RESOLUTION (EU) 2020/1888 OF THE EUROPEAN PARLIAMENT

of 14 May 2020

with observations forming an integral part of the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2018, Section V — Court of Auditors

THE EUROPEAN PARLIAMENT,

— having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2018, Section V — Court of Auditors,

— having regard to Rule 100 of and Annex V to its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A9-0031/2020),

A. whereas in the context of the discharge procedure, the discharge authority wishes to stress the particular importance of further strengthening the democratic legitimacy of the Union institutions by improving transparency and accountability, and implementing the concept of performance-based budgeting and good governance of human resources;

1. Notes that the annual accounts of the Court of Auditors (the 'Court') are audited by an external firm, PricewaterhouseCoopers Sàrl, in order to apply the same principles of transparency and accountability which the Court applies to its auditees; notes with satisfaction that the external auditor's report states that the financial statements give a true and fair view of the Court's financial position on 31 December 2018, and of the results of its operations, its cash flows and the changes in net assets for the year then ended;

2. Emphasises the fact that in 2018, the Court's final appropriations amounted to a total of EUR 146 469 000 (compared to EUR 141 240 000 in 2017), which represents an overall increase of 3,70 % compared to 2017 (the rise in price levels is estimated at 1,9 % for Luxembourg); notes that 96,21 % of all appropriations were committed by the end of 2018 (compared to 97,73 % in 2017 and 99 % in 2016) and that 94,73 % of all appropriations were paid in 2018 (compared to 94,27 % in 2017 and 93,29 % in 2016);

3. Stresses that the Court's budget is entirely administrative, being related to expenditure concerning persons working within the institution (Title 1), to buildings, to movable property equipment and to miscellaneous operating expenditure (Title 2); is concerned about the continuing budget overestimates for Title 2 with a commitment rate of 59,13 % (compared to 57,13 % in 2017) and a payment rate of 55,11 % (compared to 55,75 % in 2017);

4. Notes that the commitments carried over to 2019 amounted to EUR 6 068 597 or 4,1 % of the 2018 budget (compared to EUR 7 908 250 carried over to 2018 or 5,5 % of the 2017 budget), notes that the main item contributing to the carry-over was the EUR 4 310 280 carried over under chapter 21 (data processing, equipment and movable property: purchase, hire and maintenance) for IT projects which were still ongoing at the end of 2018;

5. Regrets, as a general observation, that chapter 10 'Administration' of the Court's 2018 Annual Report has a rather limited scope and conclusions, notwithstanding the fact that the Multiannual Financial Framework Heading 5 'Administration' is considered to be low risk; requests that audit work for chapter 10 be broadened in order to review weaknesses in administrative expenditures in each institution;

6. Welcomes the fact that the Court has generally applied its budgetary discipline soundly in recent years in order to keep its administrative costs stable without adversely impacting its core business; notes that no additional posts were sought for 2018 and that, therefore, the Court's establishment plan (as in 2017) provides for a total of 853 authorised posts;

7. Welcomes the efforts made by the Court to publish its annual activity report by 5 May in the succeeding year and to adopt its final accounts by 31 May; agrees that the Court must be given the necessary time to carry out its audit work (as has been expressed in the Court's annual report on the implementation of the Union budget); suggests, however, that the Court discuss the matter further with Parliament's Committee on Budgetary Control and with other relevant actors in order to better assess the timeframe of the discharge procedure;

8. Welcomes the provision of the table in the annual activity report showing the different service level agreements signed with the Commission and other institutions on matters such as human resources issues, translation and infrastructure and indicating their budgetary impact; notes with concern that the service agreement for the pay master office expenditure in relation to managing the Court's personnel files and management of missions increased to EUR 325 000 in 2018 (compared to EUR 180 000 in 2017) because of a new contract; reiterates the importance of inter-institutional cooperation;

