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DECISIONS

EUROPEAN PARLIAMENT

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section I — European Parliament

(2009/185/EC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
- having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (SEC(2007) 1055 — C6-0363/2007) ⁽²⁾,
- having regard to the report on budgetary and financial management — financial year 2006, Section I — European Parliament ⁽³⁾,
- having regard to the Internal Auditor's annual report for 2006,
- having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006, together with the audited institutions' replies ⁽⁴⁾,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁵⁾,
- having regard to Articles 272(10) and 275 of the EC Treaty and Article 179a of the Euratom Treaty,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁶⁾, and in particular Articles 145, 146 and 147 thereof,
- having regard to Article 13 of the Internal Rules on the implementation of the European Parliament's budget ⁽⁷⁾,

⁽¹⁾ OJ L 78, 15.3.2006.

⁽²⁾ OJ C 274, 15.11.2007, p. 1.

⁽³⁾ OJ C 318, 29.12.2007.

⁽⁴⁾ OJ C 273, 15.11.2007, p. 1.

⁽⁵⁾ OJ C 274, 15.11.2007, p. 130.

⁽⁶⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁷⁾ PE 349.540/Bur/ann/fin.

- having regard to Article 147(1) of the Financial Regulation, which requires each Community institution to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,
 - having regard to its Resolution of 9 March 2005 on the guidelines for Sections II, IV, V, VI, VII, VIII(A) and VIII(B) and on the European Parliament's preliminary draft estimates (Section I) for the 2006 budget procedure ⁽¹⁾,
 - having regard to Rules 71 and 74(3) of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0091/2008),
- A. whereas the Court of Auditors' audit states that 'all the institutions had implemented a satisfactory framework of supervisory and control systems as required by the Financial Regulation and the sample tested showed no material level of error' ⁽²⁾,
- B. whereas the Court of Auditors has highlighted insufficiencies in the regulatory framework established by the Bureau and the Quaestors concerning the payment of parliamentary assistance allowances as well as in the resultant implementation,
- C. whereas the Secretary-General certified on 21 February 2007 that he was reasonably certain that the budget of Parliament has been executed in line with the principles of sound financial management and that the control and monitoring system provides the necessary guarantee of the legality and regularity of operations,
1. Grants its President discharge in respect of the implementation of the European Parliament budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Ombudsman and the European Data Protection Supervisor and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 320 E, 15.12.2005, p. 156.

⁽²⁾ OJ C 273, 15.11.2007, point 10.6.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section I — European Parliament**

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (SEC(2007) 1055 — C6-0363/2007) ⁽²⁾,
 - having regard to the report on budgetary and financial management — financial year 2006, Section I — European Parliament ⁽³⁾,
 - having regard to the Internal Auditor's annual report for 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006, together with the audited institutions' replies ⁽⁴⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁵⁾,
 - having regard to Articles 272(10) and 275 of the EC Treaty and Article 179a of the Euratom Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁶⁾, and in particular Articles 145, 146 and 147 thereof,
 - having regard to Article 13 of the Internal Rules on the implementation of the European Parliament's budget ⁽⁷⁾,
 - having regard to Article 147(1) of the Financial Regulation, which requires each Community institution to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,
 - having regard to its Resolution of 9 March 2005 on the guidelines for Sections II, IV, V, VI, VII, VIII(A) and VIII(B) and on the European Parliament's preliminary draft estimates (Section I) for the 2006 budget procedure ⁽⁸⁾,
 - having regard to Rules 71 and 74(3) of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0091/2008),
- A. whereas the Court of Auditors' audit states that 'all the institutions had implemented a satisfactory framework of supervisory and control systems as required by the Financial Regulation and the sample tested showed no material level of error' ⁽⁹⁾,

⁽¹⁾ OJ L 78, 15.3.2006.

⁽²⁾ OJ C 274, 15.11.2007, p. 1.

⁽³⁾ OJ C 318, 29.12.2007.

⁽⁴⁾ OJ C 273, 15.11.2007, p. 1.

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⁽⁶⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁷⁾ PE 349.540/Bur/ann/fin.

⁽⁸⁾ OJ C 320 E, 15.12.2005, p. 156.

⁽⁹⁾ OJ C 273, 15.11.2007, point 10.6.

- B. whereas the Court of Auditors has highlighted insufficiencies in the regulatory framework established by the Bureau and the Quaestors concerning the payment of parliamentary assistance allowances as well as in the resultant implementation,
 - C. whereas the Court of Auditors has highlighted that the Bureau has not ensured that the rules concerning the payment of parliamentary assistance allowances requiring the submission of adequate supporting documentation have been implemented effectively,
 - D. whereas the Secretary-General certified on 21 February 2007 that he was reasonably certain that the budget of Parliament has been executed in line with the principles of sound financial management and that the control and monitoring system provides the necessary guarantee of the legality and regularity of operations,
 - E. whereas it is necessary to ensure the follow-up to its Resolution of 26 September 2006 ⁽¹⁾ and to its Resolution of 24 April 2007 ⁽²⁾ on the discharge for 2004 and 2005, and to evaluate the progress made in implementing its recommendations,
 - F. having regard to the political priorities of the 2006 financial year, i.e. consolidating the 2004 enlargement, preparing for the 2007 enlargement, improving information and communication policy, and improving assistance to Members,
- 1. Welcomes and supports its President's firm commitment to ensure that the assistants' statute, to be proposed by the Commission and approved by the Council, enters into force at the same time as the Members' statute ⁽³⁾;
 - 2. Calls on the Commission and the Council to fully cooperate with it in order to ensure that the new statute for assistants is adopted before the next European elections in June 2009;

The discharge — a political exercise

- 3. Stresses that Parliament is the sole discharge authority ⁽⁴⁾ and that discharge is a political decision; in order to reach that political decision, Parliament takes account, pursuant to Article 276(1) and (2) of the EC Treaty, not only of the documents mentioned therein, but also of all information which it considers necessary;
- 4. Considers that all the institutions and bodies referred to in Rules 70 and 71 of its Rules of Procedure should be treated on an equal footing, on the basis of the same principles and procedures as those followed in the annual discharge exercise;
- 5. Recalls that all the institutions and bodies are entitled to equip themselves with the political and/or administrative structures best suited to their needs; stresses that, consequently, in order to respect those different structures, Parliament must give discharge to those institutions and bodies as such, which may be represented by an individual in order to ensure their visibility;
- 6. Confirms that is both for Parliament and for each institution or body to identify the most suitable level of responsibility for responding to Parliament's remarks made in the discharge procedure;

⁽¹⁾ OJ L 177, 6.7.2007, p. 3.

⁽²⁾ OJ L 187, 15.7.2008, p. 3.

⁽³⁾ Decision 2005/684/EC, Euratom of the European Parliament of 28 September 2005 adopting the Statute for Members of the European Parliament (OJ L 262, 7.10.2005, p. 1).

⁽⁴⁾ Article 276(1) of the EC Treaty.

7. Recalls that Parliament stated in its Resolution of 24 April 2007, as cited above, that the discharge exercise should also cover the decisions taken by the President, the Bureau and the Conference of Presidents, since political responsibility lies with the elected Members, not the officials; calls, therefore, on the President and the Vice-President responsible for the budget to participate in the future meetings of the Committee on Budgetary Control with a view to establishing a political dialogue;
8. Recalls that the plenary gives discharge to Parliament, represented by its President, pursuant to Rule 71 of the Rules of Procedure;
9. Welcomes the acceptance by the President of Parliament of the principle of a political dialogue in the context of the discharge procedure, as well as the fact that, having been requested to do so, the Vice-President of Parliament responsible for the budget and budgetary control, who is also the chairman of the Audit Committee, participated in a political dialogue with the Committee on Budgetary Control at a public hearing held on 21 January 2008; calls for this dialogue to be grounded in future in written documentation consisting of the decisions of the Bureau and the Conference of Presidents which have a financial impact;
10. Welcomes and accepts the offer, made by the Secretary-General during the hearing of 21 January 2008, to have regular meetings, outside the normal annual discharge procedure, with the Committee on Budgetary Control on the implementation of Parliament's budget;
11. Notes, in addition, the initiative of the President of Parliament aimed at strengthening the links between the Bureau and the Committee on Budgets, on the one hand, and the Bureau and the Committee on Budgetary Control, on the other, by creating a working group with the mandate of consolidating those links in a lasting form; welcomes the fact of the first joint discussion, held on 14 January 2008 and the climate of trust and cooperation between the bodies concerned established by this discussion; expects these deliberations to be continued and awaits their conclusions;
12. Considers that the budget and discharge procedures need to be viewed as complementary: a budget is not to be adopted without an analysis of the discharge decisions already adopted, and a decision on discharge must be taken on the basis of awareness of the political objectives set at the time of the budget procedure for the discharge year concerned; calls for further work on the interoperability of the budget and discharge procedures;

The budgetary priorities for 2006

13. Stresses that it adopted the following budgetary priorities for 2006 ⁽¹⁾:
 - to provide the necessary posts for enlargement, and, in particular, a sufficient number of qualified interpreters and translators for all the official languages to enable all Members to take an active part in the work of Parliament,
 - to institute an information and communication policy aimed at bringing Parliament closer to the citizen; to further develop, in this context, both the role of Parliament's external offices and cooperation with the Commission,
 - to examine the desirability of modifying the structure of its administration or increasing support for its basic activities with a view to optimising the work of the institution,

⁽¹⁾ OJ C 320 E, 15.12.2005, p. 156.

- to ensure sufficient assistance and the presence of experts in the interests of the quality of legislative activity,
- to introduce a statute for Members' assistants; and,
- to ensure a financial commitment with a view to covering the participation expenses of delegations of Parliament in meetings held outside Parliament's places of work.

Presentation of Parliament's accounts

14. Notes that in 2006 Parliament received revenue amounting to EUR 126 126 604 (EUR 112 393 557 in 2005: + 12,2 %);
15. Takes note of the figures on the basis of which Parliament's accounts for the financial year 2006 were closed, namely:

(in EUR)

Use of appropriations in 2006 ⁽¹⁾	
I. Appropriations 2006	
— initial appropriations	1 321 600 000
— amending budget	none
— final appropriations	1 321 600 000
II. Final appropriations 2006	
— commitments	1 306 325 432
(% of final appropriations)	(98,76 %)
— payments	1 117 578 610
(in % of commitments)	(85,49 %)
III. Carry-overs to 2007	
— automatic carry-over to 2007	188 746 822
(in % of final appropriations)	(14,26 %)
(in % of commitments)	(14,43 %)
— non-automatic carry-over (non-committed appropriations carried over)	4 817 000
(in % of final appropriations)	(0,36 %)
IV. Cancellation	
— cancelled appropriations	15 274 568
(in % of final appropriations)	(1,15 %)
V. Carry-overs to 2006	
— automatic carry-overs	307 163 636
— payments under these carry-overs	285 578 104
(in % of carry-overs)	(92,95 %)
— cancellation rate	21 585 532
VI. Appropriations from assigned revenue in 2006	
— appropriations from assigned revenue	40 017 311
— commitments	30 778 877
(in % of appropriations from assigned revenue)	(73,86 %)
— payments	5 858 229
(in % of committed appropriations from assigned revenue)	(18,75 %)
— appropriations available from assigned revenue	9 238 434

(in EUR)

Use of appropriations in 2006 ⁽¹⁾	
VII. Appropriations from assigned revenue carried over to 2007	
— appropriations from assigned revenue carried over	34 831 297
VIII. Appropriations from assigned revenue carried over to 2006	
— appropriations from assigned revenue carried over	32 288 714
— commitments	32 054 298
— payments	31 086 918
(in % of commitments)	(96,36 %)

⁽¹⁾ OJ C 318, 29.12.2007, p. 3.

16. Notes that the presentation of the accounts contained in the report on budgetary and financial management has changed by comparison with the previous year; hopes that the administration will establish and retain a presentation that enables the implementation of the budget over the years to be easily compared;
17. Notes that, in 2006, 98,76 % of the appropriations entered in Parliament's budget were committed with a cancellation rate of 1,15 % and that, as in previous years, a very high level of budget implementation was achieved;
18. Recalls, however, that this high level of implementation is partly attributable to the consistent practice since 1992 of making 'mopping-up' transfers for the purposes of transferring any appropriations available at year end to the budget lines for buildings and, in particular, for advance capital payments to reduce future interest payments; notes that, in this context, EUR 37 246 425 were mopped up in 2007;
19. Notes that, in 2006, an amount of EUR 124 071 425 (71,4 % of transfers) was used to strengthen a number of budget lines in the field of property policy (with EUR 38 603 580 of this amount coming from provisional appropriations); points out that the appropriations initially entered in the budget lines 2 0 0 1-2 0 0 8 amounted to only EUR 14 287 887;
20. Points out, likewise, that a total of 37 transfers were authorised, covering EUR 173 751 700 (i.e. 13 % of final appropriations; at the Commission, transfers represent around 4 % of payment appropriations); notes that a large number of transfers could conflict with budget principles;

Court of Auditors' remarks on the financial year 2006

21. Notes that the Court of Auditors found that 'all the institutions had implemented a satisfactory framework of supervisory and control systems as required by the Financial Regulation and the sample tested showed no material level of error' ⁽¹⁾;
22. Observes that the Court of Auditors pointed out the following weakness in the granting of parliamentary assistance allowances: 'The Court notes (...) that the Bureau has not ensured that the rules requiring the submission of adequate supporting documentation have been implemented effectively (...). The Bureau should take action in order to obtain the documents considered essential to prove that the expenditure was justified' ⁽²⁾;

⁽¹⁾ OJ C 273, 15.11.2007, point 10.6.

⁽²⁾ OJ C 273, 15.11.2007, point 10.12.

