The Common Approach on EU decentralised agencies agreed in July 2012 by the European Parliament, the Council and the Commission is a very important step for defining a more coherent and efficient framework for the functioning of agencies. The Commission is responsible for the follow-up to this agreement, where relevant in cooperation with the agencies.

In its Roadmap of December 2012, the Commission set out in detail how it intended to follow-up on the Common Approach: it listed 90 issues for which action was needed either on its side, and/or on the side of agencies, the Member States, the European Parliament and the Council, including specific deliverables with deadlines.

A year after the adoption of the Roadmap, this report shows how much progress has already been made, in close cooperation with and with the active contribution of agencies themselves. The Commission also invited agencies to report separately on 15 actions (see Annex I).

In addition to the initiatives listed in the Roadmap, the report also covers the revision of the founding acts of some existing agencies as well as of horizontal legal acts, and indicates how Commission representatives in agencies' boards followed-up on the implementation of the Common Approach.

Roadmap implementation will continue into 2014 and beyond, in accordance with the deliverables and deadlines set in the Roadmap. The Commission will report again on the state of play by the end of 2014.

The implementation of the Common Approach is however not only a responsibility for the Commission and the agencies. The European Parliament and the Council also play an important role, in particular when discussing and deciding on agencies' founding acts in the legislative procedure, as well as the Member States. Notwithstanding the need for a case by case analysis (already performed by the Commission upon preparation of its legislative proposals), the Commission would welcome a more coherent and reform-minded approach on the side of the co-legislator when discussing issues stemming from the Common Approach.

As far as headquarters agreement are concerned, those Member States that still need to conclude one with an agency located on their territory are invited to proceed as soon as possible with the realisation of this action.

1. **Good progress in the implementation of the Roadmap**

In the Roadmap, the Commission set an ambitious agenda for 2013 and beyond. Substantial efforts have been made jointly by the Commission services and the decentralised agencies and significant progress in many areas can be demonstrated. This report follows the classification used in the Roadmap.

   a. **Setting up of agencies**

Commission services have developed standard provisions including appropriate legal provisions to reflect the principles agreed in the Common Approach, as well as other provisions usually part of agencies' founding acts. These standard provisions are used as a reference point when new agencies...
are created or when existing founding acts are revised. The relevance of individual provisions is carefully assessed, in accordance with the case-by-case approach agreed in the Joint Statement.

On the basis of a contribution from the agencies, the Commission has elaborated guidelines with standard provisions for headquarter agreements between decentralised agencies and Member States (see Annex III). They will clarify what is expected from Member States hosting agencies to help support their smooth operations.

To date, 10\(^1\) [to be confirmed by colleagues in partner DGs] agencies do not have a headquarter agreement (see Annex III). For those that have, the conditions often differ from one Member State to another, sometimes even between agencies located in the same Member State, as resulting from a survey performed by the agencies this year. In the particular case of Frontex, despite of the explicit legal obligation laid down in the founding Regulation of this agency, the headquarters agreement still has not been signed and the host Member State's authorities even question the need or legal feasibility of concluding such agreement, more than 8 years after the agency became operational.

b. Operation of agencies

Through their network, agencies have provided the Commission with valuable suggestions on how to improve its services to agencies in general, as well as more specific recommendations concerning ABAC (accounting system), the Joint Sickness Insurance Scheme, the administration of the financial entitlements of agencies' staff by the Paymaster Office, and procurement. On this basis, relevant Commission services will assess to what extent they can improve their services to agencies.

In the context of constrained financial and human resources, the Commission and agencies have also considered carefully possible structural measures to rationalise the functioning of agencies:

- The results of a survey conducted by agencies about services shared between them show that they already cooperate in various ways and that awareness-raising could help develop these good practices further. For instance EMSA (Lisbon) which shares its Internal Audit Capability with EFCA (Vigo), whereas ERA (Valenciennes) is preparing an agreement for sharing the services of the Accounting Officer with ESMA (Paris).

- In addition, the Commission has considered merging agencies where appropriate. For example, the Commission has proposed to merge CEPOL with Europol on the basis of a careful impact assessment of functional synergies and budget savings. The proposal has encountered strong resistance in the Parliament and Council (except for the EP Committees on Budgets and Budgetary Control), despite the strong arguments presented by the Commission in support of its proposal and the common call for savings and more efficient use of available resources. The Commission will continue its assessment of the possibilities to merge some of the existing agencies, as well as to obtain further synergies, e.g. from the sharing of services between the agencies themselves and from within the Commission. As appropriate, it may present further proposals in this regard, which should be seen as part of a wider debate on the issue of rationalisation and efficiency in EU decentralised agencies.