9. Appreciates the Court's efforts to achieve the most cost efficient use of its official vehicles; notes that, as part of a cooperation with the Court of Justice, the Court signed an inter-institutional four-year leasing contract for those vehicles, resulting in better leasing prices and introducing environmental criteria;

10. Notes that the Court decided to review the rules for the use of official vehicles and that according to the new rules the members and the secretary-general may use official vehicles for journeys other than those undertaken in the performance of official duties in return for a contribution of a fixed rate of EUR 100 per month plus certain costs and charges; notes that the Court expects significant savings compared to the situation under the existing rules; notes that the new rules apply from 1 January 2020; is of the opinion that the use of official vehicles for private use should not take place under any circumstances; considers that this practice may harm the reputation of the Court and, in general, of the Union institutions; asks the Court, therefore, to reconsider this subject and to keep Parliament informed;

11. Notes that the Court adopted a new set of key performance indicators for the period 2018 to 2020 consisting of key performance indicators providing a broad overview of the dissemination, impact and perception of its work; notes that included among the key performance indicators are the Court's appearances in Parliament, the Council and in national parliaments, and the number of special reports published (rather than those merely adopted); welcomes the clear improvement in efficiency of the work of the Court, shown by the number of special reports increasing by 25 % since 2008 and, since 2017, appearances in Parliament increasing by 47 %, in Council by 39 % and in national parliaments by 164 %; invites the Court to consider including the audit's added-value into its key performance indicators and to report continually on the implementation of its recommendations;

12. Welcomes the fact that the Court experiences a strong increase in media interest with particularly high coverage given to its special reports; welcomes the fact that the Court will continue to promote its publications through social media channels; notes with interest that most of the Court's publications are available on its website through a link called 'search publications'; notes that the reports with the most media coverage in 2018 were the special reports on the European high-speed rail network, on the operational efficiency of the European Central Bank's crisis management for banks and on the facility for refugees in Turkey; welcomes the Court's digital communication strategy for working with non-institutional stakeholders, such as think-tanks, NGOs, industry associations and academia (which can act as multipliers of the Court's messages); further encourages the use of free open-source self-hosted social network platforms, with particular regard to the data protection of users;

13. Notes with satisfaction that overall media coverage (including social media) nearly tripled in 2018 as compared to 2017 (increasing from around 15 500 online articles and social media mentions to more than 44 000); notes that in 2018, social media posts from the Court's official accounts concerning its publications were displayed approximately 11 million times (which is nearly 18 times more than in 2017); notes that in 2018, more than 11 000 online articles about the Court's special reports were available (compared to 1 500 online articles in 2013);

14. Acknowledges the publication of 35 special reports (compared to 28 in 2017), 9 review-based publications (compared to 2 in 2017) and 10 opinions (compared to 5 in 2017); welcomes the Court's efforts, in line with the Financial Regulation, to generally produce its special reports within 13 months while noting that the average time to produce the special reports published during 2018 was 15,2 months; highlights, however, that 15 of the 35 special reports (43 %) took less than 13 months to produce (compared to 29 % in 2017);

15. Notes with concern that the Court selected a sample of 45 transactions (compared to 55 in 2017 and 100 in 2016) from the Multiannual Financial Framework Heading 5 'Administration' of all Union institutions and bodies; notes that the sample was designed to be representative of the range of spending under heading 5, which represents 6,3 % of the Union budget; notes that the Court's work indicates administrative expenditure as low risk; considers, however, that the number of transactions selected in relation to the 'other institutions' is not sufficient and asks the Court to increase the number of transactions to be examined by at least 10 %; asks the Court to consider presenting an independent annual report on the Union institutions (as it already does with regard to the Union agencies); asks the Court to keep Parliament informed of developments in that regard;

16. Notes with satisfaction that the chapter on transparency on the Court's website presents a calendar of meetings of the Court and a table of the missions of the Court's members (with date, place, purpose and costs) as well as links to related documents and other transparency portals;

