Basic information

2010/2271(DEC) DEC - Discharge procedure	Procedure completed
2009 discharge: performance, financial management and control of the agencies **Subject** 8.40.08 Agencies and bodies of the EU 8.70.03 Budgetary control and discharge, implementation of the budget 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	STAVRAKAKIS Georgios (S&D)	23/03/2010
	Shadow rapporteur MACOVEI Monica (PPE) GERBRANDY Gerben-Jan (ALDE) STAES Bart (Verts/ALE)	

Committee for opinion	Rapporteur for opinion	Appointed
REGI Regional Development	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
25/11/2010	Committee referral announced in Parliament		
11/04/2011	Vote in committee		Summary
15/04/2011	Committee report tabled for plenary	A7-0149/2011	
10/05/2011	Decision by Parliament	T7-0163/2011	Summary

10/05/2011	Results of vote in Parliament		
10/05/2011	Debate in Parliament		
10/05/2011	End of procedure in Parliament		
27/09/2011	Final act published in Official Journal		

Technical information	
Procedure reference	2010/2271(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/04566

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE456.847	07/02/2011	
Amendments tabled in committee		PE460.807	09/03/2011	
Committee report tabled for plenary, single reading		A7-0149/2011	15/04/2011	
Text adopted by Parliament, single reading		T7-0163/2011	10/05/2011	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

2009 discharge: performance, financial management and control of the agencies

2010/2271(DEC) - 10/05/2011 - Text adopted by Parliament, single reading

The European Parliament adopted by 548 votes to 17, with 16 abstentions, a resolution on the 2009 discharge: performance, financial management and control of EU agencies.

Members review all the common challenges faced by the agencies. Their main recommendations may be summarised as follows:

I. Common challenges on financial management:

- **Carryover and cancellation of operational appropriations:** given the large volume of carryovers and cancellations of operational appropriations, Parliament calls on the agencies concerned to step up their efforts to improve financial and budgetary planning and programming. It calls, in particular, for greater predictability of expenditure and a solution that respects the annuality principle. **It points out that the high level of carryovers and cancellations is often indicative of the inability of an agency to manage a large increase in its budget.** It inquires whether it

would not be more responsible for budgetary authorities, in future, to take greater care in deciding on increases in an agency's budget in the light of the time needed to carry out the new activities. It also urges the agencies to enhance their annual forecast of cash needs.

- **Weaknesses in procurement procedures:** once again, Parliament notes that several agencies had deficiencies in procurement procedures. It invites the agencies to apply a series of technical measures to improve contracts and procurement procedures. All of the agencies are called upon to publish on their websites **a list of all the contracts awarded over the last three years at least**.
- **Grant management**: Parliament considers it important that the agencies improve their grant management by: carrying out on-the-spot controls on the grant beneficiaries, promoting standard unit costs per categories instead of grants based on reimbursements of eligible costs.

II. Common challenges on human resources: a large number of weaknesses were observed in recruitment procedures. As these weaknesses risk limiting the agencies' capacity to counter possible allegations of arbitrary decisions on staff recruitment, Parliament calls for the procedures to be improved as follows:

- **Recruitment procedures**: i) the establishment of a system to cross-check between the agencies for instances of misconduct or mismanagement by an individual at an earlier agency-employer; ii) as in the case of FRONTEX, the adoption of implementing rules and internal guidelines for the members of its selection committees.
- **Execution of recruitment plans:** the introduction of **clearer forecasting in regard to recruitment**. Parliament also encourages the agencies to provide, in their work programme and Annual Activity Reports, additional information on the allocation and use of their human resources, including their actual staffing needs. It notes that, each year, employees, including directors, rotate between the agencies and calls on the Commission to provide Parliament with an overview of all staff members who changed working places from one agency to another since 2008.
- **Interim staff:** the agencies are called upon to ensure that sensitive tasks are not assigned to interim staff, which presents a risk.
- **Conflicts of interest**: Parliament reminds the agencies of the importance of fully guaranteeing the independence of their staff and experts. It points out that an agency's reputation could be affected in cases where it is challenged on the ground of conflicts of interest and invite the Commission to provide Parliament with a detailed overview of the criteria applied in order to ensure the independence of recruited staff, in particular with respect to possible conflicts of interest. A comprehensive analysis of the agencies' approach to the management of situations where there are potential conflicts of interest is also called for.