In the field of communication, Agencies and Commission services have developed jointly a Handbook designed to provide guidance and examples of good practices (see Annex IV). In addition, Commission services established new rules to allow for systematic participation of decentralised agencies in the new framework contracts opened by DG Communication in this area.

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\(^1\) CdT, CPVO, EASA, EMA, ERA, ESMA, eu-LISA, EU-OSHA, Eurofound, FRONTEX.
The key instruments for the management of agencies have also been reviewed. To alleviate agencies' reporting burden, the Commission has foreseen, in the new Framework Financial Regulation (FFR), to allow agencies to provide the information currently requested in different contexts (i.e. the budgetary procedure, the annual and multiannual planning of human resources and of activities) in a streamlined/consolidated way. The objective was also to ensure better consistency and comparability between the documents produced by the various agencies. Commission services are working together with agencies to define guidelines for the programming document consisting of an annual and multi-annual component as well as a template for consolidated annual activity reports adapted to the requirements set by the new FFR. These two documents should be finalised at the beginning of 2014.

On the important issue of the prevention and management of conflicts of interest, the Commission has produced guidelines (see Annex V) in close cooperation with agencies. Those guidelines concern members of management boards (as well as those of boards of regulators and boards of supervisors), Executive Directors, experts in scientific committees or other similar bodies directly collaborating with the Agency but who are not employed by the Agency, members of Boards of Appeal, staff members of the agencies subject to the Staff Regulations and Conditions of Employment of Other Servants (CEOS) including the Directors of agencies, as well as Beneficiaries of EU grants and contracts when the grants or contracts relate to work for which independence is required. The guidelines intend to provide a clear reference for the policies to be adopted and implemented by each agency.

Work is yet to start to facilitate the exchange of EU classified information with the agencies concerned. As agencies need to adopt security rules that are in line with those of the Commission, it was agreed with agencies that this work should be pursued once the revision of the Commission’s own rules is finalised, which is on-going.

As for the newly created “alert-warning system”, the concrete way to apply this procedure was discussed among the Commission’s representatives in agencies’ boards. The mechanism was also explained and discussed in a meeting between the Commission and the Chairs of different Agencies boards. To date, this mechanism has never been utilised.

c. Evaluations, audit and OLAF

Commission work is under way to elaborate evaluation guidelines. A public consultation on the draft revised evaluation guidelines runs between 12th of November 2013 and 25th of February 2014. Following analysis and assimilation of the responses, the Commission expects to adopt new guidelines by mid-2014. To ensure that agencies’ reviews conclude on their rationale, effectiveness and cost-effectiveness, the Commission also developed standard provisions to be included in its proposal upon revision of agencies’ founding acts.

The modalities and roles of agencies’ internal control functions and internal audit services were further clarified in the revised Framework Financial Regulation, in particular with respect to the respective roles of the Internal Audit Service (which is the internal auditor of agencies) and that of Internal Audit Capabilities (IACs). The revised FFR thus sets the premises for enhanced coordination of work, exchange of information and overall synergies between IACs and the IAS. It also creates the possibility to set up shared IACs between agencies in the same policy area where appropriate, or to set up IACs where this is cost-effective and proves to have a clear added value. Furthermore, the obligation of one IAS audit/agency/year was replaced with a risk-based approach, which will allow for a more efficient use of resources. The provisions requiring the regular monitoring of the
implementation of all audits (European Court of Auditors, IAS, or IACs recommendations) and evaluations were also strengthened.

To avoid overlaps of audit topics or calendars, Commission’s IAS is discussing its audit planning with agencies' management. Where relevant, audit plans are also coordinated between the IAS and agencies IACs.

Guidelines for agencies’ anti-fraud strategies were elaborated by OLAF, taking into account the contributions received from the agencies. The document was presented to the Heads of Administration during their annual meeting held on 15 October 2013 and was subsequently forwarded to all agencies, accompanied by a note signed by the Director-General of OLAF in November 2013. OLAF will also organise two workshops for the agencies in January 2014 to provide them with additional support.

d. Management of financial and human resources and budgetary process

The new Framework Financial Regulation, adopted by the Commission on 30th September 2013 includes a series of provisions with a view to simplify rules applicable to agencies, in particular in the following fields:

− Streamlining reporting obligations: the revised FFR provides for a consolidated annual activity report to be sent by 1 July each year to the Commission, the European Court of Auditors, the EP and Council. The report combines what was required under the previous FFR by the Annual Activity Report, internal and external audit reporting and financial reporting. Discharge reporting remains however separate, due to its specific nature and addressees of the provisional accounts.