17. Highlights the introduction of an attendance register to record the presence of members at meetings of the Court, its chambers and its committees (which has been effective since 1 January 2019); asks the Court to report on those matters to Parliament's Committee on Budgetary Control in its next annual activity report;

18. Calls on the Court to establish procedures for maintaining a register of members' annual leave, sick leave and absence from work for other reasons in order to ensure that all leave taken by members is effectively recorded; stresses that the current practice could undermine the trust of Union citizens and the Union institutions in the Court;

19. Observes with interest that the Court collects information on the work-related missions of members to assess whether the activity planned fell within the area of interest of the Court; welcomes that members provide the names and job title of the persons with whom they will meet, a general description of the topics to be discussed and, where available, the invitation containing the necessary details, in order to reduce the risk of possible abuses;

20. Notes that the decision clarifying the rules governing the missions of the members entered into force on 1 February 2018; notes that the decision defines in particular the information to be communicated when requesting a mission order;

21. Notes that the Court, within the framework of its internal control system, decided from February 2018 to delegate to the secretary-general the powers of authorising officer with respect to the accounts related to mission and representation expenses of the members; notes that those expenditures are now subject to the general control system operated by the secretariat-general's services which involves risk management and *ex-ante* and *ex-post* control and which are included in the annual declaration of the authorising officers by sub-delegation and by delegation; deeply deplores that it was only after a particularly critical situation that the Court took action with regard to this matter;

22. Notes that the internal audit service reviewed the 2018 annual control reports and declarations of the authorising officers by sub-delegation in order to assess the reliability of the information provided; notes that the secretary-general requested control reports from all directorates; acknowledges that the internal audit service confirms the reliable quality of the *ex-ante* and *ex-post* controls performed by the services and that overall the information contained in the control reports is reliable;

23. Notes the Court's decision, in relation to the period 2012 to 2018, to complete an internal audit of mission expenses and of the use of official cars (which audit was finalised in July 2019); notes that the audit report concluded that the vast majority of randomly selected operations examined by the internal audit service complied with the applicable rules and procedures; deplores the fact that the report also concluded that prior to the 2017 to 2018 reforms the management and control systems of the Court were affected by certain shortcomings; notes further that the report concluded that the 2017 to 2018 reforms effectively corrected the weaknesses in the control systems and that management and control procedures currently in place are overall reliable;

24. Notes that based on that audit report no indications of any misuse of their position by members or former members have been identified; notes that there has been no other internal investigation following that audit report;

25. Observes that the European Anti-Fraud Office (OLAF) has transmitted its report concerning a former member to the judicial authorities of Luxembourg; notes that the former member's immunity has been waived; notes that the Court has recovered the sum of EUR 153 407,58 from the former member;

26. Notes that OLAF opened an investigation in 2016 concerning possible abuse of travel and subsistence expenses by a current member of the Court (relating to a time when he was a Member of Parliament); notes that OLAF concluded the case in September 2019 with a recommendation to Parliament to recover EUR 11 243; notes that no disciplinary or judicial recommendations have been made in this regard and that no recommendation was addressed to the Court;

27. Welcomes the fact that members of the Court are subject to a code of conduct governing their independence, impartiality, integrity, commitment, collegiality, confidentiality, responsibility and obligations after leaving office; welcomes the fact that the Court publishes the declarations of interests (declarations of financial interests and outside activities) and the CVs of its members on its website, thereby making the Court subject to the same public scrutiny as the other Union institutions;

28. Is concerned that the declarations of interest are of a self-declaratory nature and that, given the current legal framework, neither the Court nor its ethics committee have any investigative powers to ensure the veracity and the exhaustiveness of the declared data; calls on the Court to ensure that members submit declarations of interest instead of declarations of the absence of conflicts of interests; stresses that the current procedures, including those of the ethics committee, need to be reinforced to ensure the absence of conflicts of interests; requests the Court to report on any progress made;