23. Sets out its comments on this subject, taking account of the internal auditor's remarks, in paragraphs 56 to 68;

Internal auditor's annual report

24. Notes that, in 2006, the internal audit service adopted, or published in draft form, 16 audit reports; these reports included the audit of procurement procedures, the audit of the parliamentary assistance allowance and the follow-up to the 452 individual actions arising from the institution-wide review of the internal control framework;
25. Welcomes the fact that the internal auditor was able officially to present the conclusions of his annual report for 2006 to the Committee on Budgetary Control, thereby establishing that his report is not only an internal management tool, but an important point of reference in the annual discharge;
26. Shares the internal auditor's opinion as regards the heightened importance to be attached to the setting-up of an effective internal control framework; notes, in this context, the measures aimed at improving compliance with the rules and control objectives; notes that the implementation of the 20 critical actions mentioned by the internal auditor in his first follow-up audit will be the subject of a second follow-up in 2008; notes the indications from the administration that 18 of these 20 actions have been implemented and that the implementation of the remaining two actions is currently under way;
27. Welcomes the progress notified by the administration as regards procurement procedures, in particular the creation of a Procurement Forum; notes that the internal auditor will embark on a fresh audit in 2008 to follow up the implementation of the 144 individual actions arising from the audit of procurement procedures;

Parliament's financial management and the Director-Generals' activity reports

28. Reminds its competent bodies of its decision ⁽¹⁾ that 'repayment on buildings (...) should be set as part of the budgetary strategy'; regrets the fact that its competent bodies have never implemented the decisions taken by plenary and that they have continued their practice of 'non-budgetisation' of Parliament's property policy for future acquisitions (the budget line 'Acquisition of immoveable property' shows only 'p.m.' entries for 2005, 2006 and 2007);
29. Notes that, at a public hearing of the Committee on Budgetary Control, on 21 January 2008, the Secretary-General announced a strategic plan for Parliament's property policy; asks that the Secretary-General present this plan to the Committee on Budgetary Control on the occasion of the discharge procedure for 2007;
30. Reiterates its request for Article 16 of the Internal Rules on the implementation of Parliament's budget to be amended so that any property project with significant financial implications for Parliament's budget would be subject to the approval of the Committee on Budgets;
31. Welcomes the fact that the Secretary-General and all the Directors-General have stated that they have reasonable assurances that the resources allocated to their respective activities were used for the specified purposes and in accordance with the principle of sound financial management; notes with satisfaction that they have also stated that the control procedures introduced provide sufficient guarantees as to the legality and regularity of the underlying transactions;

⁽¹⁾ Paragraph 5 of its abovementioned resolution of 24 April 2007.

32. Asks that its administration comply with budget principles and draw up a draft budget in such a way as to guarantee that the amounts entered in this draft budget better reflect the actual needs of Parliament's various sectors of activity; calls on the authorising officers to give a clear indication in their annual activity reports, in a separate summary at the start of the report, of final appropriations, committed appropriations, payments, carry-overs, cancelled appropriations, and the amount that the Directorate-General is making available for 'mopping up';
33. Welcomes the fact that the Directors-General have reviewed the list of long-term contracts;
34. Calls on its Directorates-General to redouble their efforts so that their reports not only follow a common structure but also contain comparable information so as to improve their readability;
35. Welcomes the fact that the internal auditor and the services have reached an agreement on the implementation of the action plans aimed at providing Parliament with an effective Internal Control Framework; in this context, 452 individual actions were decided in 2003 and 2004; notes that 225 of these 452 actions were fully implemented in 2006 and 121 were partially implemented; notes, further, that the internal auditor had identified 20 'critical' actions in areas where the exposure to risk is high; notes that, at this stage, the administration states that 18 of these 20 actions have been implemented and that the internal auditor will consider them in the course of a second follow-up audit in 2008;

Procurement

36. Recalls that, pursuant to Articles 54 and 119 of the implementing rules for the Financial Regulation ⁽¹⁾, the institutions are to forward to the budgetary authority reports on the procedures negotiated and on the contracts not covered by the directives on public contracts; also recalls that a list of contractors awarded contracts of a value exceeding EUR 50 000 but lower than the threshold set by those directives is to be published in the Official Journal and that the contracts whose value lies between EUR 13 800 and EUR 50 000 are to be published on the institutions' websites;
37. Notes that the annual report contains the following information concerning contracts awarded in 2006:

Type of contract	Number [2005 in ()]	Percentage [2005 in ()]	Amount in EUR [2005 in ()]	Percentage [2005 in ()]
Services	199 (199)	69 % (64 %)	67 315 809 (89 551 639)	23 % (44 %)
Supplies	56 (53)	20 % (17 %)	61 441 090 (29 036 604)	21 % (14 %)
Works	31 (48)	11 % (15 %)	20 026 192 (13 763 856)	7 % (7 %)
Property	1 (12)	0 % (4 %)	143 125 000 (73 149 658)	49 % (35 %)
Total	287 (312)	100 %	291 908 091 (205 501 756)	100 %

⁽¹⁾ Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p. 1).

38. Notes that the distribution of the contracts awarded in 2006 (leaving aside the property contract awarded by a negotiated procedure — the purchase of buildings in Strasbourg, which alone represents a value of 143 125 000 EUR) by type of contract used was as follows:

Type of procedure	Number [2005 in ()]	Percentage [2005 in ()]	Amount in EUR [2005 in ()]	Percentage [2005 in ()]	Average amount [2005 in ()]
Open	73 (64)	25 % (21 %)	93 681 193 (94 187 176)	62 % (71 %)	1 283 304 (1 471 675)
Restricted	84 (112)	30 % (37 %)	7 044 607 (26 676 276)	5 % (20 %)	83 863 (238 181)
Negotiated	129 (124)	45 % (42 %)	48 057 291 (11 488 646)	33 % (9 %)	372 537 (92 650)
Total	286 (300)	100 %	148 783 091 (132 352 098)	100 %	520 220 (441 174)

39. Notes that in 2006 128 contracts were awarded with a value of EUR 50 000 or more, as well as 159 contracts with a value between EUR 13 800 and EUR 50 000; points out that these figures show that contracts of a value of less than EUR 50 000 represent only 1,7 % of the total value, but 55 % of the total number of contracts awarded by Parliament;
40. Notes that, in terms of value, 67 % of contracts were awarded on the basis of open (62 %) and restricted (5 %) procedures; finds it regrettable, however, that, in terms of value, 33 % of contracts were awarded by the negotiated procedure; calls on the Secretary-General to explain this increase over the previous year;
41. Notes, however, that in the case of 2006 it was not possible to carry out the comparison required under Article 54 of the Financial Regulation's implementing rules (between the number of contracts awarded in year *n* and in year *n-1* by authorising officer by delegation) because of the changes in the rules that came about during the year in question, and which applied only to contracts launched as of 22 August; in 2006 Parliament used the negotiated procedure for 74 contracts (2005: 136 contracts);
42. Recalls that the internal auditor carried out an audit of procurement procedures on an institutional scale; welcomes the agreement between the internal auditor and the services on a major action plan comprising 144 individual measures to be implemented; is pleased to note that one of the main tasks on the internal auditor's programme of work for 2008 is a new audit of procurement procedures with a view to ascertaining what progress has been made;
43. Asks the Secretary-General to report on the progress made on setting up a contracts database in accordance with Article 95 of the Financial Regulation; notes also that the revised Financial Regulation provides for a single central database, managed by the Commission, to be set up for all the institutions;

Political groups (review of accounts and procedures — budget item 4 0 0 0)

44. Reiterates that the political groups are responsible for the management and use of the EP budget appropriations granted to them and that the remit of Parliament's internal audit service does not extend to the terms of use of appropriations under item 4 0 0 0;

45. Welcomes the fact that the political groups have published their external audit reports and accounts for 2006 on Parliament's intranet;
46. Notes that in 2006 the appropriations entered under budget item 4 0 0 0 were used as follows:

(in thousands of EUR)

Total available under the 2006 budget			70 900			
Non-attached Members			1 644			
Amounts available for the groups			69 256			
Group	Appropriations allocated under Parliament's budget	Own resources and carried-over appropriations of groups	Expenditure 2006	Rate of use of available appropriations	Carry-over ceiling (*)	Amounts carried over to 2007
PPE-DE	18 088	7 203	16 345	64,6 %	9 044	8 947
PSE	13 989	6 934	14 191	67,8 %	6 995	6 732
ELDR/ALDE	6 526	3 145	6 383	66,1 %	3 263	3 263
Verts/ALE	2 836	1 157	2 716	68,0 %	1 418	1 278
GUE/NGL	2 582	1 265	3 189	77,5 %	1 426	928
UEN	1 896	454	1 863	79,3 %	948	487
IND/DEM	2 034	875	1 912	65,7 %	1 017	997
NI	1 384	260	1 222	74,3 %	692	136
Total	49 606	21 294	47 821	67,4 %	24 803	22 767

(*) in accordance with Article 2.1.6 of the Rules on the use of appropriations from budget Item 4 0 0 0.

47. Notes that the external auditors have confirmed that the political groups' accounts complied with the rules in force and with international accounting standards;
48. Notes that the political groups used, on average, only 67,4 % of the appropriations available to them (as against 66 % in 2005 and 74 % in en 2004);
49. Notes that on 9 July 2007, the Bureau considered the political groups' reports on the execution of the budget, as well as the reports drawn up by the relevant auditors; notes, in this context, that the Bureau instructed the authorising officer to recover from the ALDE Group EUR 25 403,77 in unused appropriations, it being impossible to carry over this sum;

Political parties at European level

50. Notes that at the closure of the 2006 financial year the relevant accounts were as follows:

Execution of 2006 budget under the agreement

(in EUR)

Party (*)	Own resources	Total EP subsidies	Total revenue	Subsidies as a % of eligible expenditure (maximum 75 %)
PPE	1 106 891,41	2 914 059,56	4 020 950,97	72,5 %
PSE	932 781,81	2 580 000,00	3 512 781,81	71,49 %

(in EUR)

Party (*)	Own resources	Total EP subsidies	Total revenue	Subsidies as a % of eligible expenditure (maximum 75 %)
ELDR	340 782,87	883 500,00	1 224 282,87	71,97 %
EFGP	240 204,29	581 000,00	821 204,29	71,20 %
GE	172 875,00	439 018,54	611 893,54	71,82 %
PDE	55 189,84	163 570,75	218 760,59	75 %
AEN	49 385,00	144 808,81	194 193,81	74,57 %
ADIE	59 513,36	125 016,22	184 529,58	75 %
EFA	69 665,67	220 913,67	290 579,34	75 %
EUD	47 597,22	29 670,24	77 267,46	62,59 %
Total	3 074 886,47	8 081 557,78	11 156 444,25	72,13 %

(*) PPE: European People's Party; PSE: Party of European Socialists; ELDR: European Liberal Democrat and Reform; EFGP: European Federation of Green Parties; GE: Party of the European Left; PDE: European Democratic Party; AEN: Alliance for Europe of the Nations; ADIE: Alliance of Independent Democrats in Europe; EFA: European Free Alliance; EUD: EU Democrats.

51. Stresses that the external auditors have confirmed that the parties' accounts were in line with the provisions of Articles 6, 7, 8 and 10 of Regulation (EC) No 2004/2003 of the European Parliament and the Council of 4 November 2003 on the regulations governing political parties at European level and the rules regarding their funding ⁽¹⁾ and that they offer a sincere and faithful image of the parties' financial situation at the end of the 2006 financial year;
52. Welcomes the fact that the political parties at European level have achieved a high level of utilisation of the appropriations made available to them;
53. Notes, however, that the authorising officer has been instructed:
 - to proceed to the recovery of a surplus of EUR 248 953,91 from the PDE, of EUR 215 498,59 from the AEN, of EUR 69 317,14 from the ADIE and of EUR 24 799,11 from the EUD,
 - and to proceed to the recovery of EUR 121 670,10 from the EUD and of EUR 70 902,64 from the ADIE on grounds of failure to comply with Article 3(1)(b) of Regulation (EC) No 2004/2003;
54. Asks the Secretary-General to state whether these sums have been recovered;
55. Notes that the internal auditor has reviewed the implementation of the rules on contributions to political parties at European level, publishing a report on the matter in August 2007; welcomes the fact that this has led to a detailed action plan approved by the administration; calls for the findings of this audit to be included in the discharge procedure for 2007;
56. Notes that the budget of a political party at European level may be financed, as of 2008, by up to 85 % from the EP budget (the figure is 75 % up to the end of 2007); stresses that this high level of subsidy from Parliament entails an additional degree of responsibility on the part of the parties as regards their activities;

⁽¹⁾ OJ L 297, 15.11.2003, p. 1.