− Simplification/flexibility as regards programming: the revised FFR provides for a single programming document containing annual and multi-annual components drawn up in line with Commission guidelines, thus eliminating overlaps and streamlining the process. Also, there is more flexibility for the modification of the annual work programme. Furthermore, the timetable for the annual and multi-annual programming is now aligned with the budgetary procedure.

− Financing of multi-annual projects: the revised FFR provides for the possibility to break down commitments extending over several years into annual instalments where the basic act or sector-specific act so provides or where they relate to administrative expenditure.

− Horizontal functions/services: the revised FFR provides for the possibility, where cost-efficiency might be gained, of sharing or transferring the services (in particular as regards accounting);

Commission services assessed the different options for the treatment of surplus by partially self-financed agencies, including the possible creation of a ring-fenced reserve fund (see Annex VI). The analytical paper, with the conclusions reached in this respect, results from the analysis of the advantages and disadvantages of a reserve fund, as compared to the other options available to respond to a shortfall in fee revenue, at a time of budgetary constraints. The option of the reserve fund (which implies locking in appropriations) proved neither necessary nor appropriate in the current context of budgetary constraints. In addition, there was sufficient evidence showing that in case of exceptional circumstances the EU budget has been able to respond to unexpected revenue shortfalls in agencies. In line with the conclusions of the analytical paper, a provision in this respect was not included by the Commission in its revised Framework Financial Regulation.
To support agencies to better apply Activity Based Budgeting/Activity Based Management (ABB/ABM), Commission services provided guidelines on the use of ABB/ABM in the Commission, with a view to discussing how these guidelines could be applied in agencies (see Annex VII).

Legislative financial statements were elaborated or updated by Commission services, as appropriate, to justify the need for additional resources, where this was the case.

More generally, the Commission adopted in July 2013 a Communication\(^2\) to establish a programming of human and financial resources for decentralised agencies for 2014-2020, with a view to ensuring compatibility of agency resources with the constraints set in this regard by the new multiannual financial framework 2014-2020. Within these constraints, the Commission applied a differentiated approach based on a case-by-case analysis of agency needs. To do so, a redeployment pool of 1% per year was created (in addition to the 5% staff reduction), allowing for an annual allocation of posts to meet the additional needs for “start-up phase” and “new tasks” agencies. In the framework of the agreement for the 2014 EU Budget, the European Parliament, the Council and the Commission recalled the importance of meeting the 5% staff reduction over five years and decided to establish a working group to discuss agency resources issues, in order to define a clear development path and to ensure a coherent approach, based on objective criteria. The three institutions agreed that further measures, including structural ones, may be required to achieve this reduction for decentralised agencies.

Finally, further work will be carried out in order to develop a guide on internal planning and revenue forecasting, on the basis of best practices, to help the agencies reduce carry over and cancellation rates, where this is the case. The Commission will report on this in 2014.

e. Human resources management

The revised Staff Regulations entering into force on 1\(^{st}\) January 2014 include a series of provisions with a view to simplify rules applicable to agencies, in particular:

- The creation of a new category of Temporary Agents working exclusively in agencies (2f) will improve career perspectives of these agents.

- The new Article 110 of the Staff Regulations foresees that agencies adopt by analogy Commission implementing rules (with the possibility of an opt-out during the first 9 months). This will ease and accelerate the adoption process of implementing rules in agencies and will avoid any legal vacuum.

- Agencies will be able to set up common committees foreseen in the Staff Regulations (e.g. staff committee, disciplinary committee).

The Commission services will revise in 2014 the staff policy guidelines for EU decentralised agencies (including the Multi-annual Staff Policy Plan template), taking into account the contributions received from the agencies. The objective of this revision is to take into account the revised Staff Regulations, as well as the new FFR (in particular the new single programming document).

Work is currently under way to develop guidelines on tailored performance indicators to assess the results achieved by Directors. A first draft was already discussed with the agencies, who were invited to provide their contributions. The document should be finalised at the beginning of 2014.