29. Welcomes the publication of the Court's ethics guidelines, applicable to all members and staff; welcomes the discussion by the ethics committee of any matters of an ethical nature that it considers relevant, including the assessment of external activities of members of the Court; notes the appointment of ethics advisers among the Court's members of staff with the aim of ensuring that every member of staff has the right and opportunity to seek confidential and impartial advice on sensitive matters, such as conflict of interests, the acceptance of gifts and how to provide information in the event of serious irregularities (whistleblowing);

30. Highlights the fact that the Court offers all staff a dedicated training course on public ethics (which is compulsory for incoming staff), containing a section on whistleblowing (including the procedure to be followed and the rights of members of staff); welcomes the fact that in the internal guidance on 'frequent asked questions on ethical matters', a number of examples are provided with the aim of facilitating the recognition of potential conflicts of interests; calls on the Court to further strengthen its efforts by improving information and communication and by monitoring activities;

31. Emphasises the fact that an ethical framework should consist of rules to prevent, identify and avoid potential conflicts of interests; notes that the Court's ethical framework has been reviewed by experts from the Supreme Audit Institutions of Poland and Croatia; takes note of the final peer review report; calls on the Court to inform Parliament of any follow-up actions that are decided based on the outcome of the peer review;

32. Welcomes the fact that the Court has established channels for whistleblowing which ensure appropriate protection for whistleblowers and that it has published the related rules of procedure; notes that an online contact form exists to report any serious irregularities; welcomes the link on its homepage on how to report fraud cases to OLAF;

33. Notes the fact that the Court continues to provide training and presentations for managers, incoming members of staff and human resources staff, in order to raise awareness of harassment in the working environment; notes, moreover, that contact persons for the fight against harassment receive relevant training on an annual basis; notes that the Court enhanced its anti-harassment rules in 2017 and that their purpose is to avoid harassment situations, maintain a satisfactory working environment and facilitate resolving interpersonal conflicts by means of amicable settlements;

34. Welcomes the efforts made by the Court to ensure the wellbeing of staff, such as by enabling flexible working and teleworking and notes that, in this regard, the Court provides presentations on equal opportunities and access to free psychologists; notes, however, that there were three cases of 'burnout' in 2018; asks the Court, therefore, to assess if the workload is distributed proportionally across teams and members of staff;

35. Notes that there was one formal complaint of harassment lodged in 2018 and that the facts of sexual harassment were established; notes that the entire procedure (which ended up with preventive and disciplinary measures being taken) took five months to be completed from the date of filing the complaint;

36. Highlights the fact that (as referred to in the third paragraph of Article 16 of the Staff Regulations related to the occupational activities of senior officials after leaving the service) the Court publishes related information on the occupational activities of senior officials of the Court; notes also the publication of the related rules on its website;

37. Notes the fact that the Court and OLAF work in close cooperation in order to protect the financial interests of the Union; further notes that in 2018 the Court communicated nine cases of suspected fraud revealed in the context of its audits (compared to 13 in 2017); congratulates the Court on the fact that the ongoing negotiations resulted in an administrative cooperation arrangement between the Court and OLAF (signed in May 2019) which aims to facilitate the practical working relationship between those bodies, in particular regarding the transmission of suspected fraud cases, and to organise actions of common interest, such as training, workshops and staff exchanges;

38. Regrets the fact that the Court's follow-up to the 2017 discharge resolution provided only limited responses to Parliament's remarks; stresses that follow-up is essential to enable Parliament's Committee on Budgetary Control to determine whether the Court has implemented Parliament's recommendations; calls on the Court to include all necessary responses and more detailed explanations on the implementation of Parliament's recommendations in its next follow-up report;

