Discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2020: performance, financial management and control

2021/2157(DEC) - 04/05/2022 - Text adopted by Parliament, single reading

The European Parliament adopted by 499 votes to 67, with 5 abstentions, a resolution on the discharge for implementation of the budget of the **European Union agencies** for the financial year 2020: performance, financial management and control.

This resolution includes, for the EU agencies, the cross-cutting observations accompanying the discharge decisions.

Members welcomed the agencies' efforts to maintain high standards of work and high quality outputs despite the limitations imposed by the COVID-19 pandemic. They stressed that the pandemic has demonstrated that **agencies play a key role in EU policy**, controlling the number of infections across Member States, authorising vaccines and treatments, issuing guidelines on workplace adaptation and worker protection, publishing recommendations on teleworking, online shopping and e-health services.

Main risks identified by the Court of Auditors

According to the Court's report, the overall risk to the regularity of the agencies' accounts, in line with international accounting standards, is low, as was the case in 2018. The Court reported a low risk to budgetary management, as the Court's audit showed high carry-overs of committed appropriations, which were however justified.

Parliament noted the Court's observation that the agencies faced several challenges related to COVID-19, which had implications for the agencies' procurement procedures, contract management and execution, recruitment procedures, budget implementation and internal controls. It welcomed the Court's specific observations in this respect.

Budgetary and financial management

The cumulative total of the 2020 budgets of the 32 EU decentralised agencies amounted to approximately EUR 3 040 million in commitment appropriations (an increase of approximately 6.55% compared to 2019), and EUR 2 888 million in payment appropriations (an increase of 19.59% compared to 2019). Of the EUR 2 888 million in payment appropriations, some EUR 2 253 million was financed by the general budget of the Union. Around EUR 786 million was financed by fees and charges and direct contributions from participating countries, a decrease of 21% compared to 2019.

Parliament noted with satisfaction that, according to the Court's annual report, **an unqualified audit opinion on the reliability of the accounts was issued for all agencies**. It noted that the Court issued an unqualified opinion on the legality and regularity of the payments underlying the accounts for all agencies except the European Union Agency for the Cooperation of Energy Regulators (ACER), the European Union Agency for the Operational Management of Large-scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA) and the European Union Agency for Cyber Security (ENISA).

Members also noted the Court's observation on excessive levels of carry-over, in particular for ACER, eu-LISA, the Euratom Supply Agency (ESA), the European Union Agency for Fundamental Rights (FRA) and the European Border and Coast Guard Agency (Frontex), and the Court's recommendation that the agencies concerned should further improve their budgetary planning and implementation cycles.

Performance

Parliament welcomed the importance and quality of the work carried out by the agencies working in the field of employment, social affairs and inclusion, namely Cedefop, Eurofound, EU-OSHA, ETF and the European Labour Authority (ELA). In this respect, it recalled the need to provide them with sufficient human and financial resources to continue to implement their work programmes with a very high completion rate.

The Court also concluded that the COVID-19 pandemic has led to significant reprioritisation of resources and planned actions, the most notable examples being in the health policy area (the European Centre for Disease Prevention and Control (ECDC) and the European Medicines Agency (EMA)). Other areas have also been affected (e.g. Frontex).

The seven agencies in the field of health and safety have provided significant added value at European level and played an important role in the EU's response to the COVID-19 pandemic.

In Parliament's view, more attention should be paid to relevance and coherence when setting up future agencies, especially in the context of overlapping areas of competence. In addition, clear rules should be laid down regarding the development and termination of the agencies' tasks. Members also welcomed the extensive cooperation between the agencies in the framework of the EU network of agencies.

Staff policy

In 2020, the 32 decentralised agencies reported employing 9 001 staff compared to 7 880 in 2019, which is a significant increase of 14.23% compared to 2019. The Court observed an increase in shortcomings in human resources management, particularly in recruitment procedures.

Members noted with concern the **gender imbalance** in staff in 2020, with 74.6% men and 25.4% women at senior management level, 52.7% men and 47.3% women in general staff and 63.4% men and 36.6% women on the boards of the agencies. They recalled the agencies' ambition to achieve a strict gender balance at all management levels by the end of 2024.

Parliament deplored the lack of measures to improve the diversity of staff in the different agencies. It called on the EU network of agencies to present plans to achieve this goal. It called for a general approach to prevent the replacement of permanent agency staff with more expensive external consultants. It also expressed concern about the large size of the boards of certain agencies, which makes decision-making difficult and leads to considerable administrative costs.

Public procurement

The observations on public procurement procedures were almost all related to irregular payments. Parliament noted the Court's recommendation that the agencies concerned should further improve their procurement procedures by ensuring full compliance with the applicable rules. It welcomed the Court's observation that the agencies had managed to maintain their procurement function throughout the pandemic without excessive recourse to direct awards without competition.

Prevention and management of conflicts of interest and transparency

Parliament noted that most agencies ask their board members and senior staff to provide declarations of interest, which they publish on their websites. It invited all agencies to participate in the newly established interinstitutional agreement on a mandatory transparency register for interest representatives, signed by the Commission, the Council and Parliament.

Members also cited the study ‘The Management Boards of the Decentralised Agencies’, which recommends the development of a code of conduct for boards setting out specific principles, procedures and mechanisms for dealing with conflicts of interest of members.

Parliament noted that by the end of 2020, all agencies reported having adopted the revised internal control framework (ICF) and having carried out an annual assessment. It noted the Court's recommendation that the agencies' budget implementation should be subject to effective and efficient internal controls, including ex-ante controls to avoid errors and irregularities before transactions are authorised.

Lastly, Members considered that an impact assessment should be carried out for each agency and that a review clause on the interest of the agency should be added systematically. They called on the agencies to continue developing and reviewing indicators to measure their annual performance and the impact of their work on the implementation of EU policies.