Basic information

2017/2179(DEC) DEC - Discharge procedure	Procedure completed
Discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2016: performance, financial management and control **Subject** 8.70.03.06 2016 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	STAES Bart (Verts/ALE)	14/09/2017
	Shadow rapporteur SARVAMAA Petri (PPE) LIBERADZKI Bogusław (S&D) ALI Nedzhmi (ALDE) DE JONG Dennis (GUE/NGL) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
DEVE Development	The committee decided not to give an opinion.	
INTA International Trade	The committee decided not to give an opinion.	
BUDG Budgets	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	

EMPL Employment and Social Affairs	ROLIN Claude (PPE)	03/10/2017
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN Transport and Tourism	The committee decided not to give an opinion.	
REGI Regional Development	The committee decided not to give an opinion.	
AGRI Agriculture and Rural Development	The committee decided not to give an opinion.	
PECH Fisheries	The committee decided not to give an opinion.	
CULT Culture and Education	The committee decided not to give an opinion.	
JURI Legal Affairs	The committee decided not to give an opinion.	
LIBE Civil Liberties, Justice and Home Affairs	CHRYSOGONOS Kostas (GUE/NGL)	19/10/2017
AFCO Constitutional Affairs	The committee decided not to give an opinion.	
FEMM Women's Rights and Gender Equality	The committee decided not to give an opinion.	
PETI Petitions	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
26/06/2017	Non-legislative basic document published	COM(2017)0365	Summary
13/09/2017	Committee referral announced in Parliament		
20/03/2018	Vote in committee		
27/03/2018	Committee report tabled for plenary	A8-0115/2018	Summary
18/04/2018	Decision by Parliament	T8-0133/2018	Summary
18/04/2018	Results of vote in Parliament		
18/04/2018	Debate in Parliament		
18/04/2018	End of procedure in Parliament		

Technical information

Procedure reference	2017/2179(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/10841

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	EMPL	PE612.093	24/01/2018	
Committee draft report		PE613.478	30/01/2018	
Committee opinion	LIBE	PE615.188	07/02/2018	
Amendments tabled in committee		PE618.273	02/03/2018	
Committee report tabled for plenary, single reading		A8-0115/2018	27/03/2018	Summary
Text adopted by Parliament, single reading		T8-0133/2018	18/04/2018	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2017)0365	26/06/2017	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

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

2017/2179(DEC) - 26/06/2017 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 discharge procedure: **performance, financial management and control**.

Legal reminder: the consolidated annual accounts of the European Union for the year 2016 have been prepared on the basis of the information presented by the institutions and bodies under Article 148(2) of the Financial Regulation applicable to the general budget of the European Union.

The document focuses on the performance, financial management and control of the EU's accounts in general.

Performance: implementing robust performance frameworks is essential for ensuring a strong focus on results, EU added value and sound management of EU programmes. The Commission is committed to ensuring that the EU budget achieves better outcomes for citizens and that supports the political priorities. To ensure resources are allocated to priorities and that every action brings high performance and added value, the Commission implements its EU Budget Focused on Results initiative. Building on the 2014–2020 performance framework, **it promotes a better balance between compliance and performance**.

The 2014-2020 performance frameworks have been included as a new compulsory element and as a key pillar of the increased result orientation of this programming period. It foresees the establishment of clear and measureable objectives, indicators and targets as well as monitoring, reporting and evaluation arrangements.

Financial management: the main element of EU financial reporting is the Integrated Financial Reporting Package (IFRP) of the EU which comprises the consolidated annual accounts of the EU and other reports accompanying the accounts, i.e. the Annual Management and Performance Report for the budget and the report on the follow-up to the discharge. The Annual Management and Performance Report for the EU budget provides a comprehensive overview on the performance, management and protection of the EU budget. It explains how the EU budget supports the European Union's political priorities, the results achieved with the EU budget, and the role the Commission plays in ensuring and promoting the highest standards of budgetary and financial management.

The IFRP provides the public with a comprehensive view of the financial and operational situation of the EU each year.

