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From: Budget Committee

To: Permanent Representatives Committee/Council

Subject: Council recommendations on the discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2016

– *Adoption*

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COUNCIL RECOMMENDATION
of
on the discharge to be given to the Director
of the Education, Audiovisual and Culture Executive Agency
in respect of the implementation of the budget
of the Education, Audiovisual and Culture Executive Agency
for the financial year 2016

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Commission Implementing Decision 2013/776/EU of 18 December 2013 establishing the "Education, Audiovisual and Culture Executive Agency" and repealing Decision 2009/336/EC¹,

Having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,

Having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular Article 66, first paragraph, thereof,

¹ OJ L 343, 19.12.2013, p. 46.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the Education, Audiovisual and Culture Executive Agency, hereinafter referred to as the "Executive Agency", as well as the Court of Auditors' report on the annual accounts of the Executive Agency for the financial year 2016, accompanied by the Executive Agency's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2016 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Executive Agency is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Director of the Executive Agency in respect of the implementation of the budget for the financial year 2016.

Done at Brussels,

For the Council

The President

¹ OJ C 417, 6.12.2017, p. 63.

**COMMENTS ACCOMPANYING THE COUNCIL RECOMMENDATION ON THE
DISCHARGE TO BE GIVEN TO THE EDUCATION, AUDIOVISUAL AND CULTURE
EXECUTIVE AGENCY**

The Council welcomes the Court's opinion that, in all material respects, the Executive Agency's annual accounts present fairly its financial position as at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Executive Agency's Financial Regulation, and that the underlying transactions for 2016 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council regrets the weaknesses found by the Court in the Executive Agency's safeguarding of assets.

The Council regrets that, again, a high level of commitment appropriations was carried over to 2017. It calls on the Executive Agency to continue improving its financial programming and monitoring of the budget implementation, in order to reduce the level of commitments carried over to the following financial year to the minimum strictly necessary, in line with the budgetary principle of annuality.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Director
of the Executive Agency for Small and Medium-sized Enterprises
in respect of the implementation of the budget
of the Executive Agency for Small and Medium-sized Enterprises
for the financial year 2016

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the "Executive Agency for Small and Medium-sized Enterprises" and repealing Decisions 2004/20/EC and 2007/372/EC¹,

Having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,

Having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular Article 66, first paragraph, thereof,

¹ OJ L 341, 18.12.2013, p. 73.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the Executive Agency for Small and Medium-sized Enterprises, hereinafter referred to as the "Executive Agency", as well as the Court of Auditors' report on the annual accounts of the Executive Agency for the financial year 2016, accompanied by the Executive Agency's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2016 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Executive Agency is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Director of the Executive Agency in respect of the implementation of the budget for the financial year 2016.

Done at Brussels,

For the Council

The President

¹ OJ C 417, 6.12.2017, p. 74.

**COMMENTS ACCOMPANYING THE COUNCIL RECOMMENDATION ON THE
DISCHARGE TO BE GIVEN TO THE EXECUTIVE AGENCY FOR SMALL AND
MEDIUM-SIZED ENTERPRISES**

The Council welcomes the Court's opinion that, in all material respects, the Executive Agency's annual accounts present fairly its financial position as at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Executive Agency's Financial Regulation, and that the underlying transactions for 2016 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council invites the Executive Agency to consider introducing differentiated budget appropriations to reflect the multiannual nature of operations and its implementation delays. The Council regrets that, again, a high level of commitment appropriations was carried over to 2017, especially for administrative expenditure.

It calls on the Executive Agency to continue improving its financial programming and monitoring of the budget implementation, in order to reduce the level of cancellation carry-overs and to avoid an overestimation of budgetary needs.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Director
of the Consumers, Health, Agriculture and Food Executive Agency
in respect of the implementation of the budget
of the Consumers, Health, Agriculture and Food Executive Agency
for the financial year 2016

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Commission Implementing Decision 2013/770/EU of 17 December 2013 establishing the Consumers, Health and Food Executive Agency and repealing Decision 2004/858/EC¹,

Having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,

Having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular Article 66, first paragraph, thereof,

¹ OJ L 341, 18.12.2013, p. 69.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the Consumers, Health and Food Executive Agency, hereinafter referred to as the "Executive Agency", as well as the Court of Auditors' report on the annual accounts of the Executive Agency for the financial year 2016, accompanied by the Executive Agency's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2016 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Executive Agency is such as to allow discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Director of the Executive Agency in respect of the implementation of the budget for the financial year 2016.

Done at Brussels,

For the Council

The President

¹ OJ C 417, 6.12.2017, p. 52.

**COMMENTS ACCOMPANYING THE COUNCIL RECOMMENDATION ON THE
DISCHARGE TO BE GIVEN TO THE CONSUMERS, HEALTH AND FOOD EXECUTIVE
AGENCY**

The Council welcomes the Court's opinion that, in all material respects, the Executive Agency's annual accounts present fairly its financial position as at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Executive Agency's Financial Regulation, and that the underlying transactions for 2016 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council regrets that, again, a high level of commitment appropriations was carried over to 2017. The Council calls on the Executive Agency to continue improving its financial programming and monitoring of the budget implementation, in order to reduce the level of commitments carried over to the following financial year to the minimum strictly necessary, in line with the budgetary principle of annuality.

