Basic information

2007/2049(DEC) DEC - Discharge procedure	Procedure completed
2006 discharge: European Union Agency for Fundamental Rights (formerly European Monitoring Centre for Racism and Xenophobia) **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MARTIN Hans-Peter (NI)	27/03/2007

Committee for opinion	Rapporteur for opinion	Appointed
LIBE Civil Liberties, Justice and Home Affairs	DÜHRKOP DÜHRKOP Bárbara (PSE)	05/11/2007

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2847	2008-02-12

European Commission

Commission DG	Commissioner
Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
30/03/2007	Non-legislative basic document published	SEC(2007)1055	Summary
25/10/2007	Committee referral announced in Parliament		
26/03/2008	Vote in committee		Summary
03/04/2008	Committee report tabled for plenary	A6-0113/2008	
22/04/2008	Decision by Parliament	T6-0148/2008	Summary
22/04/2008	Results of vote in Parliament		

22/04/2008	Debate in Parliament		
22/04/2008	End of procedure in Parliament		
31/03/2009	Final act published in Official Journal		

Technical information

Procedure reference	2007/2049(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/53861

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE396.690	13/02/2008	
Committee opinion	LIBE	PE400.459	27/02/2008	
Amendments tabled in committee		PE402.803	06/03/2008	
Committee report tabled for plenary, single reading		A6-0113/2008	03/04/2008	
Text adopted by Parliament, single reading		T6-0148/2008	22/04/2008	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05843/2008	29/01/2008	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2007)1055	30/03/2007	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N6-0004/2008 OJ C 309 19.12.2007, p. 0001	15/11/2007	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act	
Budget 2009/0209 OJ L 088 31.03.2009, p. 0142	Summary

2006 discharge: European Union Agency for Fundamental Rights (formerly European Monitoring Centre for Racism and Xenophobia)

2007/2049(DEC) - 22/04/2008 - Final act

PURPOSE: to grant discharge to the European Union Agency for Fundamental Rights (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006.

LEGISLATIVE ACT: Decision 2009/209/EC of the European Parliament on the discharge for the implementation of the budget of the European Union Agency for Fundamental Rights (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006.

CONTENT: with the present decision, the European Parliament grants discharge to the Director of the European Union Agency for Fundamental Rights in respect of the implementation of the Agency's budget for the financial year 2006.

This decision is in line with the European Parliament's resolution adopted on 22 April 2008 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 22/04/2008).

2006 discharge: European Union Agency for Fundamental Rights (formerly European Monitoring Centre for Racism and Xenophobia)

2007/2049(DEC) - 30/03/2007 - Non-legislative basic document

PURPOSE: presentation of the final accounts of the European Union Fundamental Rights Agency (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006.

CONTENT: this document sets out a detailed account of the implementation of the 2006 budget, including the revenue and expenditure and the balance sheet for the year concerned. To recall, the European Union Agency for Fundamental Rights (FRA) was established through Council Regulation (EC) No 168/2007. It is based in Vienna and is being built on the European Monitoring Centre on Racism and Xenophobia (EUMC). FRA carries out its tasks independently. It cooperates with national and international bodies and organisations, in particular with the Council of Europe.

According to this document, the final budget amounted to **EUR 9.5 million** (compared to EUR 8.279 million in 2005) representing a 100% Community contribution.

As regards the staffing policy, the Centre, whose head office is based in Vienna (Austria), officially set out 37 posts in its establishment plan. 35 of these are currently occupied + 10 other staff (auxiliary contracts, seconded national experts, local and employment-agency staff) totalling 47 members of staff assigned to administrative, operational and mixed tasks. Staff expenditure amounted roughly to EUR 3.693 million in 2006.

During 2006, the Monitoring Centre's activities concentrated on the following:

Raxen:

- Number of contributions through the 25 national focal points: 375
- Number of meetings: 2

Research reports:

- Number of reports: 9
- Number of meetings: 5
- Annual reports: 2
- EUMC Bulletin: 6
- Equal Voices: 3

Cooperation with the Member States and the other institutions (number of events organised jointly):

- Member States: 15
- Commission: 29
- European Parliament: 7
- Committee of the Regions: 2
- European Economic and Social Committee: 1
- Council of Europe: 10
- OSCE: 4
- United Nations: 1
- Inter-agency: 4
- NRT: 4
- ERT: 1

The complete version of the final accounts may be found at the following address: http://www.fra.europa.eu/fra/index.php

2006 discharge: European Union Agency for Fundamental Rights (formerly European Monitoring Centre for Racism and Xenophobia)

2007/2049(DEC) - 22/04/2008 - Text adopted by Parliament, single reading

The European Parliament adopted, by 606 votes in favour, 58 against and 19 abstentions, a Decision to grant the Director of the European Union Agency for Fundamental Rights (formerly European Monitoring Centre on Racism and Xenophobia) discharge in respect of the implementation of its budget for the financial year 2006. The decision to grant discharge also constitutes closure of the accounts of this EU agency.