The parliamentary assistance allowance (PAA)

57. Notes the Court of Auditors' critical remarks concerning inadequacies in the regulatory framework laid down by the Bureau, and that the greater part of the sums paid to MEPs under the PAA heading have not been accompanied by satisfactory supporting documents in relation to the expenses incurred in the Member's name; is aware, at the same time, of the efforts made by the Bureau and the administration in 2007 to remedy the situation; welcomes the information from the administration that at the end of 2007 it had received over 99 % of the supporting documents for the year 2006;
58. Points out, nonetheless, that for 2004 and 2005 the administration has been able to obtain only 57 % and 51 % respectively of the documents required; notes, in this connection, the political decision taken to apply the rules adopted on 13 December 2006 retrospectively to the period 2004-2005;
59. Believes that, in respect of their obligation to supply supporting documents for the use of their PAAs in 2004 and 2005, all MEPs should receive a note stating whether they still need to send the administration supporting documents for that period or whether their dossier is in order;
60. Calls on its administration to apply correctly and consistently the Rules governing the payment of expenses and allowances to Members (PEAM rules) ⁽¹⁾, and to identify promptly and immediately any irregularities and omissions;
61. Calls on the administration to establish a procedure containing better and more visible communication to Members, systematic compliance with the deadlines for supplying supporting documents, as laid down in the PEAM rules, in order to ensure that they are supplied in such a way as to fit with the procedure and the compulsory calendar of the Court of Auditors for the drafting of its annual report, and a final confirmation to Members once their file is closed;
62. Encourages the Bureau's working group on the Members' statute to present its conclusions with a view to rapid and appropriate action on the internal auditor's remarks in his report on the PAAs; confirms, in the light of that working group's report and in the context of the establishment of new rules by the competent political bodies, that the administration is responsible for ensuring that the PAAs are granted in line with the principles of sound financial management, legality and regularity; is aware of the problems and difficulties arising with regard to bringing the PAAs into line with the social and fiscal legislation of each of the 27 Member States; calls for an immediate start to the negotiations with the Member States and the Belgian State; stresses that this operation, complex though it is, must not create obstacles to the parallel introduction of new rules for the PAAs;
63. Notes that the internal auditor's report proposes a two-stage evolution for Members' assistants' working conditions, i.e. in the first stage, the contractual relation between the assistant(s) and the Member would be systematically based on a contract of employment, using an improved obligatory contract model: in the second stage, the aim would be to integrate the assistants into the staff category covered by the rules governing other servants of the Communities;
64. Points out that assistance to Members calls for flexibility and mobility, while the new statute for assistants should set minimum standards for pay and social rights in conformity with applicable European legislation;
65. Notes the unanimous decisions of the Conference of Presidents and the Bureau of 6 and 10 March 2008 respectively:

— calling on its administration to ensure the consistent application and implementation of Parliament's internal rules on the reimbursement of parliamentary assistance expenses,

⁽¹⁾ Document PE 113.116/BUR./rev. XXIV/03-2007 of 1 March 2007.

- entrusting the Secretary-General with a mandate to make contact with the Commission and the Council with a view to securing the possibility of a new set of rules for Members' assistants through an amended contract staff regime, whilst preserving the freedom of Members to recruit their assistants and independently determine their salary level,
- charging its working group on the Members' statute, assistants and pension fund to assess, as a matter of urgency, the operation of existing rules in detail and, given the importance of the matter, to come forward with proposals for changes to the rules which it considers necessary;

insists that a Member of the Committee on Budgetary Control, as the committee competent for the discharge, should be part of this working group as an observer; reminds the Bureau, in this context, of its comments in respect of Section I — European Parliament set out in its Resolution of 25 October 2007 on the draft general budget of the European Union for the financial year 2008 ⁽¹⁾, and its Resolution of 26 September 2006 with comments forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2004, Section I — European Parliament ⁽²⁾; asks the competent authorities to report back to the Committee on Budgetary Control on progress achieved before the end of 2008;

66. Insists in particular that:

- in line with paragraph 76 of its abovementioned Resolution of 26 September 2006, Parliament should conclude framework contracts exclusively with undertakings in Member States specialised in the management, in accordance with the applicable national law, of tax and social security issues related to employment contracts, and expects its administration to establish a timetable for the full implementation of that paragraph by 1 September 2008,
- given that the deficiencies discovered by the internal audit concern primarily contracts with service providers, temporarily, until a permanent solution has been found, service provider contracts be handled by paying agents in the Member States; that the paying agent be responsible for the compliance of service provider contracts with the tax and social security legislation of the Member State in question, and with the PEAM rules, the latter still needing to be modified for this purpose; and that no service provider contract which does not comply with these provisions be accepted,
- its administration be put into a position where it can prove to the Court of Auditors which amounts have been paid by Members to their assistants, paying agents and service providers, and under which conditions,
- no relatives of Members be employed,
- non-compliance with Member States legislation, and/or the (then revised) PEAM rules must lead automatically to the suspension of payments and the recovery of unduly paid amounts;

67. Calls for the implementing measures for the MEPs' statute ⁽³⁾ having financial implications to be officially submitted to the Committee on Budgetary Control for its prior opinion;

68. Welcomes the Bureau's approval, on 25 September 2006, of the Codex on parliamentary assistants and trainees at the EP, as well as the fact that all Members have received a copy of it;

⁽¹⁾ Texts adopted, P6_TA(2007)0474, especially paragraphs 23 and 24.

⁽²⁾ OJ L 177, 6.7.2007, p. 3, paragraphs 73 to 79.

⁽³⁾ PE 388.087/BUR/GT/REV 10.

69. Requests its Secretary-General to inform the Committee on Budgetary Control by the end of 2008 of the number of recovery orders issued and the total amount involved;

Voluntary pension fund

70. Notes that in November 2006 the voluntary pension fund had 659 members; observes that the monthly contribution to the fund per Member was EUR 3 354,21, broken down as follows: one-third, or EUR 1 118,07, paid by the Members and currently deducted from the Members' expenditure allowance; and two-thirds, or EUR 2 236,14, paid by Parliament;
71. Draws attention to the points regarding transparency and sources of income raised in its abovementioned Resolution of 24 April 2007;
72. Stresses that the actuarial deficit of the voluntary pension fund (which has existed since 2001) fell from EUR 43 756 745 in 2004 and EUR 28 875 471 in 2005 to EUR 26 638 000 in 2006, thus improving the actuarial financial position (76,8 % in 2004, 86,1 % in 2005 and 88,4 % in 2006); emphasises that over recent years the stock markets have been extremely unstable and that nothing certain can be predicted regarding future trends for the actuarial deficit of the fund; underlines, in this context, that the fund has invested in shares to a total of 73 %; points out that the actuarial deficit should have been updated by the fund's managers to the end of December 2007 by 15 March 2008;
73. Draws the Bureau's attention to paragraph 84 of its abovementioned Resolution of 24 April 2007, which states that it has been decided that, following the entry into force of the statute for MEPs, the voluntary pension fund should be confined to honouring existing rights (those acquired as at June 2009), from which it follows that neither present MEPs nor other members could go on contributing to the fund;
74. Was surprised by the recent recommendation of the Conference of Presidents of 13 March 2008, after having been consulted by the Bureau's working group on the Members' statute, assistants and pension fund, that members of the Voluntary Pension Fund may still acquire new pension entitlements once the Members' statute has entered into force; reminds the Bureau as the decision-making body in this matter of Parliament's political will, as expressed in its resolutions on discharge in respect of the implementation of the Parliament budget for the financial years 2004 and 2005, that the activities of the Voluntary Pension Fund should effectively be phased out and limited to honouring acquired rights once the Members' statute has entered into force; insists that the Bureau working group prepare the necessary measures in line with Parliament's decisions;

Preparation of implementation of the Treaty of Lisbon

75. Recalls that in 2006 Parliament was willing to 'consider whether modifications should be made to its administrative structures or further support provided for its core activities to optimise the work of the institution' ⁽¹⁾; adds that Parliament then also took the view that 'the increased responsibility of the European Parliament in legislative decision-making requires significantly more resources to be allocated to support this core activity' ⁽²⁾;
76. Notes the response of its administration as regards the implementation of the interinstitutional agreement on better lawmaking;
77. Stresses, furthermore, that the Treaty of Lisbon markedly extends the scope of co-decision, which will become the standard legislative procedure, and that Parliament will thus become the co-legislator, on an equal footing, for 95 % of EU legislation;

⁽¹⁾ OJ C 320 E, 15.12.2005, p. 156, paragraph 19.

⁽²⁾ OJ C 320 E, 15.12.2005, p. 156, paragraph 20.

78. Calls on its administration, in the light of this, to submit, no later than 30 November 2008:
- a table of Parliament's staff (officials and other servants), broken down by grade, DG, nationality and gender, accompanied by an evaluation,
 - an analysis of the use of the research budget in the DGs;
79. Recalls that in the course of the 2007 budget procedure Parliament called on the Commission to carry out a mid-term evaluation of its staff needs and to provide a detailed report on its support staff and coordination functions; invites its administration to proceed to an evaluation of its staff, on that basis and using the same instruments; wishes to see an evaluation report submitted to the Committee on Budgetary Control in good time for the 2007 discharge; in this connection, wishes to know how many officials and other servants have the task of aiding Members in their work of co-legislation, how many work for the parliamentary delegations, and how many are employed in administrative support tasks for Parliament;

Follow-up to the 2005 discharge

80. Welcomes the fall in the estimated operating costs stemming from the requirement to maintain several places of work from EUR 203 000 000 for 2002 to EUR 155 000 000 for 2007; stresses that this represents a reduction of almost 24 % over the five-year period; calls on its administration to continue the rationalisation process; stresses that the requirement to maintain several places of work is laid down in the Treaties; believes that optimal coordination must be achieved between these places of work; emphasises that citizens do not understand why Parliament must maintain three work places;
81. Notes the response of its administration ⁽¹⁾ to the idea of creating a European property authority, namely that a large single office responsible for the construction and upkeep of the premises of the EU's institutions and bodies would not be a suitable response to the criteria of economy and sound management that have been advanced; stresses, at the same time, that closer cooperation is both desirable and desired;
82. Notes that there has been no progress in the negotiations with the Belgian Government over the site occupied by the D4 and D5 buildings and its future; calls on the Vice-President responsible for buildings policy to establish contact with the new Belgian Government as soon as is possible;
83. Notes the progress made on its demands for a Kyoto-plus plan; recalls that on 18 June 2007 the Bureau:
- called on the Secretary-General to launch a call for tenders to assess Parliament's CO₂ rating,
 - noted and approved the revision by the administration of the environmental targets and key action for the future,
 - adopted the calendar for the future phases of the EMAS,
 - asked the Secretary-General to draw up a detailed action plan,

⁽¹⁾ Secretary-General's letter of 29 October 2007 (317 124).

- decided to set up a working group to monitor CO₂ emissions, to consist of two members of the Bureau who will be appointed at a subsequent stage of the EMAS process,
- validated the principle of including all environmental initiatives under EMAS and agreed on the need to ensure that resources are available for improving EMAS;

84. Calls for the Committee on Budgetary Control to be notified of all additional progress;

Multilingualism

85. Stresses the increased importance of the Code of Conduct on Multilingualism for Members' parliamentary activities; is concerned at the shortcomings referred to in the two six-month reports for 2006 in terms of the effective use of the interpretation service; notes, therefore, that the appropriations made available have not been allocated in the most economical fashion and that this shortfall has primarily affected the committees and delegations of Parliament and the political groups; in this context and in the light of the report on multilingualism adopted on 5 September 2006, calls on the Secretary-General to find a solution jointly with the users;

Information and communication policy

86. Recalls that, under Parliament's information and communication policy, there has been an extension of activities and new information instruments have been created, with a considerable financial impact on the 2006 budget (visitors' centre, web TV, audiovisual facilities); calls on the Secretary-General to submit an implementation and evaluation report on information and communication policy, no later than the end of July 2008;

Information technology

87. Stresses the importance of information technology for the Parliament in general, and especially for parliamentary activities; regrets the fact that the improvements made have concentrated on the presentation of Parliament on the Internet and intranet, rather than on means of improving the ease and efficiency of the legislative activity;

Various

88. Calls on the Secretary-General to supply the Committee on Budgets and the Committee on Budgetary Control with copies of all reports of the Bureau, including those of its working groups, and of the Conference of Presidents having financial implications;
89. Notes that 2007 saw the resolution of the case concerning the difference of 4 136 125 Belgian francs between the sum received and the relevant accounting entries in 1982, and that the matter will therefore be included in the discharge for the 2007 budget year;

Conclusions of the discussions on the draft report in committee

90. Draws attention once again to the importance of budget priorities to the discharge procedure and continues to believe, at the same time, that the outcome of the discharge procedure is of vital importance to the budgetary procedure; accordingly, welcomes the fact that close cooperation between the Committee on Budgets and the Committee on Budgetary Control would gain further importance under the Treaty of Lisbon;
91. Welcomes the progress made in implementing the budget priorities for 2006; will continue, nonetheless, to seek to ensure that all priorities are achieved;

92. Notes the Internal Auditor's (confidential) report on the PAA, which looks into the internal control arrangements in this area and puts forward possible improvements; stresses that its administration cooperated fully and openly with the rapporteur at all stages in the production of the draft report; stresses, furthermore, that the European Anti-Fraud Office and the Court of Auditors have been invited to examine the internal audit report and to take appropriate action on their conclusions; regrets the infringement of the confidentiality provisions set out in its Rules of Procedure and the publication of personal and political interpretations of confidential information; considers those interpretations to give a false impression of the objectives and conclusions of the report;
 93. Calls on its competent bodies to take the appropriate measures with a view to the adoption, pursuant to Annex VII, Section A, paragraph 1, fourth subparagraph of Parliament's rules of procedure, by the plenary of the rules governing the administrative processing of confidential documents, approved by the Bureau on 13 November 2006, in time for the discharge procedure in respect of the financial year 2007;
 94. Deplores the lack of progress in the negotiations with the Belgian Government on the land for the D4-D5 buildings and site development; urges the Belgian Government to abide by the firm political undertaking which it gave to Parliament.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section II — Council**

(2009/186/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0364/2007) ⁽²⁾,
 - having regard to the Council's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0096/2008),
1. Grants the Secretary-General of the Council discharge in respect of the implementation of the Council budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank, and to the national and regional audit institutions of the Member States, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ L 78, 15.3.2006.

⁽²⁾ OJ C 274, 15.11.2007, p. 1.

⁽³⁾ OJ C 273, 15.11.2007, p. 1.

⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.

⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section II — Council**

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0364/2007) ⁽²⁾,
 - having regard to the Council's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0096/2008),
1. Notes that in 2006 the Council had available commitment appropriations amounting to a total of EUR 626 102 378,31 (2005: 586 182 640,52), with a utilisation rate of 91,79 %, less than in 2005 (96,69 %);
 2. Notes that, following the introduction of accrual accounting with effect from 1 January 2005, the Council's financial statements disclose a positive economic out-turn of EUR 90 578 934 and identical amounts (EUR 498 579 523) of assets and liabilities;
 3. Regrets that, unlike other institutions, the Council does not submit an annual activity report to Parliament, citing the Gentleman's Agreement of 1970 (Resolution recorded in the minutes of the Council meeting of 22 April 1970) and the absence of any corresponding requirement in the Financial Regulation; calls on the Council to reconsider the decision not to publish and transmit to Parliament an activity report in order to be more accountable to the general public and taxpayers;

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 273, 15.11.2007, p. 1.⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

4. Points to the finding of the European Court of Auditors (ECA) at paragraph 10.14 of its abovementioned annual report that the Council extended a contract for the provision of telecommunication services for meetings of the European Council and incorrectly justified this extension with reference to Article 126(1)(e) of the Implementing Rules to the Financial Regulation;
5. Agrees in this context with the ECA that an open tendering procedure should have been carried out before the expiry of the contract; understands however the exceptional circumstances which the Council referred to in its replies, namely that all efforts of the Council secretariat had to be concentrated on the projects related to the occupation of the new LEX building; notes that a further extension of the contract without tender took place in 2007; welcomes however the fact that a new tendering procedure has been launched and should provide for a new contract as from July 2008;
6. Notes with satisfaction that the Council managed to reduce by approximately two-thirds the stock of compensatory leave granted to staff of the former A and B categories before 31 December 1997 and not taken; notes that the Council administration issued compulsory instructions aimed at the complete elimination of the remaining stocks by 2009, and encourages the Council to respect this self-imposed deadline;
7. Welcomes the fact that the new internal mission rules of the General Secretariat of the Council concerning accommodation costs entered into force on 1 June 2007, earlier than originally foreseen by the Council (October 2007) in its follow-up to the ECA's observations for the financial year 2005;
8. Notes with satisfaction the setting-up of a Task Force and the recommendations it has issued in order to reform the system for reimbursing the travel expenses of delegates of Council Members; supports the Council's intention to continue to carry out rigorous checks on the statements supplied by Member States until the new electronic badge system to be introduced by early 2009 functions properly;
9. Notes that the Service for General Administrative Questions had been given, between 1 January 2005 and 1 July 2007, the task of, among others, coordinating and monitoring the implementation of the recommendations made by the Internal Auditor, thereby preventing him from ensuring the follow-up of his own recommendations; welcomes the fact that this responsibility has now been given back to the Internal Auditor;
10. Points out that the abovementioned Gentlemen's Agreement provides, as regards the section of the budget concerning the Parliament, that '[t]he Council undertakes to make no amendments to the estimate of expenditure of the European Parliament. This undertaking shall only be binding in so far as this estimate of expenditure does not conflict with Community provisions, in particular with regard to the Staff Regulations of Officials and Conditions of Employment of Other Servants, and to the seat of the institutions';
11. Reiterates its opinion that in view of its age and the substantial shortfall between the words used and the meaning or interpretation which is attributed to them, the Gentlemen's Agreement should be revised; in any case, there is no obstacle at present to the Council being submitted to the normal discharge procedure, like the other institutions;
12. Welcomes the fact, in this connection, that the Council and the other Community institutions and bodies all accept the established practice that Parliament grants their Secretaries-General discharge in respect of their implementation of the budget, but explicitly criticises the fact that the Financial Regulation contains no reference whatsoever to this procedure, but only provisions relating to the discharge to be granted to the Commission;
13. Calls for maximum transparency in the area of Common Foreign and Security Policy (CFSP); requests the Council to make sure that, in accordance with point 42 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management ⁽¹⁾, no operating CFSP expenditure should appear in the Council's budget;

⁽¹⁾ OJ C 139, 14.6.2006, p. 1.

14. Urges the Council to indicate the exact nature of expenses, item by item, within Title 3 (Expenditure arising out of the Institution's performance of its specific mission) ⁽¹⁾ of Section II of the General Budget of the European Union for the financial year 2006, which is devoted to the Council, so as to enable Parliament to verify whether the abovementioned Interinstitutional Agreement is being complied with; reserves the right to take the necessary steps, where appropriate, where that Agreement is infringed;
 15. Requests the Council to provide it with *ex-post* assessments of individual European Security and Defence Policy missions and of the actions of EU Special Representatives, whose activities are, allegedly, regularly audited and assessed.
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⁽¹⁾ OJ L 78, 15.3.2006, p. I/273.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section III — Commission**

(2009/187/EC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
- having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (SEC(2007) 1056 — C6-0390/2007, SEC(2007) 1055 — C6-0362/2007) ⁽²⁾,
- having regard to the Commission's annual report to the discharge authority on the follow-up to 2005 discharge decisions (COM(2007) 538, COM(2007) 537), and to the Commission staff working document — Annex to the report from the Commission to the European Parliament on the follow-up to 2005 discharge procedure (SEC(2007) 1185, SEC(2007) 1186),
- having regard to the Commission communication entitled 'Policy Achievements in 2006' (COM(2007) 67),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2006' (COM(2007) 274),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2006 (COM(2007) 280), and to the Commission staff working document accompanying the annual report to the discharge authority on internal audits carried out in 2006 (SEC(2007) 708),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2005 annual report (COM(2007) 118),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006) 194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework) ⁽³⁾,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005) 252),
- having regard to the Commission's action plan towards an integrated internal control framework (COM(2006) 9), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007) 86), and the Commission staff working document accompanying that report (SEC(2007) 311),
- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies ⁽⁴⁾,

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 107, 30.4.2004, p. 1.⁽⁴⁾ OJ C 216, 14.9.2007, p. 3.

- having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008) 97),
 - having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM(2008) 110), and the Commission staff working document accompanying that report (SEC(2008) 259),
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006, together with the institutions' replies ⁽¹⁾, and to the Court of Auditors' special reports,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5842/2008 — C6-0082/2008),
 - having regard to Articles 274, 275 and 276 of the EC Treaty, and Articles 179a and 180b of the Euratom Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Articles 145, 146 and 147 thereof,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0109/2008),
- A. whereas under Article 274 of the EC Treaty the Commission implements the budget on its own responsibility, having regard to the principles of sound financial management,
1. Grants the Commission discharge in respect of the implementation of the European Union general budget for the financial year 2006;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this Decision, and the resolution that forms an integral part of it, to the Council, the Commission, the Court of Justice, the Court of Auditors, and the European Investment Bank, and to the national and regional audit institutions of the Member States, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

⁽²⁾ OJ C 274, 15.11.2007, p. 130.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section III — Commission**

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
- having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (SEC(2007) 1056 — C6-0390/2007, SEC(2007) 1055 — C6-0362/2007) ⁽²⁾,
- having regard to the Commission's annual report to the discharge authority on the follow-up to 2005 discharge decisions (COM(2007) 538, COM(2007) 537), and to the Commission staff working document — Annex to the report from the Commission to the European Parliament on the follow-up to 2005 discharge procedure (SEC(2007) 1185, SEC(2007) 1186),
- having regard to the Commission communication entitled 'Policy Achievements in 2006' (COM(2007) 67),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2006' (COM(2007) 274),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2006 (COM(2007) 280), and to the Commission staff working document accompanying the annual report to the discharge authority on internal audits carried out in 2006 (SEC(2007) 708),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2005 annual report (COM(2007) 118),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006) 194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework) ⁽³⁾,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005) 252),
- having regard to the Commission's action plan towards an integrated internal control framework (COM(2006) 9), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007) 86), and the Commission staff working document accompanying that report (SEC(2007) 311),
- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies ⁽⁴⁾,

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 107, 30.4.2004, p. 1.⁽⁴⁾ OJ C 216, 14.9.2007, p. 3.

- having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008) 97),
 - having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM (2008) 110), and the Commission staff working document accompanying that report (SEC(2008) 259),
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006, together with the institutions' replies ⁽¹⁾, and to the Court of Auditors' special reports,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽²⁾,
 - having regard to the Council's recommendations of 12 February 2008 (5842/2008 — C6-0082/2008 and 5855/2008 — C6-0083/2008),
 - having regard to Articles 274, 275 and 276 of the EC Treaty, and Articles 179a and 180b of the Euratom Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Articles 145, 146 and 147 thereof,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0109/2008),
- A. whereas Article 274 of the EC Treaty establishes that responsibility for implementation of the Community budget lies with the Commission and must be exercised with regard to the principles of sound financial management, in cooperation with the Member States,
- B. whereas the implementation of EU policies is characterised by the shared management of the Community budget by the Commission and the Member States, under which 80 % of Community expenditure is administered by the Member States,
- C. whereas in its resolution of 24 April 2007 ⁽⁴⁾ on discharge in respect of the financial year 2005, it proposed that each Member State must be able to take responsibility for the management of EU funds received by it, either through a single national management declaration or in the form of several declarations within a national framework,
- D. whereas the urgent need to introduce national declarations at an appropriate political level, covering all Community funds under shared management, was proposed by it in its 2003 and 2004 discharge resolutions,
- E. whereas, in its Annual Report concerning the financial year 2006 (point 0.10), the Court of Auditors (ECA) recognised the importance of national declarations together with the annual summaries in as far as 'all these elements, if properly implemented, could stimulate improved management and control of EU funds in Member States' and in as far as, with some conditions, 'such elements could give added value and be used by the Court following the requirements of international auditing standards',

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

⁽²⁾ OJ C 274, 15.11.2007, p. 130.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 187, 15.7.2008, p. 25.

- F. whereas the ECA in its Opinion No 6/2007 on the annual summaries of Member States and 'national declarations' of Member States also stressed that national declarations can be considered a new element of internal control of EU funds, and that if they highlight strengths and weaknesses, they will stimulate improved control of the EU funds under shared management,
- G. whereas improvement of financial management in the EU must be supported by a close monitoring of progress in the Commission and in the Member States, and Member States should assume responsibility for the management of EU funds, ensuring the completion of an EU integrated internal control framework with the aim of obtaining a positive DAS,
- H. whereas implementation of point 44 of the Interinstitutional Agreement between the European Parliament, the Council and the Commission of 17 May 2006 on budgetary discipline and sound financial management (IIA) ⁽¹⁾ and of Article 53b(3) of the Financial Regulation, concerning summaries of the audits and declarations available, should make a substantial contribution towards improving management of the Community budget,
- I. whereas the principle of sound financial management, including effective internal control, is one of the budgetary principles set out in the Financial Regulation, following its amendment by Regulation (EC, Euratom) No 1995/2006 ⁽²⁾, as referred to by the Commission in its action plan towards an integrated internal control framework,
- J. whereas the work of its Committee on Budgetary Control in general, and the discharge procedure in particular, form part of a process seeking to establish the full accountability of the Commission as a whole, of individual Members thereof and of all other relevant actors, of which Member States form the most important part, for financial management in the EU, in accordance with the Treaty, and thereby create a sounder basis for decision-making,
- K. whereas it will take due account of the results and recommendations of the discharge in respect of the financial year 2006 during the next budgetary procedure,
- L. whereas the Council should aim to strengthen the reform efforts and the responsibility of the Member States for remedying the problems identified by the ECA and for ensuring better financial management in the European Union,
- M. whereas 2006 was the European Year of Workers' Mobility, which raised awareness of mobility in the establishment of a genuine European labour market, and prepared the way for the European Year of Equal Opportunities for All in 2007,

MAIN CONCLUSIONS

1. Welcomes the progress made by the Commission towards a more efficient use of EU funds and in the overall control environment, which is reflected by the ECA's statement of assurance (DAS); welcomes in this light the statement of the ECA on the financial impact of errors; invites it to apply this to all chapters of its annual report in the future;
2. Welcomes the considerable progress made in the management of common agricultural policy (CAP) funds, in particular thanks to the functioning of the Integrated Administrative Control System (IACS), and reminds Greece of its obligation to implement the IACS in accordance with its action plan;
3. Welcomes the commitment by the Commission to report on a monthly basis to its Committee on Budgetary Control on the implementation of the follow-up to the 2006 discharge procedure, whereby every month one Member of the Commission presents developments in his or her area of responsibility, covering national declarations and annual summaries, external actions and the implementation of the action plan to strengthen the Commission's supervisory role under shared management of structural actions;

⁽¹⁾ OJ C 139, 14.6.2006, p. 1.

⁽²⁾ OJ L 390, 30.12.2006, p. 1.