The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from both an accrual accounting and budgetary perspective. These accounts do not comprise the annual accounts of Member States.

The consolidated annual accounts of the EU consist of two separate but linked parts:

- the consolidated financial statements; and
- the reports on implementation of the budget, which provide an aggregated record of budget implementation.

Controls: the European Court of Auditors (the Court) is the external auditor of the EU institutions (and bodies). The Court's mission is to contribute to improving EU financial management, promote accountability and transparency, and act as the independent guardian of the financial interests of the citizens of the EU. The Court's role as the **EU's independent external auditor** is to check that EU funds are correctly accounted for, are raised and spent in accordance with the relevant rules and regulations and have achieved value for money.

The EU's annual accounts and its resource management are audited by the Court, which, as part of its activities, draws up for the EP and the Council:

- an annual report on the activities financed from the general budget, detailing its observations on the annual accounts and underlying transactions;
- an opinion, based on its audits and given in the annual report in the form of a statement of assurance;
- the reliability of the accounts and the legality and regularity of the underlying transactions;
- special reports covering specific areas.

Discharge: the **final step of a budget lifecycle** is the discharge of the budget for a given financial year. A discharge is given to the Commission and all other EU institutions and bodies. The discharge represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "**releases**" the Commission (and other EU bodies) from its responsibility for

management of a given budget by marking the end of that budget's existence. The European Parliament is the discharge authority within the EU. This means that following the audit and finalisation of the annual accounts it falls to the Council to recommend and then to the European Parliament to give a discharge to the Commission and other EU bodies for implementing the EU budget for a given financial year. This decision is based on an examination of the annual accounts, the Commission's annual management and performance report for the budget, the annual report, the audit opinion and special reports of the Court, and replies of the Commission to questions and further information requests.

This discharge procedure may produce three outcomes:

- the granting,
- postponement,
- or the refusal of the discharge.

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

2017/2179(DEC) - 27/03/2018 - Committee report tabled for plenary, single reading

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.

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

2017/2179(DEC) - 18/04/2018 - Text adopted by Parliament, single reading

The European Parliament adopted by 558 votes to 129, with 7 abstentions, a resolution concerning the discharge in relation to the implementation of the budget of the European Union agencies for the financial year 2016: performance, financial management and control.

Members recalled the importance of the agencies' tasks and their direct impact on the everyday lives of European citizens — health, safety, security, freedom and justice, research and industrial development, economic and monetary affairs, employment and social progress. However, they expressed their 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. This 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);
- of the EUR 3.4 billion budget, **some EUR 2.4 billion were financed by the Union general budget**, some EUR 1 billion by fees and also by direct contributions from Member States, the European Free Trade Association countries and other sources.

Parliament 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.

Parliament noted that the Court issued an **unqualified opinion** on the reliability of the accounts of all agencies. It 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). Parliament called for the **discharge procedure to be streamlined and sped up**, proposing bringing forward the publication of the Court's annual reports on agencies for 1 July at the very latest, to permit the discharge procedure to be closed within the year following the accounting year in question

Common approach and Commission 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. Believing that the **network** provides for concrete added value in the relations between the Union Institutions and the decentralised agencies, Parliament suggested that it would be a benefit to support the management of the Network´s Shared Support Office in Brussels;

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 the European Asylum Support Office (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.

Parliament 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 large-scale 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: Parliament 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. It urged other agencies to cooperate further.

It noted that some agencies continue to have **dual headquarters and multiple operational centres** and offices and it called for all dual and multiple seats which do not offer any operational added value to be done away with at the earliest opportunity. Parliament welcomed the results achieved in the field of savings and improved efficiency due to **the use of the joint services** through five large interagency joint procurements.

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.

Parliament was also concerned about the fact that the **very low correction coefficient** applied in certain countries hinders the recruitment of qualified personnel at certain levels. It called on the Commission to work on the revision of the formula used to calculate the correction coefficient in order to find a more effective balance between a tempting salary and a low cost of living.

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.