation with the agencies Network and the individual agencies when preparing its proposal for the post-2020 Multiannual Financial Framework and examining alternative sources of financing for the Union's decentralised agencies.

Members noted that the Court issued an **unqualified opinion** on the reliability of the accounts of all agencies. They noted in addition that the Court issued an unqualified opinion on the legality and regularity of the transactions underlying the accounts for all agencies, except for the European Asylum Support Office (EASO).

They called for the discharge procedure to be **streamlined and accelerated** towards n+1 and on the agencies and the Court to follow the good example set by the private sector and proposes to set the deadline for the publication of the agencies' final accounts, annual activity reports and reports on budgetary and financial management on 31 March as well as advance the publication of the Court's annual reports on agencies for 1 July at the very latest.

Common Approach and Commission's roadmap: Members recognised the implementation by the Union agencies of the Common Approach and its roadmap. They welcomed the contribution provided by the Union Agency's Network in coordinating, collecting and consolidating actions and information for the benefit of the Union Institutions, including the Parliament. They noted that its coordination tasks include

the annual discharge and budget procedures, the implementation of the Commission's roadmap stemming from the Common Approach and related policy initiatives, and the review and implementation of Financial and Staff Regulations. The Network provides for concrete added value in the relations between the Union Institutions and the decentralised agencies.

Budget and financial management: the report noted that despite a considerable decrease, a **high level of carry-overs** of committed appropriations remains the most frequent issue in budgetary and financial management, affecting 23 agencies, compared to 32 in 2015. Carry-overs may often be justified and do not necessarily indicate weaknesses in budget planning and implementation.

Members pointed out that the tasks and budgets of the **European Border and Coast Guard (Frontex) and EASO** increased significantly in 2016. These agencies were confronted with administrative and operational challenges and high expectations without much time to adapt their systems and procedures and to hire the necessary staff. They faced problems in absorbing additional Union funds granted during the budgetary year, leading to considerable cancellations and carry-overs as well as difficulties in complying with budgetary and financial rules.

The report noted with concern that public **procurement** still remains an **error-prone** area. Members expressed their dissatisfaction with EASO, the European Monitoring Centre for Drugs and Drugs Addiction (EMCDDA), the European Agency for the operational management of largescale IT Systems in the area of freedom, security and justice (eu-LISA), the European Medicines Agency (EMA) and the Body of European Regulators for Electronic Communications (BEREC), which did not fully comply with the public procurement principles and rules laid down in the Financial Regulation. These agencies should pay particular attention to the Court's comments on public procurement.

Cooperation among agencies and with other institutions – shared services and synergies: Members noted with satisfaction that some agencies already cooperate according to their thematic grouping, such as the justice and home affairs agencies and the European supervisory authorities. Other agencies are urged to cooperate further. They noted that some agencies continue to have **dual headquarters** and multiple operational centres and offices and they called for all dual and multiple seats which do not offer any operational added value to be done away with at the earliest opportunity.

The Joint Procurement Portal - the central register of joint procurement opportunities – was welcomed by Members.

Human resources management: Members welcomed the fact that most agencies have already met or exceeded the 5 % reduction of staff. However, they are concerned that with the additional staff reduction, fulfilment of the agencies' mandates and annual work programmes are proving increasingly difficult to deliver, particularly for the agencies classified by the Commission as "cruising speed agencies". The Commission and the budgetary authority are called on to look into other options in order not to hinder the agencies' ability to fulfil their mandate. Budgetary authorities may authorise additional resources to agencies that are entrusted by the legislators to carry out new tasks.

Conflicts of interest and transparency: Members expressed concern that only 22 agencies (71 %) have adopted internal rules and guidelines on whistleblowing and reporting irregularities. They regretted that internal whistleblowing procedures have not yet been implemented as justice and home affairs agencies were waiting for guidance or input from the Commission.

Other comments: Members noted the agreement reached at the General Affairs Council of 20 November 2017 to move EMA and the European Banking Authority (EBA) from London to Amsterdam and Paris respectively. They are aware of the potential impact of the United Kingdom's departure from the Union on them, in terms of future costs and loss of expertise, causing a risk to business continuity.