National management declarations

4. Welcomes the Commission's commitment to give firm political support to national initiatives to draw up and publish national declarations, audited by national audit institutions, and to continue to encourage Member States to follow the example of Denmark, the Netherlands, Sweden and the UK; expects therefore the Commission to insert a new action point on promoting national management declarations as part of its review and follow-up to the abovementioned action plan towards an integrated internal control framework; expects furthermore that the Commission and the Member States will ensure that the national summaries fully respect the purposes and spirit of point 44 of the IIA;
5. Is of the opinion that the Commission must react to fulfil important requests made in Parliament's resolution accompanying the discharge decision in respect of the financial year 2005, which is not the case in the field of national declarations, where Parliament asked the Commission to submit to the Council before the end of 2007 a proposal for a national management declaration covering all Community funds under shared management; regrets the Commission's tacit acceptance of Member States' collective irresponsibility, with the exception of Denmark, the Netherlands, Sweden and the UK, concerning financial management in the European Union;
6. Is of the opinion that the Commission must present complete and reliable figures for recoveries, specifying the exact budget line and year to which the recovery relates; any other presentation makes serious control impossible; is aware that the Commission to a large extent has to obtain this information from the Member States; points out that, for this purpose, Parliament for the last three years has proposed the introduction of national management declarations in order to put the Commission in a position where it is able to present the missing information and fill the transparency gap;

Structural Funds

7. Welcomes the publication of the abovementioned action plan to strengthen the Commission's supervisory role under shared management of structural actions in reaction to the concerns raised by Parliament in the course of the discharge procedure in respect of the financial year 2006; will closely monitor the reporting on this action plan in preparation for the discharge procedure in respect of the financial year 2007;
8. Welcomes the firm commitment made by the Commission to ensure that any undue payments are recovered in the time remaining before the closure of winding-up procedures for the period 2000 to 2006;
9. Welcomes the Commission's commitment to enforce the Financial Regulation in full, in particular in relation to annual summaries; expects the Commission to keep Parliament fully informed of all legal actions brought against, and failures to comply by, Member States; welcomes in this light the preliminary assessments of the quality of the annual summaries for agriculture and Structural Funds; looks forward to the final assessments in the annual activity reports of the different Directorates-General;
10. Considers a major achievement of the discharge procedure in respect of the financial year 2006 the commitment made by the Commission to correct all individual errors found in the ECA's Annual Report, and in particular the commitment to make 100 % corrections in all cases of serious breach of public procurement procedures and to apply flat-rate or extrapolated financial corrections whenever it finds systemic tendering problems;
11. Requests, however, the Commission to present objective, clear and full information on its capacity to recover unduly paid amounts;
12. Welcomes the fact that as a direct result of the discharge procedure in respect of the financial year 2006 the Commission has finally committed itself to applying a policy of suspending payments as soon as possible following detection of serious weaknesses in the system;

13. Is looking forward to the quarterly reports on corrections and recoveries which are to be audited by the ECA, including the establishment of a system and a reporting scheme allowing recoveries made *ex post* to be linked to the year when the actual funding was allocated; hopes that this will give it, for the first time and in time for the discharge procedure in respect of the financial year 2007, a good overview of the state of play in this field; is of the opinion that the Commission should present a scoreboard and a final date for the implementation of its abovementioned action plan to strengthen its supervisory role under shared management of structural actions;
14. Reminds the Commission of the commitments made at the extraordinary hearing before its Committee on Budgetary Control of 25 February 2008:
 - (a) concerning the implementation of the abovementioned action plan to strengthen the Commission's supervisory role under shared management of structural actions, to improve audits, to decide on and apply the necessary suspension and correction procedures and to improve recoveries, and awaits quarterly reports on the implementation thereof;
 - (b) to develop in close cooperation with the ECA a new reporting scheme on recoveries and financial corrections, and expects it to present a detailed timetable for the development and application of this new scheme;
 - (c) to present an action plan with detailed measures on how to prevent extreme errors from occurring;
15. Endorses the Commission's position that, where irregularities are detected, corrective action, including the suspension of payments and the recovery of undue or erroneous payments, will be taken, and that it will report to Parliament at least twice a year on the measures it takes in this respect;

External actions

16. Considers that following the discharge procedure in respect of the financial year 2006, the Commission has become increasingly aware of the importance of transparency, visibility and political guidance for all EU funds implemented in the area of external actions, be it directly by the Commission or via decentralised management or international trust funds;
17. Welcomes the commitment of the UN representative to Iraq to improve real time information to the Commission, and considers that the 13 months of close research into the use of EU funds via international trust funds has contributed to increased awareness of the need for accountability regarding the use of EU taxpayers' money; invites the Commission to cooperate closely with it in the revision of the Financial and Administrative Framework Agreement between the European Community and the United Nations (FAFA);
18. Welcomes the fact that the Commission included information on verification missions under FAFA, as well as the relevant conclusions, in the annual activity reports signed by the competent Directors-General at the end of March 2008, and that this allowed Parliament to take that information into account during its vote on this report;
19. Accepts the Commission's proposal to discuss the question of a definition of non-governmental organisation (NGO) after the results of the ECA's ongoing audit of NGOs have been made available;
20. Calls on the Commission to:
 - (a) provide it with regular information on EU financing of multi-donor trust funds, both on its own initiative and at Parliament's request;

- (b) present measures on how to improve the visibility of EU funds when implementing external aid via other organisations;
 - (c) present measures aimed at allowing better access for EU auditors (ECA, Commission or private audit firms) to carry out audits of projects under joint management, especially joint management with the UN;
21. Welcomes the Commission's commitment to further inform it of beneficiaries of funds, as referred to in Article 30(3) of the Financial Regulation, as well as to further increase political steering, visibility and control over these funds, in particular over funds managed via international trust funds;
22. Insists on public access to information concerning all members of expert and working groups working with the Commission, as well as full disclosure of beneficiaries of EU funding;

HORIZONTAL ISSUES

Statement of Assurance

Reliability of the accounts

23. Notes with satisfaction the ECA's positive opinion concerning the reliability of the final annual accounts and its statement that, except for some observations, the accounts present fairly, in all material respects, the financial position of the Communities and the results of their operations and cash flows as at 31 December 2006, in accordance with the provisions of the Financial Regulation and the accounting rules adopted by the Commission's Accounting Officer (Chapter 1, Statement of Assurance, paragraphs VII to IX);
24. Expresses none the less its concern at the ECA's observations regarding errors identified in amounts registered in the accounting system as invoices or cost statements and pre-financing, which have the effect of overstating the amounts payable by some EUR 201 million and the total amount of long and short term pre-financing by some EUR 656 million; regrets in particular weaknesses in the accounting systems of certain Directorates-General, which still endanger the quality of financial information (in particular for cut-off and employee benefits) and lead to a number of corrections after the presentation of the provisional accounts;
25. Deplores the fact that financial documents are not made available to members of the Committee on Budgetary Control in all the official languages of the European Union;
26. Notes that the Commission's Accounting Officer was not able to provide validation regarding the financial year 2006 to the local systems of the EuropeAid Cooperation Office, the Directorate-General for Education and Culture and the Directorate-General for External Relations;
27. Reminds the Commission of its commitment in its annual report to the discharge authority on the follow-up to 2005 discharge decisions to provide the budgetary authority with six-monthly reports on the management of pre-financing operations, as requested in Parliament's resolution accompanying the discharge decision in respect of the financial year 2005, and deeply regrets that no such report has as yet been submitted;

Legality of the underlying transactions

28. Notes with satisfaction that the ECA considers that in areas where the supervisory and control systems are implemented in a manner which provides for adequate risk management, the transactions taken as a whole are free from material error;
29. Deplores, none the less, the fact that in extremely important Community spending areas, such as structural measures, internal policies and external actions, payments are still affected by high material error at the level of implementing organisations;

30. Expresses its deepest concern at the fact that the ECA continues to find weaknesses in the operation of supervisory and control systems and in the reservations on the assurances provided by the Directors-General, in particular as regards the legality and regularity of underlying transactions, and reminds the Member States and the Commission of their responsibilities in this regard;

Information and framework of the Statement of Assurance

31. Welcomes the work carried out by the ECA to further improve the clarity of the DAS as regards factors contributing to more efficient and effective control systems in each sector from year to year, and invites the ECA to continue to regularly inform Parliament of progress in this regard;
32. Regrets the lack of clarity concerning the legality and the inevitable impact on the media of the ECA's reporting of EU funds being received by certain beneficiaries (railway companies, horse riding/breeding clubs, golf leisure clubs and city councils) in accordance with the eligibility rules; points out that from a legal perspective this is ultimately a discussion of the eligibility rules; emphasises that it has supported the ECA in the past, and will continue to do so, when commenting on efficiency and effectiveness in its special reports;
33. Reiterates that the ECA made the use of available audits and reports of national audit institutions an integral part of its new methodology; asks the ECA to inform Parliament's Committee on Budgetary Control as to how it uses this information and asks further the ECA to give an opinion on the usefulness of the information obtained from national audit institutions when drawing up its annual report;
34. Welcomes the quality of specific parts of the ECA's Annual Report, such that concerning structural measures, which enables all actors concerned to identify problems and focus their efforts on necessary improvements;

Budgetary management

35. Notes the efforts made by the Commission's services during 2006 to ensure the completeness and accuracy of the registration of new pre-financing payments, of new open invoices and cost statements, and of cut-offs;
36. Notes that, in relation to Structural Funds, 2006 was the last year of the 2000 to 2006 programming period, by the end of which all commitments for that period had to be made;
37. Is concerned that outstanding budgetary commitments as at the end of 2006 represent the full extent of the remaining payments to be made for the financial perspective 2000 to 2006, corresponding to 28 % of the total amounts of the related financial perspective headings for the whole period;
38. Regrets that outstanding budgetary commitments — unused commitments carried forward to be used in future years, mainly on multiannual programmes — related to structural operations and the Cohesion Fund increased in 2006 by EUR 12,6 billion (10,6 %) to EUR 131,6 billion;
39. Is concerned that $n + 2$ pressure spending might interfere with a proper undertaking of the winding-up procedures for structural programs and projects; points out that for 2007, payments concerning Structural Funds have already gone up by almost 50 % in comparison to 2006; stresses that the Commission should ensure an effective winding-up procedure and emphasises the important role that Member States have in this;

40. Regrets also the fact that the spending rate for the Cohesion Fund, ERDF and ESF was less than expected in the new Member States and linked to difficulties encountered by those Member States in absorbing expenditure; asks the Commission to give a more detailed explanation for lower than nationally forecast spending on structural operations;

National management declarations and point 44 of the IIA

41. Recalls the urgent need to introduce national declarations at the appropriate political level, covering all Community funds coming under shared management, as requested by it in its resolution accompanying the discharge decision in respect of the financial years 2003, 2004 and 2005;
42. Recalls that in its resolution accompanying the discharge decision in respect of the financial year 2005, Parliament asked the Commission to submit to the Council before the end of 2007 a proposal for a national management declaration covering all Community funds under shared management based on sub-declarations by the various national bodies responsible for the management of expenditure; rejects the answer given by the Commission in the annex to its report on the follow-up to 2005 discharge procedure, as follows: 'the Commission will not be taking the recommended action given the different governmental structure and management structures for EU funds under shared management of the 27 Member States, the development of a single standard declaration would not yield significant benefits. The Commission will however continue to support such initiatives taken by national administrations'; considers this response highly unsatisfactory, taking into account the fact that more than 80 % of the general budget of the European Union falls under what is called 'shared management', and even more so in light of the current situation with respect to Structural Funds, as described by the ECA in its Annual Report;
43. Strongly supports the initiative taken by some Member States (Denmark, the Netherlands, Sweden and the UK) to adopt a national declaration on the management of Community funding, and expresses concern at the fact that, despite these initiatives, most other Member States are resisting its introduction; urges the Commission to present the advantages in terms of control relations between it and those Member States that have taken that initiative; requests the Commission to report on a regular basis to its Committee on Budgetary Control on progress made in this respect;
44. Notes the first annual summaries sent by most Member States, and asks the Commission to bring infringement proceedings against those Member States which have not fulfilled their obligations; points out that it considers these annual summaries to be a first step towards national management declarations; asks the Commission to draw up, before the first reading of the 2009 budget, a document analysing the strengths and weaknesses of each Member State's national system for the administration and control of Community funds and the results of the audits carried out, and to forward that document to Parliament and the Council; invites the Commission also to report on the quality of the annual summaries and to ensure that value is added to the process by such means as the identification of common problems, possible solutions and best practices;
45. Notes, however, the ECA's critical statement concerning national audit work to the effect that 'the external auditor wishing to rely on, or use, the opinion or work of others must obtain direct evidence of the sound basis of that work'; finds therefore the work of the Contact Committee Working Group responsible for developing common auditing standards and comparable audit criteria tailored for the EU essential, and calls for the Commission to encourage all Member States to participate in it;

Governance

46. Reminds the Commission of its previous criticism of the solidity of the basis on which the Commission claims to discharge its political responsibility by means of its synthesis report, whereas the Commission lacks full insight into 80 % of funds under shared management and the quality of annual activity reports varies; points out that the source of this lack of insight is two-fold: on the one hand insufficient monitoring and supervision by the Commission, and on the other an absence of concrete solutions and accountability at Member State level;

47. Regrets the Commission's tacit acceptance of the collective irresponsibility of the majority of Member States concerning financial management in the European Union; welcomes and supports the initiatives taken by some Member States in this respect, and calls on the other Member States to follow suit;
48. Notes that the budget is implemented by the Commission and the Members thereof, and not by the Directors-General, who are authorising officers by delegation, and therefore regrets the fact that the increased responsibility of Directors-General has not been accompanied by the taking of direct (and not only political) responsibility by Members of the Commission; invites the Commission to present proposals to remedy this situation, which is in contravention of Article 274 of the Treaty;
49. Welcomes the ECA's solid analysis of the internal control system in the Commission (chapter 2 of its Annual Report); encourages the ECA to continue this positive development by including an analysis of the actions and inactions of individual Members of the Commission in relation to this situation;
50. Recalls that governance is about the position of staff working in accounting and control functions vis-à-vis their management, their empowerment to enforce action, their skills and their training;
51. Requests the Director-General of Directorate-General Budget to give a formal opinion on the quality and efficiency of the internal control system;
52. Requests the Secretary-General to give a formal statement of assurance as regards the quality of the individual declarations from the Directors-General;
53. Requests the internal auditor of the Commission to assess the Secretary-General's statement of assurance in the form of an audit opinion;
54. Recalls the importance of functional reporting lines — open communication between the same groups of professional specialist staff in different Directorates-General, such as, for example, IT staff, internal control staff, internal audit staff and accountants — in a *silo* organisation such as the Commission; regrets the very limited efforts to introduce this type of governance instrument; invites the Commission to ensure the introduction of compulsory functional reporting lines as soon as possible and to report to its Committee on Budgetary Control thereon no later than September 2008;
55. Invites the Commission to upgrade the accounting officer to the same grade as the accounting officer's operational counterparts;
56. Invites further the Commission to change the composition of the Audit Progress Committee so that the number of external members is the same as the number of the Members of the Commission; invites also the Commission to nominate one of the external members of the Audit Progress Committee as its chairman;
57. Expects the Commission to issue a Commission-wide annual institutional statement of assurance which the President of the Commission will present to Parliament's Committee on Budgetary Control;