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\(^2\) COM(2013) 519 of 10.7.2013
2. **The revision of agencies’ founding acts**

In addition, since July 2012 the Commission has, following a case-by-case approach, already proposed to adapt 7 founding acts to the principles set out in the Common Approach.

Such revisions are opportunities to implement important aspects of the Common Approach, such as the reinforcement of the supervisory role of the management board, the necessary adoption of a programming document with a multi-annual component, the possible setting up of an executive board and the obligation to better follow-up on evaluations and audits.

They also give impetus to much needed structural reforms. As mentioned above, the Commission proposed to merge CEPOL with Europol on the basis of a careful impact assessment of functional synergies and budget savings. The Commission will continue its assessment of the advantages and disadvantages of further proposals in this regard, which should be seen as part of a wider debate on the issue of rationalisation and efficiency in EU decentralised agencies.

Recently the Commission has proposed the creation of two additional decentralised agencies: the European Resolution Board (ERB) and the European Public Prosecutor Office (EPPO). While taking into account the Common Approach, the two proposals duly reflect the specific nature of these two agencies.

3. **The revision of horizontal legal acts: Staff Regulations and Framework Financial Regulation**

As previously explained, the revision of the FFR and Staff Regulations are also a source of simplification for the agencies.

4. **The role of Commission representatives in agencies’ boards**

Decentralised agencies understand the constraints they are operating under and are actively contributing to the initiatives aiming at improving their efficiency, cost-effectiveness and accountability. A meeting with the Chairs of the agencies’ Management Boards took place in May 2013 and raised awareness of the need for an adequate follow-up to the Common Approach.

However, Commission representatives in agencies’ boards have a pivotal role in supporting this process. For instance, they follow-up on the implementation of the Roadmap in each individual agency, by reviewing progress regularly and in detail, and alerting central services in case of difficulties. They also help ensure consistency of agencies’ activities with EU-wide policy objectives, including on the planning of budgetary and human resources.

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3 CEPOL, EASA, ERA, EUROJUST, EUROPOL, GSA and OHIM
5 COM(2013) 534 of 17.07.2013
### Roadmap items for which the Commission invited the agencies to report separately

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<th>Roadmap item no.</th>
<th>Action name</th>
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<td>Sign a headquarter agreement in accordance with the legal order of the relevant Member State</td>
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<td>12</td>
<td>Assess the services provided to agencies and, if necessary, improve, clarify, extend or adapt them</td>
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<td>13</td>
<td>Review of existing Service Level Agreements</td>
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<td>14</td>
<td>Provide support to agencies in the area of public procurement</td>
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<td>15</td>
<td>Consider sharing services between agencies, either by proximity of locations or by policy area</td>
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<td>19</td>
<td>If the agency’s mission requires cooperation with authorities of third countries, adopt an international relations strategy, in principle embedded in the annual and/or multi annual work programme</td>
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<td>25</td>
<td>Ensure the website mentions that they are European Union agencies</td>
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<td>29</td>
<td>Draw up multiannual strategic programmes or guidelines linked with multiannual resource planning (budget and staff in particular) and linked with successive annual work programmes</td>
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<td>34</td>
<td>Adopt and implement a clear policy on conflicts of interest and, in particular, exchange experience and possibly develop a coordinated approach to common problems concerning scientific committees and boards of appeal, and define transparent and objectively verifiable criteria for the impartiality and independence of the members of Boards of appeal</td>
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<td>35</td>
<td>Review selection procedures for members of scientific committees</td>
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<td>53</td>
<td>To avoid overlaps of audit topics or calendars: IAS to discuss its audit planning with agencies’ management and Internal Audit Capabilities to coordinate their audit plans with the IAS</td>
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<td>54</td>
<td>Where existing, ensure Internal Audit Capabilities comply with the international standards</td>
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<td>Exchange best practices on the application of Activity Based Budgeting (ABB) and Activity Based Management (ABM)</td>
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<td>Pursue the development of an ABB/ABM toolbox</td>
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<td>85</td>
<td>Submit to the EP, Council and the Commission, an annual report on the execution of their budget and consider recommendations</td>
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Annex II – Guidelines with standard provisions for headquarters agreements of EU decentralised agencies

Annex III – Communication Handbook for the EU decentralised agencies

Annex IV – Guidelines on the prevention and management of conflicts of interest in EU decentralised agencies

Annex V – Analytical paper on the possibility to create a limited ring-fenced reserve fund for partially self-financed agencies

Annex VI – Guidelines – performance budgeting and decentralized agencies