At the same time, the Parliament adopted by 599 votes in favour, 63 against and 20 abstentions, a Resolution containing the comments which form part of the decision giving discharge. The report had been tabled for plenary by Hans-Peter **MARTIN** (NI, AT) on behalf of the Committee on Budgetary Control.

As is the case for all EU agencies, Parliament's Resolution is divided into two parts: part one contains general comments on EU agencies, while part two focuses on the specific case of the Agency.

1) General comments on the majority of EU agencies: the Parliament notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled **more than EUR 1 billion** and that the number of agencies is constantly increasing. The number of agencies subject to the discharge procedure evolved from 8 in 2000 to 20 in 2006. It concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies and that, in the future, this type of procedure should be simplified and rationalised for decentralised agencies.

On the basis of the financial analysis, the Parliament is of the following opinion:

- **Fundamental considerations**: given the constantly increasing number of agencies, the Parliament requests that, before the creation of a new agency, the Commission provide clear explanations regarding agency type, objectives of the agency, internal governance structure, products, services, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy. It also requests that each agency be governed by a yearly performance agreement which should contain the main objectives for the coming year and that the performance of the agencies be regularly audited by the Court of Auditors (and extend the financial analysis of expenditure to also cover administrative efficiency and effectiveness). More generally, the Parliament takes the view that, in the case of agencies, which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts in order to reduce the assigned revenue for the agencies and therefore also lower administrative costs of the EU. It recalls that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations etc., and considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions rather than for small agencies. Therefore, it is necessary to seek a rapid solution in order to enhance the effectiveness of the legislation by grouping the administrative functions of various agencies together or by establishing implementing rules which are better adapted to the agencies. The Parliament also insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years and revise the budget requested by the particular agency accordingly. If the Commission does not undertake this revision, the Parliament invites **the competent committee to revise, itself, the budget in question to a realistic level**. At the same time, the Parliament recalls that it expects the Commission to present every five years a study on the added value of every existing agency and to not hesitate to close an agency if it is deemed useless by the analysis. Such an assessment is expected as soon as possible given that this type of assessment has yet to be presented. Furthermore, the Parliament insists that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements.
- **Presentation of reporting data**: noting that there is no standard approach among the agencies with regard to the presentation of information, the Parliament recalls that it already invited the directors of the agencies to accompany their annual activity report with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors General of the Commission. It therefore asks the Commission to amend its standing instructions to the agencies and to produce a harmonised model for presenting information, including: i) an annual report intended for a general readership on the body's operations, work and achievements; ii) financial statements and a report on implementation of the agency’s budget; iii) an activity report of the Directors of the agency (as requested by the Parliament since 2005); iv) a declaration of assurance signed by the body's director.

- **General findings by the Court of Auditors**: the Parliament refers to certain recurring findings by the Court, including the disbursement of subsidies paid by the Commission (not sufficiently justified estimates of the agencies' cash requirements), the non implementation of the ABAC accounting system by some agencies or the accrued charges for untaken leave which are accounted for by some agencies. It calls for rapid measures in these areas as well as improvements to the internal audit procedures of the agencies. The Parliament also calls on the agencies to consider an inter-agency disciplinary board, as some individual agencies have difficulty in setting up their own disciplinary boards due to their size.
- **Draft inter-institutional agreement**: the Parliament recalls the Commission's draft Interinstitutional agreement on the operating framework for the European regulatory agencies (see ACI/2005/2035), which was intended to create a framework for the creation, structure, operation, evaluation and control of the European regulatory agencies and awaits its adoption as soon as possible. It particularly welcomes the Commission's commitment to bring forward a Communication on the future of the regulatory agencies during the course of 2008.

2) Specific points concerning the European Agency for Fundamental Rights (formerly European Monitoring Centre on Racism and Xenophobia): the Parliament notes the Court's observation that the Agency transferred EUR 235 000 from its operational reserve to staff expenditure in order to cover increased costs for temporary staff, without documenting the justification for this transfer. It also notes that the Agency reimbursed a positive balance of EUR 1 170 985 to the Commission in 2006.