The Commission's internal control system

The action plan towards an integrated internal control framework

58. Welcomes the overall progress made in the development of the Commission's internal control system;

59. Disagrees with the statement made by the Commission in its abovementioned progress report of 2008 on the action plan towards an integrated internal control framework that Actions 1, 3, 3N, 5, 8 and 13 are completed; points out that so far it has been unaware of supporting documents or statements justifying such a declaration; is forced therefore to seriously question whether these measures have been put in place, let alone whether they have been implemented or have had an impact on the progress of the implementation of that action plan;
60. Welcomes however the half-yearly scoreboards on the implementation of that action plan;
61. Highlights that in relation to the implementation of Actions 1, 3, 3N, 5, 10, 10N, 11, 11N, 13 and 15, the Commission is also dependant on cooperation with the Member States; emphasises that it fully supports these actions, and urges therefore the Commission to use every available tool at its disposal to implement them as soon as possible;
62. Expects the relevant scoreboard to reach Parliament by 1 January 2009 for use in the discharge procedure in respect of the financial year 2007;

Analysis of the existing balance between operational expenditure and the cost of the control system for EU funds

63. Deeply regrets the fact that so far it has not received any information about the cost-benefit analysis of the control system for EU funds, as it had requested in the resolution accompanying the decision on discharge in respect of the financial year 2005;

Synthesis Report

64. Finds it unacceptable that the Commission reduces the ECA's audit results, which are based on widely accepted international audit standards, to 'differences of opinion on the typology and impact of error and on the evaluation of systems deficiencies, and partly the different perceptions regarding the operation of financial correction mechanisms' (page 2, last paragraph);
65. Is of the opinion that all reservations concerning a lack of assurance as to the legality and regularity of Community spending should be reflected in the annual activity reports, as well as in the Synthesis Report; finds it therefore highly surprising that three Directors-General decided only in 2006 to insert a reservation concerning the management and control of Interreg, which, as noted by them, had already existed for some years (page 4, last paragraph);
66. Is concerned about the statements of the Internal Auditor in his first Overview Report which indicate that, despite some progress, half of the critical and very important recommendations have not been implemented before the target dates set (page 8, before the last paragraph); asks the Commission to put more emphasis on implementation of these recommendations;

Political responsibility and administrative responsibility at the Commission

Annual activity reports

67. Notes with regret that according to the ECA: '(...) in significant parts of the EU budget, the Directors-General give a more positive account on the legality and regularity of the EU spending than is consistent with the ECA's audit' (point 2.13 of the Annual Report);
68. Regrets the fact that in its Annual Report the ECA emphasised once again that some of the annual activity reports still do not include sufficient evidence for its statement of assurance (points 2.14 to 2.18 of the Annual Report);

69. Welcomes the fact that the Synthesis Report stresses that '[i]n all instances where there is a difference between the European Court of Auditors' opinion and that of the Director-General, the latter will have to explain it in his/her next year's annual activity report' (point 2), and hopes that improvements will be visible in the 2007 annual activity reports and onwards;
70. Asks the Commission to improve the annual activity reports through the establishment of common criteria for the making of reservations and their stronger formalisation so as to allow greater comparability between the annual activity reports of different Directorate-Generals and over time; asks the Commission to take account of the observations made by the ECA on the annual activity reports and to make improvements in close consultation with it;

Transparency and ethics

71. Welcomes the publication of the Follow-up to the Green Paper on ETI (COM(2007) 127), in which the Commission states, in accordance with Article 30(3) of the Financial Regulation, that information on beneficiaries of EU funds will be publicly available as of 2008 (section 2.3.2) and declares that it will 'in spring 2008' launch a register for interest representatives (lobbyists);
72. Is aware of the arguments in favour of both voluntary and compulsory registration of lobbyists; notes the Commission's decision to start with a voluntary register and to evaluate the system after one year; is aware of the legal base for a mandatory register provided by the Treaty of Lisbon; recalls that Parliament's current register is already mandatory and that a possible common register would be *de facto* mandatory, since registering is, in both cases, a prerequisite for gaining access to Parliament;
73. Recalls the need for a new code of conduct for Members of the Commission so as to improve and define more clearly their individual and collective political responsibility and accountability for their decisions and for the implementation of their policies by their services;
74. Insists on the Commission's responsibility for ensuring the completeness, searchability and comparability of data provided on the beneficiaries of EU funding, and recalls the Commission's written answer to Parliament in which the intention to finalise and reach agreement with Member States before April 2008 on common standards for such data is set out;
75. Recalls its observation at paragraph 85 of the resolution accompanying the discharge decision in respect of the financial year 2005 to request easy access to information on who is represented in the various forms of expert groups and what their tasks are, and its observation at paragraph 86 to call on the Commission to publish the names of the people who take part in these groups, and the names of the special advisers which the individual Members of the Commission, Directors-General or cabinets engage; asks that the names of all experts and counsellors in the Commission's working groups be made public;
76. Recalls the answers given by the Member of the Commission responsible for the discharge at the hearing of the Committee on Budgetary Control of 21 January 2008 to the effect that the register of expert groups will contain all such groups, including information on members of comitology committees, individual experts, joint entities and social dialogue committees;
77. Also recalls the request made at paragraph 76 of its resolution accompanying the discharge decision in respect of the financial year 2005 'to ensure that the Commissioners' binding code of conduct incorporates the necessary ethical rules and the principal guidelines to be observed by Members of the Commission in the conduct of their office, in particular when appointing colleagues, especially to their 'cabinets';

78. Regrets the answer given by the Commission in the annex to its abovementioned report on the follow-up to the 2005 discharge procedure (page 18) to the effect that these rules do not yet exist, and urges the Commission to adopt them;
79. Recalls the importance of complete transparency and publicity with regard to staff of cabinets of Members of the Commission not recruited in accordance with the Staff Regulations;

SECTORAL ISSUES

Revenue

80. Welcomes the fact that the ECA considered that in all material respects the systems for customs supervision were satisfactory, that the accounts regarding traditional own resources were reliable and that the underlying transactions were legal and regular, even if some weaknesses persisted;
81. Welcomes also the fact that the ECA found the VAT and GNI resources to be correctly calculated, collected and entered in the Community accounts by the Commission;
82. Notes with satisfaction, regarding the VAT resource, that the Commission maintained the frequency and quality of its inspections; is concerned, however, at the number of outstanding reservations, and therefore calls on the Commission, in cooperation with the Member States, to continue its efforts to ensure that reservations are lifted within reasonable time-frames;
83. Asks the Commission to communicate to it what action it intends to take in the case of Member States with continued reservations;

The common agricultural policy

84. Welcomes the general improvement in CAP expenditure in 2006 and the ECA's statement that the IACS, which is the main control tool for area aid, animal premiums and the single area payment scheme, is an effective system in limiting the risk of irregular expenditure, if properly applied;
85. Appreciates the efforts of the Commission to broaden the application of the IACS and expects the Commission to ensure, in accordance with the plans and answers presented to Parliament, that the percentage of agricultural expenditure covered by the IACS will be at least 89 % by 2010 and 91,3 % by 2013;
86. Regrets the ECA's finding that CAP expenditure was still materially affected by errors and the fact that controls and checks implemented under the IACS are still not effectively enforced or are not yet completely reliable in some Member States, and thus urges the Commission to double-check with the Member States that the IACS is fully implemented in all EU-15 Member States and that the weaknesses found in the EU-10 Member States are remedied;
87. Regrets the fact that the ECA once again detected problems in the implementation of the IACS in Greece; fully supports the Commission's intention (as stated to its Committee on Budgetary Control) to ensure that current legislation on the suspension of payments is strictly enforced if the Greek Government does not remedy the existing problems within the time limits set;
88. Regrets the fact that in rural development, agri-environmental measures are prone to a high incidence of errors because farmers do not meet the often complex eligibility conditions; considers that the Commission should give due consideration to the pertinence of eligibility conditions for such measures and study the possibility of simplifying those conditions;

89. Notes the Commission's reference to the possible need to apply a different level of tolerable risk to the agro-environmental area in order to strike the right balance between improving and protecting the environment and the costs of controlling the measures applied; insists, however, on the correct application and sufficient control of Community spending, and invites the Commission to thoroughly investigate and assess the possible costs and benefits in the area of agro-environmental measures, as well as the connection to other areas of spending, and to present this analysis to the Council, Parliament and the ECA as a minimum basis for discussing the need for reform, as indicated by the Commission;
90. Notes that, since the new financial clearance procedure provides for irregularities which Member States consider to be irrecoverable, and amounts are charged to the Community on the basis of information from the Member States, the Commission must now carry out a detailed follow-up to ensure that the debts are correct and properly charged to the Community budget;
91. Recalls also that the cost of financial corrections is borne by the Member States, usually by the taxpayer, rather than by the beneficiaries of the aid irregularly paid;
92. Notes that, according to the ECA, when auditing the single payment scheme (for the first time in 2006), the Commission did not specify the scope and depth of the work of the certifying bodies, and some certifying bodies (in Italy for example) excluded verification of entitlements, only mentioning it in their certificates, and the Commission accepted this without comment;
93. Regrets that the level of irregular payments financed by the CAP is not yet known or estimated by the Commission in a way considered appropriate by the ECA; notes that the ECA found that corrections for irregular payments with an estimated maximum amount of EUR 100 million could not be made, as they were discovered after the two-year time limit; invites the Commission to allocate adequate resources for conformity audits in order to execute corrections for irregular payments within the time limit;
94. Considers that all the weaknesses referred to by the ECA in its Annual Report should be resolved by the Commission in order to ensure a higher level of assurance concerning the work of the certification bodies;
95. Takes note of the conclusions set out at points 5.20 and 5.21 of the ECA's Annual Report, and urges the Commission to improve checks in the UK, which did not comply with Community legislation when allocating entitlements and paying Single Payment Scheme (SPS) and rural development aid to landlords for land let to and farmed by lessee farmers, and in those Member States (Austria, Ireland and the UK) which failed to correctly apply certain key elements of the SPS and extended consolidation of entitlements beyond the provisions of Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers ⁽¹⁾;
96. Takes note of the very clear affirmation of the Commission, both in answer to the ECA (point 5.27 of the Annual Report) and its Committee on Budgetary Control, that no beneficiary is eligible for agricultural support unless that person exercises an agricultural activity; expects the Commission to follow up on the cases identified by the ECA, and to make sure that no payments will be made, and will be recovered where they have been made, to landowners who do not exercise an agricultural activity;
97. Invites the Commission, in light of the statement by the ECA that more than 700 new beneficiaries belong to categories such as golf clubs, cricket clubs, leisure parks/zoos, horse riding establishments, railway companies and city councils, to provide an overview and an assessment of the development of allocation of agricultural support to such beneficiaries, who are eligible for funding under the current rules;

⁽¹⁾ OJ L 270, 21.10.2003, p. 1.

98. Reminds the Member States of the existing possibility to influence and decide in a national context to further narrow the activities and beneficiaries eligible for funding; invites the Commission, if appropriate in light of developments and according to its assessment of the intended use of support measures, to present a proposal for amendment or revision of the rules;

Structural measures, employment and social affairs

99. Recalls that in 2006 Community funding of Structural Policies totalled EUR 32,4 billion; points out that for 2007 this amount rose to EUR 46,4 billion, not including co-financing by Member States;
100. Notes with great concern that in its Annual Report, the ECA indicated that reimbursement of expenditure to Structural Policies projects is subject to material error, that the proportion of reimbursements in the sample affected by error was 44 % and that 'at least 12 % of the total amount reimbursed in structural policies should not have been reimbursed';
101. Notes with deep concern the ECA's observations that:
- (a) only 31 % of projects in its audit sample were correctly reimbursed and were not affected by compliance errors;
 - (b) the control systems in the Member States are generally ineffective or only moderately effective;
 - (c) just over half of the Commission's audits examined by it appear to have had all the qualities of an effective supervisory instrument;

regrets the ECA's conclusion that it is reasonably confident that at least 12 % of the total amount reimbursed to Structural Policies projects should not have been reimbursed;

102. Considers it unacceptable that, according to the ECA, first-level control systems in Member States are generally ineffective or only moderately effective, and that a number of national and regional authorities do not manage EU funds with sufficient attention; notes that of the ECA's audit sample (19 first-level control systems), none of the systems was effective, only six moderately effective and 13 ineffective, and thus no progress has been made in the field of Structural Funds compared to 2005; is very concerned by the inability of the Council to clearly recognise its responsibility for this situation, which is the result largely of inadequate controls by Member States;
103. Urges therefore Commission to make use of *ex-ante* checks to verify whether supervisory and control systems for the period 2007 to 2013 are in place in all Member States, and to regularly follow up on those checks;
104. Regrets also the fact that, according to the ECA, the Commission maintains only moderately effective supervision of control systems in the Member States, failing to prevent reimbursement of overstated or ineligible expenditure;
105. Notes with regret that, as pointed out by the ECA, in relation to expenditure under Structural Policies (such as the CAP and internal policies), complicated or unclear eligibility criteria or complex legal requirements have a negative impact on the legality and regularity of the underlying transactions;

106. Finds it unacceptable that, according to Commission ⁽¹⁾, little progress is to be expected concerning simplification of the existing regulations governing the Structural Funds for the period 2007 to 2013, and that further simplification will only be proposed in the next legislative round;
107. Urges the Commission to follow up on the recommendation of the ECA (point 6.45 of the Annual Report) concerning the Cohesion Fund, and to present further simplification proposals as soon as possible for, *inter alia*, clear and straightforward rules, guidelines and eligibility criteria;
108. Considers and fully agrees with the ECA that the Member States' authorities have a very important role in the effective implementation of Structural Funds, and that the Commission should reinforce their audits and make additional efforts to supervise the Managing Authorities in the Member States;
109. Regrets the lack of incentives for Member States to effectively control expenditure, since any ineligible expenditure identified by the Commission or the ECA can be substituted for eligible expenditure by a Member State; asks the Commission to make sure that in the future only irregularities identified by Member States themselves can be substituted for other expenditure without any loss of funding for the Member State concerned;
110. Welcomes the Commission's abovementioned action plan to strengthen the Commission's supervisory role under shared management of structural actions, which contains 37 measures aimed at reducing irregular payments made by Member States; welcomes also the Commission's commitment, announced publicly at the hearing before the Committee on Budgetary Control of 25 February 2008, to report quarterly to Parliament on the progress of this action plan; expects the Commission to improve the reporting scheme in cooperation with the ECA; calls on the Commission, while assuming its Treaty responsibility for the implementation of the budget and respecting the principles of sound financial management, to take, in cooperation with the Member States, the following measures concerning the shared management of Structural Funds:
- (a) to make a formal commitment to fully implement the action plan and to agree in particular to:
 - quarterly reporting on progress, measured where possible in quantitative rather than qualitative terms, in a form acceptable to the ECA, in particular submitting progress reports by 31 October 2008 and 31 January 2009,
 - provide complete and accurate quarterly reporting on corrections and recoveries made by it, in particular submitting progress reports thereon by 31 October 2008 and 31 January 2009,
 - obtain information from Member States on the corrections they have made by means of the withdrawal of projects or the recovery of errors and in particular by submitting progress reports by 31 October 2008 and 31 January 2009 on its verification of the completeness and accuracy of these corrections;
 - (b) to take further measures to prevent errors in the future, in particular by improving first-level checks;
111. Asks the Commission to present to it a scoreboard with a final date for the implementation of this action plan, including also a common scheme of quantitative indicators and intermediate deadlines for its implementation;

⁽¹⁾ Commission statement under Action 1 in its abovementioned progress report of 2008 on the action plan towards an integrated internal control framework.