III. Common challenges on the internal control system: Parliament encourages the agencies to further improve their internal control system by means of:

- **Summaries of the internal audit reports:** it urges the Directors of each agency to fully fulfil their obligation to include in their reports to the discharge authority details of the general content of the reports of the Internal Audit Service (IAS) Reports and calls for the introduction of a harmonised structure for addressing these summaries, following FRONTEX's example.
- **Role of the IAS:** Parliament calls on all the agencies to take into account the recommendations made by the IAS, with a view to rapidly remedying the identified failings. It also stresses the IAS's important role in carrying out audits on the agencies' performance.

IV. Statement of Assurance and Annual Activity Report: in this regard, Parliament calls for:

- the publication of the agencies' Directors' statements of assurance on their respective websites;
- the standardisation of the structure of the agencies' Annual Activity Reports in accordance with the format used by the Commission's Directorates-General (DGs) by including the activities accomplished, the management challenges, the internal audit findings and the human resources improvements concerning the financial year in question.

It also encourages the Court of Auditors to include a global evaluation of each Annual Activity Report in its specific Annual Reports on the agencies.

V. Agencies' governance: as regards governance, Parliament suggests the following:

- **The agencies' management boards**: given the large size of certain agencies' Governing Boards and the high turnover of their members, Parliament calls on the Interinstitutional Working Group on Agencies to propose that consideration be given to the possibility of merging Governing Boards for agencies working in related fields;
- **Commission's role:** Parliament considers that the role of the Commission could be strengthened in certain agencies at administrative level. About 30% of the agencies' resources are used for administration. In this context, the Commission could increase its efforts to provide all necessary administrative assistance to the relatively small agencies, in particular those most recently established;
- **Disciplinary procedures:** once again, Parliament calls on the agencies to consider setting up an inter-agency disciplinary board.

VI. Performance: Parliament considers Eurojust's initiative to include Key Performance Indicators (KPIs) in its 2010 plans as a best practice for the other agencies. It calls on the agencies to effectively link KPIs to their objectives, budget and annual work programme. Further recommendations are proposed as regards: i) the establishment of a multiannual work programme; ii) a comparison between the achievements of each agency from one year to the next in order to better evaluate their results. Parliament invites the agencies to enhance their customer focus and feedback procedures and to make full use of the results of their evaluations in this regard. It considers it very important that agencies further develop their performance monitoring system and ensure that the results of their performance are monitored using KPIs.

VII. Reflection on the agencies: a common approach: Parliament asks the interinstitutional working group on the agencies to come up with an analysis and general advice regarding the effectiveness of the current agencies, and to propose plans for comprehensive efficiency improvements with regard to the type and the number of agencies. It recalls that the Interinstitutional Working Group on Agencies' Common Statement, issued in March 2009, launched **a dialogue on Regulatory Agencies** with a view to assessing the existing situation, specifically the coherence, effectiveness, accountability and transparency of these Agencies. Parliament had raised the issue last year of whether some agencies should work closely together or even be merged and pointed out that the small agencies are faced with serious efficiency problems. In any event, Parliament calls for a moratorium on the creation of any further agencies, at least until these questions are satisfactorily resolved. It reiterates the importance of considering a merger of some agencies so that they are able to share overhead and other costs and ask that consideration be given to **grouping together some of the smaller agencies, which may not be suitable for outright merger, in the same city and indeed possibly the same building**. The Commission is asked to carry out

an evaluation of all the Union agencies aimed at detecting occurrences of overlapping activities and to provide Parliament with a report on the issue by the 31 December 2011.

VIII. General considerations on the increased establishment of joint undertakings (JUs): lastly, Parliament draws attention to a record increase of JUs over the recent years. In view of the size of their budget and complexity of their tasks, the JUs should set up an audit committee, reporting directly to their Administrative Board.