On the whole, the Parliament considers that the annual reports and accounts for the Agency's 2006 and 2007 Work Programme contain relatively little information on budgetary execution, financial reporting, risks, evaluation and audit. It, therefore, invites the Agency to improve the quality of its financial reporting and to publish its annual activity report on its website.

Lastly, the Parliament calls upon the Agency to better respect the rules and objectives of the Staff Regulations in its recruitment procedures, while commending the Agency's efforts in financial management.

2006 discharge: European Union Agency for Fundamental Rights (formerly European Monitoring Centre for Racism and Xenophobia)

2007/2049(DEC) - 15/11/2007

PURPOSE: to present the report of the Court of Auditors on the 2006 accounts of the European Union Fundamental Rights Agency (formerly the European Monitoring Centre on Racism and Xenophobia).

CONTENT: the report notes that the appropriations entered in the Agency's budget for the financial year in question, amount to **EUR 9.284 million**, of which EUR 8.686 million was committed and EUR 7.325 million paid. Out of this general amount, EUR 1.52 million was carried over to 2007 and EUR 439 000 was cancelled.

The Court notes that the accounts for the financial year are reliable in all material aspects and that the underlying transactions of the Agency's accounts are, on the whole, legal and regular.

Analysis of the accounts by the Court: the Court notes that the Agency transferred EUR 235 000 from Title III (operational reserve) to Title I (staff expenditure) to cover increased costs for temporary staff. **The justification for this transfer was not documented**, contrary to the rules set out by the Agency's Financial Regulation. In addition, in 2006, the Agency decided to bear in their entirety the costs of providing schooling for its staff's children. Payments were made although the decision had not been adopted by the Management Board and no formal agreements had been signed with suitable local schools (total amount in question: EUR 31 340).

The Court also notes that in May 2006, the Director approved procedures governing the recruitment of staff for the Agency. However, on several points, these procedures were not in line with the rules and objectives of the Staff Regulations, including non respect of the principle of parity in the composition of the selection board, establishment of the reserve list in alphabetical order and no effective possibility to appeal given to rejected candidates during the preliminary evaluation phase.

In one **procurement** procedure for a framework contract (value = EUR 400 000/4 years), the Agency received two tenders. One was rejected by the opening committee on the basis that its reception was late whereas it was not. The contract was awarded to the second tender received, even though it obtained a very low score for the quality evaluation.

The Agency's replies: the Agency considers the criticisms point by point and notes that the amounts transferred were intended as a reserve with a general purpose. It also notes that it will devote particular efforts to provide more complete justification and documentation of transfers made in future. The Agency also indicates that it will proceed with the signature of agreements with suitable local schools and that the decision shall be submitted to the Management Board. It also specifies that it will adopt new implementing rules of the Staff Regulations on recruitment, to take into account the Court' s observations.

Finally, the Court notes that it will take measures to avoid the repetition of the situation described by the Court concerning procurement.

2006 discharge: European Union Agency for Fundamental Rights (formerly European Monitoring Centre for Racism and Xenophobia)

2007/2049(DEC) - 29/01/2008

Based on the observations contained in the revenue and expenditure account and the balance sheet of the European Union Fundamental Rights Agency (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006, as well as on the Court of Auditor's report and the Agency's replies to the Court's observations, the Council recommends that the Parliament grant the Director of the Agency discharge in respect of the implementation of the budget for the 2006 financial year.

In doing so, the Council confirms that EUR 1.36 million (97%) of the appropriations carried over from 2005 to 2006 (EUR 1.41 million) was used, that appropriations carried over from 2006 to 2006 amount to EUR 1.5 million and that EUR 0.4 million was cancelled.

Recalling that the Court of Auditors was able to obtain reasonable assurance that the Agency's annual accounts were, in all material aspects, reliable, the Council believes that there is a certain number of observations that must be taken into consideration when providing the discharge on the implementation of the 2006 budget, particularly regarding the following points:

- **Transfers of appropriations:** the Council notes that a transfer of appropriations from the operational reserve to staff expenditure was not justified or documented, and calls on the Agency to comply in full with the provisions of its Financial Regulation. Furthermore, the Council expresses concern at the reimbursement of the costs for providing schooling to the staff's children, which was granted even though the decision had not been adopted by the Management Board and no formal agreements had been signed with suitable local schools. It therefore invites the Agency to rectify this situation immediately;
- **Recruitment procedure:** the Council notes with concern that the approved procedures governing the recruitment of staff for the Agency are, on several points, not in line with the rules and objectives of the Staff Regulation and encourages it to amend them by taking into consideration the Court's observations;
- **Procurement:** once again, the Council invites the Agency to fully observe the procurement procedure, particularly in terms of the fair and equal handling of tenders.