112. Is of the opinion that the Commission should focus on the reliability of national monitoring and reporting systems, on guidance to Member States and on coordination of audit standards, and should always give a breakdown per Member State;
113. Expects the Commission to initiate infringement procedures against those Member States which have not complied with their obligations under the regulations on Structural Funds, the Financial Regulation and its implementing rules and the IIA, in particular those Member States which do not present reports on recoveries and financial corrections, those which do not present annual summaries in conformity with the guidelines and those the quality of the annual summaries of which is inadequate;
114. Stresses the importance of Commission guidelines for the effective fulfilment of the IIA; is of the opinion that these guidelines should, as a first step, at least require what is already required by the sectoral regulation in agriculture (i.e. a declaration of assurance signed by the head of the Managing Authority and accompanied by a certification report);
115. Insists that the Commission should bring suspension proceedings against Member States whose first-level control systems are inadequate, and that it should speed up the sanctions system and present to Parliament a concrete plan for the timing and sanctions to be applied in case of identification of irregularities;
116. Insists on auditable reporting on corrections and recoveries by the Commission (withdrawals, recoveries by Member States, recoveries by the Commission, net corrections, suspension of payments) in relation to all unduly made payments in connection with all funds, with precise definitions of the different categories of financial correction, and insists further that the underlying evidence should be fully accessible to the ECA; expects the Commission to establish a clear link between the recovery and the year in which the irregularity happened, and to develop these reporting schemes in cooperation with the ECA;
117. Notes the Commission's statement that none of the amounts unduly paid in 2006 will be lost due to the effectiveness of the *ex-post* controls; expects it to provide Parliament with objective, clear and full information concerning its capacity to recover unduly paid amounts, the underlying proof of which should be presented to Parliament;
118. Recalls Action 11N ⁽¹⁾, the deadline for the implementation of which was 31 December 2007, and calls on the Commission to implement it as soon as possible;
119. Is worried by the Commission's statement in its abovementioned progress report of 2008 to the effect that only recoveries launched in 2008 will be recorded in the central financial and accounting system; urges therefore the Commission to record information on the control authority and the type of error in the central financial and accounting system, and to retroactively encode all recoveries for the periods 1994 to 1999 and 2000 to 2006;
120. Asks the Commission in this light to give an assessment of the efficiency and effectiveness of multiannual recovery systems and to report on this in the 2008 or 2009 accounts;
121. Expects the Commission to present to it an evaluation of the quality of all the annual summaries received for agriculture, Structural Policies and fisheries; this evaluation should entail a breakdown per Member State and per policy area and should give an opinion on the overall assurance and overall analysis that can be drawn from the summaries;

⁽¹⁾ Action 11N reads as follows: 'To determine whether recovery and offsetting systems are working effectively, by identifying amounts recovered in 2005 and 2006 and their coherence with errors identified during controls the Commission will, in direct management, develop a typology of errors and the relationship with recoveries, financial corrections and adjustments to payments and for share management it will examine the reliability of national monitoring and reporting systems'.

122. Regrets the variety of information given by the Commission on financial corrections and recoveries and expects the information provided for the discharge to use exactly the same definitions of financial corrections as in the abovementioned quarterly reports;
123. Asks the Commission to report during the mid-term review on the results of Contract of Confidence arrangements, including the fundamental question of whether these contracts have added value;
124. Expects the Commission to report to it annually on Member States' fulfilment of or non-compliance with their obligations under the Structural Funds regulation and the IIA; welcomes the fact that the Commission has obtained the national summaries of sectoral audits required under the revised IIA and the revised Financial Regulation; deplores, however, the fact that not all Member States have fulfilled this requirement; urges the Commission to bring infringement proceedings against those Member States which have not delivered the national summaries of sectoral audits;
125. For the discharge in respect of the financial year 2007, requests the Commission to present both cash and accrual based figures, a clear indication of whether the figures are annual or multiannual, a clear explanation of the nature of financial corrections (flat-rate corrections, in the case of system weaknesses, or recoveries at the level of the final beneficiary), and improvements in the ABAC system, and expects the information provided for the discharge to use exactly the same definitions of financial corrections as in the other reports on financial corrections published over the year;
126. Calls on the Commission to inform it, upon the closure of the last of the projects involved in the 2006 budgetary exercise, of the total sums recovered and, if necessary, of any losses and the reasons therefor;
127. Notes with concern the substantial decline in the volume of payments in some of the EU-15 Member States, which led to a sharp increase in outstanding commitments;
128. Reminds the Commission that the quality of audit systems has a considerable influence on project evaluation, and thus strict regulation of the quality of financial control procedures will be particularly important in the future;
129. Expresses its serious concern at the fact that, as in 2005, outstanding budgetary commitments have continued to rise and that this, combined with the replacement of the $n + 2$ rule by $n + 3$, a change which some Member States are due to implement for the period 2007 to 2013, might worsen the present situation, with the result that funds will take longer to reach their ultimate recipients, and compliance with annuality and programme deadlines will be more and more rare;
130. Endorses the view of the ECA that the Member States' control systems need to be made more effective early on so as to enable errors to be forestalled when projects are in their initial stages, and is of the opinion that national officials involved in project assessment and analysis should be given full training in order to ensure that they act with the necessary speed in the use of Structural Funds;
131. Notes the Commission's recommendation to the Member States that they should make use from now on of the simplifications provided for in the new rules governing the Structural Funds for the period 2007 to 2013 ⁽¹⁾, for instance by using flat-rate amounts for indirect costs under the European Social Fund, which should, however, be kept to a minimum and expressed as comprehensively as possible, and considers this recommendation to be of paramount importance;
132. Considers it vital to gauge structural policy trends in the light of meaningful indicators and targets, which should lend themselves to comparison and, as far as possible, aggregation in the short term, thus serving to avoid what would inevitably be rough and hazy assessments that would not leave sufficient time to make corrections;

⁽¹⁾ OJ L 210, 31.7.2006, p. 1.

Internal policies

133. Notes with concern that, in general in relation to internal policies, once again the ECA's audit revealed two important weaknesses, on the one hand 'a material level of error in payments to beneficiaries' and on the other 'in the Commission's supervisory and control systems', which 'do not sufficiently mitigate the inherent risk of the reimbursement of overstated costs' (Annual Report, conclusions, point 7.30);
134. Notes that, moreover, as in previous years, the ECA also pointed out persistent delays by the Commission in making payments to beneficiaries;
135. Deeply regrets the critical assessment of the ECA in this area, which is under the Commission's direct financial management, and urges the Commission to do its utmost to take the necessary action in order to avoid the same number of weaknesses next year;
136. Considers that the simplification of the calculation rules for claimed costs is a necessary step in improving the situation, and invites the Commission to continue its efforts to have in place the most easily applicable rules for beneficiaries;
137. Emphasises that the Commission must comply with the provisions of the Financial Regulation regarding deadlines for expenditure operations, and asks it to take serious measures in order to avoid the current delays in payments, which are persistent;
138. Welcomes the possibility of declaring indirect costs for grant purposes on a flat-rate basis, as provided for in Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund ⁽¹⁾;
139. Calls on the Member States, in collaboration with the Commission, to improve the supervisory and control systems that they bring to bear on cost claims made by recipients of financial contributions;
140. Endorses the view of the ECA that the financial management of internal policies needs to be improved and efforts set in motion to simplify the rules applying to programmes by employing lump-sum financing and switching to a results-based financing system;
141. Points out that the European Year of Workers' Mobility, celebrated in 2006, notwithstanding its modest budget served to reveal some of the obstacles to free movement, but has not yet led to any real change;
142. Applauds the investment in the new EURES platform, launched in 2006, which has already proved its added value for genuine mobility and free movement in the European labour market; notes that, despite that investment, many language barriers have been encountered, the implication being that a linguistic approach similar to that applied to students in European mobility programmes might be the right choice;

Transport and tourism

143. Notes that in the 2006 budget, as finally adopted and amended in the course of the year, a total of EUR 963,8 million was included for transport policies in commitment appropriations and EUR 891,4 million was available in payment appropriations; notes further that of these amounts:

— EUR 699,8 million was available in commitment appropriations and EUR 684 million in payment appropriations for Trans-European Networks for Transport (TEN-T) projects,

⁽¹⁾ OJ L 210, 31.7.2006, p. 12.

- EUR 18,1 million was available in commitments and EUR 19,1 million in payments for transport safety,
 - EUR 36 million was available in commitments and EUR 11,7 million in payments for the Marco Polo programme,
 - EUR 5,5 million was available in commitments and payments for the pilot project on road freight transport safety, and payment appropriations have been reduced to EUR 0,15 million via the global transfer;
144. Welcomes the continuing high rates of utilisation of both commitment and payment appropriations for TEN-T projects, both reaching almost 100 %, and calls on Member States to ensure that adequate funding is made available from national budgets to match this Community commitment;
145. Notes with concern the low rate of utilisation of commitment appropriations for transport safety (34 %), for which via a carry-over a large part of the sum initially available in 2006 was committed in 2007, and the low rate of utilisation of payment appropriations for the Marco Polo Programme (44,8 %), and is particularly concerned by the very low rate of utilisation of payment appropriations for the pilot project on safety in the TEN-T road sector (29,6 %), in part due to the late signature of contracts and consequent late start of the project; therefore calls on the Commission to launch in future the call for proposals and tenders as early as possible, so as to make full use of commitment and payment appropriations;
146. Calls on the Commission and the budgetary authority to ensure that when the budget for pilot projects is adopted, the right balance between the amounts available for commitment and payment appropriations is found, and that that balance reflects the fact that the time needed to bring projects to payment stage is usually longer than one budget year;
147. Notes with satisfaction that the ECA's analysis of the implementation of internal control standards on the regularity and legality of underlying financial transactions shows that those carried out by the Directorate-General for Energy and Transport comply with requirements in the areas of risk analysis and management, management information, reporting improprieties and supervision; nevertheless calls on the Directorate-General for Energy and Transport to use analysis of types and rates of errors to develop a risk-based control strategy in its *ex-ante* review of cost statements received from beneficiaries;

Internal market and consumer protection

148. Welcomes the absence of critical observations on internal market policy, customs policy and consumer protection policy in the ECA's Annual Report;
149. Believes that the execution rate of 85 % of budget line 12 02 01 in the area of internal market policy requires improvement, in light with the statement of the Commission that this consists in an increase of commitment appropriations of EUR 1,05 million added by the budgetary authority during the budgetary procedure which was not foreseen in the budgetary planning; acknowledges, however, the efforts to improve budgetary planning indicated by an execution rate of almost 100 % in 2007;
150. Believes that the execution rate of 48 % of budget line 14 02 01 in the area of customs policy is very low, which is, according to the Commission, the result of a policy change in the tendering procedure moving away from the award of separate contracts towards implementing long-term framework contracts; appreciates therefore the increase in the execution rate to 83 % in 2007, which already shows the positive results of this policy change, notwithstanding the need for further improvement;
151. Welcomes the execution rate of 96 % of budget line 17 02 01 in the area of consumer protection policy;

Civil liberties, justice and home affairs

152. Welcomes the fact that progress has been achieved in the level of implementation of budget payments for the area of freedom, security and justice (86,3 % in comparison to 79,8 % in 2005); calls on the Directorate-General for Justice, Freedom and Security to continue its efforts in this regard, but deplores the relatively low level of implementation of commitments (94,5 % in comparison to 97,7 % in 2005); calls on the Directorate-General for Justice, Freedom and Security to try to maximise the level of implementation of commitments and payments in 2007, despite the delays in the legislative procedures for the creation of funds;
153. Takes note of the remarks made by the ECA in its Special Report No 3/2007 concerning the management of the European Refugee Fund from 2000 to 2004; calls on the Commission to take these remarks into account, in particular as regards the implementation of the European Refugee Fund (ERF III) and the other funds created in 2007;

Women's rights and gender equality

154. Reminds the Commission that, under Article 3(2) of the EC Treaty, the promotion of gender equality is a fundamental objective of the Community and should be respected in all Community activities; stresses further that the Commission must ensure that gender equality is taken into account in the implementation of the budget and that actions should be evaluated from the perspective of the difference of their impact on men and women;
155. Observes with regret that the practice of gender budgeting has still not been implemented; therefore reiterates its demand for gender mainstreaming to become a reality in budgetary planning and the financing of Community programmes;
156. Notes the continuously low payment utilisation rates of the Daphne programme and urges the Commission to take the necessary steps in order to improve the situation and avoid expenditure being decommitted;
157. Considers that greater attention should be paid to promoting women's participation in the knowledge society and labour market and, consequently, to the high-quality training and employment of women in the field of information and communication technologies;