The Council regrets the Court's finding indicating weak planning needs, leading to the cancellation of appropriations.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Director
of the Innovation and Networks Executive Agency
in respect of the implementation of the budget
of the Innovation and Networks Executive Agency
for the financial year 2016

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency and repealing Decision 2007/60/EC as amended by Decision 2008/593/EC¹,

Having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,

Having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular Article 66, first paragraph, thereof,

¹ OJ L 352, 24.12.2013, p. 65.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the Innovation and Networks Executive Agency, hereinafter referred to as the "Executive Agency", as well as the Court of Auditors' report on the annual accounts of the Executive Agency for the financial year 2016, accompanied by the Executive Agency's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2016 call for a certain comments by the Council, which is annexed to this recommendation; whereas the Council stresses the importance it attaches to this comment being followed up,

Whereas, following the above examination, the implementation of the budget of the Executive Agency is such as to allow discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Director of the Executive Agency in respect of the implementation of the budget for the financial year 2016.

Done at Brussels,

For the Council

The President

¹ OJ C 417, 6.12.2017, p. 247.

**COMMENT ACCOMPANYING THE COUNCIL RECOMMENDATION ON THE
DISCHARGE TO BE GIVEN TO THE INNOVATION AND NETWORKS EXECUTIVE
AGENCY**

The Council welcomes the Court's opinion that, in all material respects, the Executive Agency's annual accounts present fairly its financial position as at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Executive Agency's Financial Regulation, and that the underlying transactions for 2016 are legal and regular in all material respects. Nevertheless, one observation needs to be made.

While acknowledging the multiannual nature of the Executive Agency's contracts especially in the field of IT and audit, the Council regrets that, again, a high level of commitment appropriations was carried over to 2017. It calls on the Executive Agency to continue improving its financial programming and monitoring of the budget implementation, in order to reduce the level of commitments carried over to the following financial year to the minimum strictly necessary, in line with the budgetary principle of annuality.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Director
of the Research Executive Agency
in respect of the implementation of the budget
of the Research Executive Agency
for the financial year 2016

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Commission Implementing Decision 2013/778/EU of 13 December 2013 establishing the Research Executive Agency and repealing Decision 2008/46/EC¹,

Having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,

Having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular Article 66, first paragraph, thereof,

¹ OJ L 346, 20.12.2013, p. 54.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the Research Executive Agency, hereinafter referred to as the "Executive Agency", as well as the Court of Auditors' report on the annual accounts of the Executive Agency for the financial year 2016, accompanied by the Executive Agency's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2016 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Executive Agency is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Director of the Executive Agency in respect of the implementation of the budget for the financial year 2016.

Done at Brussels,

For the Council

The President

¹ OJ C 417, 6.12.2017, p. 252.

**COMMENTS ACCOMPANYING THE COUNCIL RECOMMENDATION ON THE
DISCHARGE TO BE GIVEN TO THE RESEARCH EXECUTIVE AGENCY**

The Council welcomes the Court's opinion that, in all material respects, the Executive Agency's annual accounts present fairly its financial position as at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Executive Agency's Financial Regulation, and that the underlying transactions for 2016 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council recognises the Executive Agency's plan allowing to take corrective action in the HR management process which was initiated after an audit of the Commission's Internal Audit Service (IAS) and encourages the Executive Agency to pursue it.

Moreover, the Council emphasises the necessity to continue the Executive Agency's corrective action, resulting from its internal control system, for the management of grants within the Horizon 2020 programme.

The Council invites the Executive Agency and the Commission to improve their internal dialogue and cooperation, and their external communication, as well as specific issues in the area of IT and HR management.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Director
of the European Research Council Executive Agency
in respect of the implementation of the budget
of the European Research Council Executive Agency
for the financial year 2016

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Commission Implementing Decision 2013/779/EU of 17 December 2013 establishing the European Research Council Executive Agency and repealing Decision 2008/37/EC¹,

Having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,

Having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular Article 66, first paragraph, thereof,

¹ OJ L 346, 20.12.2013, p. 58.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the European Research Council Executive Agency, hereinafter referred to as the "Executive Agency", as well as the Court of Auditors' report on the annual accounts of the Executive Agency for the financial year 2016, accompanied by the Executive Agency's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2016 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Executive Agency is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Director of the Executive Agency in respect of the implementation of the budget for the financial year 2016.

Done at Brussels,

For the Council

The President

¹ OJ C 417, 6.12.2017, p. 171.

**COMMENTS ACCOMPANYING THE COUNCIL RECOMMENDATION ON THE
DISCHARGE TO BE GIVEN TO THE EUROPEAN RESEARCH COUNCIL EXECUTIVE
AGENCY**

The Council welcomes the Court's opinion that, in all material respects, the Executive Agency's annual accounts present fairly its financial position as at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Executive Agency's Financial Regulation, and that the underlying transactions for 2016 are legal and regular in all material respects. Nevertheless, some observations need to be made.

As regards the procurement and recruitment committees, the Council regrets that several weaknesses in their reports were identified by the Court. It calls on the Executive Agency to improve the reports in order to maximise the transparency of these procedures. The Council is satisfied that the agency has taken a number of strategic and operational measures to enhance the process for the recruitment and the allocation retention of its staff. The Council encourages the Executive Agency to further implement the action plan agreed in collaboration with the Commission's Internal Service (IAS).

Finally, the Council regrets that a high level of commitment appropriations was carried over to 2017. It calls on the Executive Agency to continue improving its financial programming and monitoring in relation to external audits and communication, in order to reduce the level of commitments carried over to the following financial year to the minimum strictly necessary, in line with the budgetary principle of annuality.