1) State of play de jure and in practice

Annual Activity Report

In accordance with Article 40 of the Framework Financial Regulation (FFR), the authorising officer (AO) of each agency reports on his performance to the Management Board in the form of an annual activity report (AAR). The AO commits its responsibility by confirming in an accompanying note that the report presents a true and fair view of the agency's activities. On this occasion he/she may make any reservation concerning specific revenue or expenditure. The AAR is also sent to the Commission Internal Auditor who exercises the same powers with respect of agencies as with respect to Commission departments (Article 71 FFR).

Before 15 June, the Board sends the Budgetary Authority and the Court of Auditors its analysis and assessment of the AO's annual activity report on the previous financial year.

Some reporting requirements, such as those related to the discharge procedure, are described in Fiches 28 "Discharge" and 32 "Parliament role".

In the case of OHIM, the authorising officer reports to the OHIM Budget Committee in the form of an annual activity report (Article 40 of OHIM FR). The report is also sent to the European Court of Auditors and the OHIM Internal Auditor.

Financial statements and report on budgetary and financial management (Articles 76, 77 and 82 FFR)

Financial statements and report on the budgetary and financial management are part of the documents required for the discharge procedure of an agency. They are thus instrumental in presenting a true and fair view of revenue and expenditure operations, in particular the rate of implementation of budget appropriations and information on transfers and carry-overs of appropriations.

They are usually prepared under the responsibility of the authorising officer and sent by the accounting officer of the agency to the Commission's accounting officer by 1 March of the following year. By 31 March, the report is also sent to the European Parliament and Council.

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1 Some agencies have to provide one annual report in addition to the Annual Activity Report, e.g. EEA, EU-OSHA, ECHA, CEDEFOP.

Other reporting mechanisms:

- The directors of five agencies\(^3\) submit a report on carrying out their duties upon the request of the Council or the European Parliament.

- The founding regulations of five agencies\(^4\) foresee that the European Parliament or the Council may ask at any time for a hearing with the Director on any subject related to the agency's activities.

- ERA: Each year the Executive Director shall present to the European Parliament a general report on the Agency’s activities.

- CEPOL: A five-year report is submitted to the Commission, the European Parliament and the Council.

- EUROJUST: The Joint Supervisory Body submits an annual report to the Council. The President shall also submit any report or any other information on the operation of Eurojust which may be required of him by the Council.

- EUROPOL: The Management Board shall adopt each year a general report of Europol's activities during the previous year, including on the results achieved on the priorities set by the Council. The Council shall forward it to the European Parliament for information.\(^5\)

- ACER: The European Parliament may invite, while fully respecting his independence, the chairman of the Board of Regulators or his deputy to make a statement before its competent committee and answer questions put by members of that committee. The EP (competent committee) may also invite the Director of ACER to answer questions put by its members, within one month before the extension of his term of office.

- EMCDDA: The European Parliament may ask for a hearing with the Chairperson of the Management Board on any subject related to the Centre’s activities.

- In the case of the two self-financed agencies, CPVO and OHIM, the President of the Office submits each year a management report. CPVO's President submits the report to the Commission and the Administrative Council, whereas OHIM's President submits it to the Commission, the European Parliament and the Administrative Board.

As far as former second pillar agencies are concerned:

- in the case of EUSC and ISS, the Secretary-General/High Representative shall report to the Council on the work of the Board; furthermore, in the case of EUSC the Secretary-General/High Representative shall report on the execution of his tasks as appropriate and at least once every six months to the Council's Political and Security Committee;

\(^3\) ACER, EASA, FRONTEX, GSA, CEPOL
\(^4\) EIGE, EMCDDA, ENISA, ERA, FRA
• in the case of EDA the Chief Executive shall report to the Head of the Agency on the implementation of the Steering Board's decisions.

Often the EU institutions to which agencies send the above reports do not adopt formal opinions or recommendations concerning these reports. In a number of cases the competent Commission services are involved in the preparation of the reports.

2) Critical analysis of the issue at hand

Timely, but merely descriptive reporting

Appropriate reporting and controls are key factors for ensuring efficient and transparent management, as well as accountability. Generally, agencies comply with requirements related to audit, monitoring, and reporting processes with the required timing and frequency. Also, agencies normally ensure appropriate follow-up to the comments and suggestions put forward by EU institutions on agencies' reports. Although reports do not improve per se the functioning of an agency, the existing reporting mechanism is useful as it ensures transparency and allows the EU institutions to monitor the agency's activities, which in turn facilitates relations between the parties concerned. However, the problem is the extent to which the oversight activities are carried out in a way that satisfies the need for holding agencies accountable and which promotes performance. In particular, reporting is often merely descriptive or consists of financial reports. It rarely goes beyond outputs and the use of resources and it seldom addresses the cost effectiveness of the agencies' activities as well as the obstacles encountered and possible repercussions on future programmes. This is due to shortcomings in the planning of agencies' activities and to inadequate monitoring systems which can not or simply do not track performance and results/impacts (see also fiches 13 and 14).

Streamlining existing processes

Many agencies complain that they are subject to a considerable number of controls, audits, reporting and evaluation processes which often require providing similar data to different authorities (e.g. Internal Audit Service, Court of Auditors, European Parliament). In particular, according to agencies the existing controls and reporting processes raise concerns in terms of proportionality and effectiveness, especially when taking into account their number and frequency, their appropriateness to the risk involved, their costs, the workload entailed and the risk of overlap.

One important factor that contributes to increased workload for agencies is the fact that in addition to the requirement on reporting stemming from articles 40 (annual activity reports) and 76-90 (accounts) of the Framework Financial Regulation, more than half of the agencies have additional reporting requirements, as listed in part 1 of

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6 Evaluation 2009, Volume I, point 3.7, 10
7 Evaluation 2009, Volume II, point 2.7.4, Box Reporting, p. 178 - CoA, Annual activity report, points 30-34, p. 24-25
8 EP study on common support, point 3.3.4, p. 78 - The experience of the agencies: a contribution to the debate on the future of the agency model "Learning with the past, building the future", Agencies' Contribution to Inter-institutional Debate, p. 2-3
9 The experience of the agencies: a contribution to the debate on the future of the agency model "Learning with the past, building the future", Agencies' Contribution to Inter-institutional Debate, point 4.2, p. 9
this *fiche*. The decision on the additional reporting has been taken for each agency in its constituent act, without any overall coherence at the level of the agency system. Limiting the number of reporting requirements, as well as streamlining and harmonising the whole reporting system, to the extent possible, would reduce the workload of agencies and contribute to a more effective allocation of resources.