39. Notes that the withdrawal of the United Kingdom from the Union will not have a major impact on the structure and human resources of the Court; notes that the Court has committed itself to using its discretionary power in accordance with Article 49 of the Staff Regulations to the effect that officials are not dismissed on the sole ground that they are no longer nationals of a Member State; notes that, with regard to temporary and contract agents, the Court is required by law to examine each case individually and to authorise exceptions where justified in the interest of the service; welcomes the fact that the Court has committed to making an open and transparent use of this capacity to authorise exceptions; notes that the Court's assessment will be based solely on the interests of the service;

40. Stresses the Court's commitment to improving its gender balance at all management levels; notes that 45 % of its auditors and administrators are women, resulting in an almost equal proportion of women and men; notes that 38 % of its managers (24) are women, and that out of 10 directors, 3 are women; calls on the Court to continue its efforts to promote gender balance, in particular in relation to management positions and the more senior management positions; welcomes the fact that the proportion of women in management positions in the audit chambers increased from 7 % in 2015 to nearly 24 % at the end of 2018 (compared to 20 % in 2017); notes that the Court's equal opportunities policy for the 2018 to 2020 period (approved in February 2018) also addresses the issues of age and disability;

41. Reiterates that only 6 out of 28 members of the Court (compared to 4 in 2016) are women; emphasises the issue of gender imbalance among the members; recalls that Member States should more actively encourage women to apply for these kind of positions; reiterates that the Council should always present at least two candidates, one woman and one man, during the appointment procedure;

42. Notes that the increase in the translation workload has been compensated for by efficiency gains through the streamlining of the Court's internal procedures, including the centralisation of the pre- and post-processing of translations; notes that this has enabled a significant decrease of costs per page (in excess of 10 % compared to 2017);

43. Welcomes once more the Court's cooperation with other public institutions and stakeholders; notes with satisfaction the cooperation between the heads of supreme audit institutions and the adoption of a joint work plan from 2018 onwards; supports, moreover, the partnerships entered into with various universities in the context of the Court's policy to extend its range of training; asks the Court to extend its contacts to additional universities in order to establish cooperation in the future that is diversified and that retains a geographical balance;

44. Welcomes the fact that archive spaces of the K2 building became unnecessary thanks to increasing digitalisation; notes that these spaces will be converted into new collaborative or wellbeing spaces and that the cost will be met by the remaining budget of the K3 construction project completed a few years ago; notes that the level of comfort of the K1 building remains far below the other buildings of the campus; acknowledges the conclusion of a study recommending works which would result in huge investments; notes that options for finding the most efficient solution for the future of K1 remain under consideration (including in cooperation with the Luxemburgish authorities); calls on the Court to inform Parliament's Committee on Budgetary Control of any solutions, together with budget estimates;

45. Welcomes the fact that the Court has set up a comprehensive environmental programme to address various themes identified in its environmental analysis and to reduce its environmental impact; notes with appreciation that it managed to reduce its energy consumption by 11,5 % from 2014 to 2018, its water consumption by 21,1 % from 2016 to 2018, and its paper consumption by 50,8 % from 2014 to 2018;

46. Supports the Court's efforts to enhance data protection and cybersecurity by adopting a three-year cybersecurity action plan in mid-2018 with a number of actions to mitigate the risks identified; notes with satisfaction the Court's cooperation with the Computer Emergency Response Team for the EU Institutions, bodies and agencies (CERT-EU) to implement some of the controls foreseen in the plan;

47. Recognises the added value that free and open source software can bring to the Court; underlines in particular the role of such software in increasing transparency and avoiding vendor lock-in effects; recognises also its potential for security improvements as it permits the identification and fixing of weaknesses; strongly recommends that any software developed for the Court be made publicly available under a free and open-source software licence;

48. Highlights all the work achieved by the Court in recent years in areas such as performance-based budgeting, the ethical framework (with all its related rules and procedures), enhanced communication activities and the increasing number of measures to improve transparency; welcomes the significant number of inter-institutional service and cooperation agreements; underlines the importance of collaboration and sharing of experience among Union institutions and bodies; suggests the possibility of analysing formalised networking activities in different domains in order to share best practices and to develop common solutions.