Research and development

158. Welcomes the swift and clear steps undertaken by the Research family after the discharge concerning the financial year 2005 in order to remedy the shortcomings noted; is aware that the results will be first visible in year $n + 2$;
159. Welcomes the improvements in the Commission's control strategy and the increased number of *ex-post* financial audits carried out in the context of the Sixth Framework programme in 2006;
160. Notes, however, that the ECA, as in previous years, indicated material errors in this policy area, and invites the Commission to continue its work in order next year to achieve a real decrease in the level of errors;

Environment, public health and food safety

161. Considers the overall implementation rates of the budgetary headings for environment, public health and food safety satisfactory;

162. Emphasises, in particular, that the implementation of the LIFE III programme, which represents 58 % of the operational budget for the policy area 'Environment', achieved an implementation rate of over 98,7 % in commitment appropriations;
163. Points out, however, that the execution of certain commitment appropriations, such as certain strands of Community action in the fields of civil protection and marine pollution, appears to be problematic, mainly due to the poor quality of proposals and bids submitted and to certain restrictions imposed by the legal basis, such as a limited maximum Community financial contribution;
164. Underlines the overall implementation rate of 85,76 % of payment appropriations in the area of the environment, which represents a significant increase compared to 2005 (78,39 %);
165. Notes that the payment rates for environment, health and food safety are relatively low, mainly due to difficulties in planning payment appropriation needs and partly due to the fact that a number of appropriations are non-differentiated, and that, therefore, a significant number of payments takes place one year after commitments are made; acknowledges that the Commission depends in part on a swift submission of bills for beneficiaries and contractors, and that the amounts of final payments to projects are often lower than first anticipated;
166. Calls on the Commission to continue its efforts to improve those administrative procedures which have an impact on the implementation of commitment and payment appropriations;

Culture and education

167. Notes with concern that the audit of contracts in the area of education and culture resulted in adjustment of 12,3 % of ineligible costs in favour of the Commission, which leaves open the question of the eligibility of reimbursements in projects which have not been audited;
168. Notes that, concerning culture and education policy, although progress has been made since 2005 with the last series of audits contributing additional information, the instrument for auditing and supervising the national agencies did not in fact change and the Directorate-General for Education and Culture (DG EAC) had to acknowledge a number of weaknesses;
169. Regrets the fact that the ECA found delays by the Commission in making payments to beneficiaries and that DG EAC had no reliable information on these late payments;
170. Notes with concern that, according to the ECA's Annual Report, 'the Commission has not complied with the Financial Regulation to carry out checks on the management and control systems of the National Agencies before entrusting them with the implementation of Community actions' (Annex, point 7.1);
171. Notes with great concern that for the e-learning programme, the average administrative cost per successful application was EUR 22 000, while the average amount per grant was only EUR 4 931; asks the Commission to explain the large difference between these two figures and to take the necessary measures to decrease it;
172. Notes that, according to the DG EAC 2006 annual activity report, the Commission is implementing several action plans (at least six) to remedy its management weaknesses, but regrets the fact that the current situation as regards the action plans is not clear; regrets the fact that concrete answers were not given during the hearing in preparation for the discharge;

173. Asks the Commission to provide its Committee on Budgetary Control with a comprehensive and up-to-date list of national agencies and the state of play of the analysis of the declarations of assurance presented by these agencies, and urges the Commission to improve the scope, quality and follow-up of the system audits of national agencies in the field of education and culture;
174. Notes the ECA's repeated recommendation that 'efforts should be continued to simplify the rules covering these programmes, where possible making more extensive use of lump sum financing and move to a results-based financing system'; calls therefore for greater simplification and more extensive use of flat-rate arrangements;
175. Welcomes the ECA's recommendation to the Commission to make increased use, in line with the Financial Regulation, of lump-sum and flat-rate financing in order to facilitate the awarding of grants;
176. Notes that about 70 % of the budget in the area of education and culture is managed through national agencies; notes with concern that in 2006 in a few cases severe and systematic weaknesses in the management of funds were detected; acknowledges at the same time that the Commission is taking steps to strengthen the control framework; expects the Commission to report back on the results of measures taken before the discharge procedure in respect of the financial year 2007;
177. Shares the view that Member States should be more aware of their responsibilities as regards the functioning of national agencies; hopes that the new declarations of assurance by national authorities will improve Member States' procedures for the control and auditing of national agencies;
178. Calls on the Commission to issue strict guidelines on the transparency of application and selection procedures for the multiannual programmes; expects it, together with the executive agencies and national agencies, to further improve communication with applicants and beneficiaries;
179. Is concerned at shortcomings in the data available regarding certain aspects of the implementation of the multiannual programmes; requests in particular full information from the Commission about the extent of late payments to beneficiaries; supports the Ombudsman's new own-initiative inquiry in this respect; notes that 23 % of payments were late in 2007; notes that the Commission is currently revising its definition of a late payment, and looks forward to receiving more information in this regard;
180. Takes note of the increased efforts undertaken by the Commission to enhance its ability to listen to citizens' concerns via its communication tools; encourages the Directorate-General for Communication to make better use of simplified funding mechanisms for measures targeted at civil society, along the lines foreseen by DG EAC in the Europe for Citizens programme;

External action

181. Urges the Commission to present its definition of a non-governmental organisation, focusing not only on legal aspects but also on the way the non-governmental financing of these organisations is ensured;
182. Recalls that funds spent on external actions in 2006 totalled EUR 5,867 billion and payments EUR 5,186 billion; notes with concern the following findings in the ECA's Annual Report:

— a high incidence of error in the sample tested at the level of project-implementing organisations,

- weaknesses in the supervisory and control systems designed to ensure the legality and regularity at the level of project-implementing organisations,
 - that the highest risk areas were again the contracting procedures, the eligibility of expenditure at project level and the insufficiency of supporting documentation;
183. Regrets the ECA's finding that, as concerns the annual activity report of DG AIDCO, 'the material incidence of error and the weaknesses in the supervisory and control systems designed to ensure the legality and regularity of the transactions at the level of project implementing organisations in the area of external actions found by the ECA are not sufficiently reflected in the annual activity report and declaration of Europe Aid Cooperation Office' (point 2.17 and Table 2.1 of the Annual Report);
184. Notes also with regret that once again in the analysis of the annual management plans of some Directorates-General there is no indication of external auditors, nor of the particular risks associated with the different types of implementing organisation (NGO, international organisation, government institution) and funding methods (grant, budgetary support, trust fund) (point 8.28 of the Annual Report);
185. Notes with concern that the ECA's findings referred to above were the same in its 2005 Annual Report, i.e. inconsistency of external audit information submitted to headquarters, lack of systematic centralisation of this information in order to reach conclusions and insufficient follow-up; therefore asks the Commission to react to these findings urgently;
186. Regrets also that according to the ECA's Annual Report 'the Internal Audit Capability (IAC) does not at present provide an annual overall assessment of the state of internal control in Europe-Aid and DG ECHO (...) Despite the creation during 2006 of two additional posts in the IAC, it does not seem feasible with the present staff complement to carry out, within the three-year cycle proposed, the full audit coverage identified in the Europe-Aid Audit Needs Assessment' (point 8.30 of the Annual Report);
187. Asks the Commission to carry out an annual overall assessment of the state of play of internal control in DG AIDCO and to evaluate whether additional posts are necessary in the IAC service;
188. Notes the situation criticised by the ECA as regards the Commission's *ex-post* control activities (points 8.23 and 8.33 of the Annual Report), and calls on the Commission to regularly inform its Committee on Budgetary Control of the steps taken to remedy the situation;
189. Invites the Commission to further improve DG AIDCO's risk assessment by making reference to the findings of auditors at project level and by making a distinction according to the different types of implementing organisation and funding method;
190. Invites DG AIDCO to improve the terms of reference of its external audits to cover all known risk areas, including the verification of compliance with the Commission's requirements regarding contracting procedures and the eligibility of expenditure;
191. Underlines that in the period 2000 to 2006, EU contributions to the UN have increased by 700 % (from EUR 200 million in 2000 to EUR 1,4 billion in 2007); cannot understand the lack of follow-up of funds transferred to international trust funds by the Commission;
192. In this context, expresses its concern at the lack of information necessary for the discharge authority to proceed to a meaningful discharge in respect of the funds implemented under the external action heading;

193. Insists that a harmonised information system should be developed in order to provide the discharge authority in particular, and the public in general, with a fully transparent database containing a full overview of projects financed with EU funds in the world, and the final recipients of these funds; is of the opinion that, preferably, the Common Relex Information System (CRIS) database should be enabled to deliver this kind of information;
194. Recalls that, under the Financial Regulation, the Commission should have been able since May 2007 to immediately identify the final beneficiaries and implementing actors of any project financed or co-financed with EU funds;
195. Considers that the visibility, political guidance and possibility of control by the Commission of international trust funds (where the EU is a major donor) should be strengthened, without compromising the effectiveness of action in this field;
196. Invites the Commission to present to it a plan to further increase EU ownership of external actions;
197. Expresses its concern at the fact that in the two cases where it asked for the list of projects financed by EU funds, it took the Commission 2 ½ months to deliver the list of projects financed under CARDS (Community assistance for reconstruction, development and stabilisation), and 13 months to provide basic information about the projects co-financed with EU funds in Iraq; insists on the immediate rectification of this situation for all funds managed under external actions;
198. Urges the Commission to address very seriously the deficiencies regarding contracting procedures and the eligibility of expenditure, and deeply regrets the critical assessment of the ECA in this area, which is under the Commission's direct financial management;
199. Agrees with the ECA that the Commission should include information on all audits of projects in the CRIS and should better link this information to project management information; also asks the Commission's EuropeAid headquarters to review the financial information provided by delegations in order to ensure its completeness and consistency;
200. Invites the Commission to improve transparency and access to documentation relating to projects managed by UN agencies, and to continue to develop clear guidelines and procedures within FAFA, setting out the framework for managing the financial contributions made by the Commission to the UN;
201. Invites the Commission to report to it on controls undertaken under FAFA;
202. Appreciates the results of the audit of the implementation of the Phare and ISPA instruments in Bulgaria and Romania and the assistance programme for Turkey, which identified an insignificant level of error; takes note of the errors and weaknesses found in relation to the implementation of the Sapard instrument in Bulgaria and Romania; calls on the Commission to continue working with the authorities of both countries to ensure that all requirements for public tendering and sound financial management are met and that adequate assurance of the correctness, regularity and eligibility of claims for Community assistance is provided;
203. Notes the ECA's assessment that the national supervisory systems linked to the Decentralised Implementation Systems of Bulgaria, Romania and Turkey remained weak;

204. Reiterates its concern at delays in the accreditation of the Extended Decentralised Implementation System (EDIS) in Bulgaria, and urges the Commission and the Bulgarian authorities to step up their cooperation in order to ensure that adequate management and control structures, as well as administrative capacities, are put in place to allow efficient functioning of the EDIS;
205. Supports the recommendation of the ECA to the Commission that the Commission closely monitor the effective functioning of national supervisory and control systems, notably the preparation and management of tenders in Turkey, procurement under the EDIS in Bulgaria and Romania and the timely delivery of national co-financing; underlines the need to strengthen the administrative capacity of those Member States that have recently acceded and those countries which are in the course of accession;
206. Is pleased with the ECA's assessment that several remedial measures were introduced by the Commission in the follow-up to the ECA's special report on twinning from 2003; invites the Commission to motivate beneficiary governments more strongly to make use of the outputs of projects carried out in the context of their reform efforts; supports the ECA's recommendation to the Commission that the Commission reduce the level of detail of the twinning contracts in order to allow greater flexibility of project management;
207. Notes the ECA's findings as to the legality and regularity of transactions in the field of external actions and of the related supervisory and control systems; invites the Commission to undertake all necessary system improvements so as to ensure that irregularities identified at the level of project-implementing organisations in third countries are removed;
208. Invites the Commission to present to it a report on what exactly has been done to alleviate the situation of Iraqi refugees and displaced persons;
209. Emphasises its interest regarding assistance provided to Afghanistan, and invites the Commission to present to it a report on the state of play of the implementation of EU funds in Afghanistan, and to comment on the expulsion from that country of the acting EU representative on a charge of having communicated with the Afghan Taliban;
210. Expects to receive annual reports on budget implementation contracts, an annual list of projects and their location and lists of final beneficiaries; considers that its rapporteur for the discharge should have access to information declared confidential for security reasons; welcomes the Commission's commitment to renegotiate relevant agreements on trust funds with the UN in order to achieve joint reporting guidelines and disclosure of final beneficiaries; welcomes the Commission's commitment to organise annual meetings between Parliament and senior UN staff responsible for the management of multi-donor trust funds, and is of the opinion that this would provide a framework for the provision by the UN of additional information regarding EU funds;

Humanitarian aid and development

211. Regrets that the ECA's assessment of internal audits in DG ECHO is only 'partially satisfactory' (Annex 8.2 to the Annual Report);
212. Fully supports the ECA's conclusions concerning DG ECHO in the Annual Report as follows: 'DG ECHO should clarify the rules on eligibility of expenditure to prevent varying interpretations and the balance between DG ECHO's headquarters and field audits of implementing partners should be reviewed, in order to obtain a better view of the reality of project expenditure' (points 8.11 and 8.18 of the Annual Report);

213. Regrets the finding set out at point 2.1 of the annual activity report of the Directorate-General for Development (DG DEV) to the effect that 'Ensuring the coherence of Community policies with an impact on developing countries, is a major source of risk. This risk is most relevant to respect to trade, notably Economic Partnerships Agreement (EPA) negotiations. This represents a critical dimension of development policy but the capacity in this area is concentrated in DG Trade. This risk persists in spite of the reinforcement and concentration of the responsibilities related to trade following DEV's reorganisation in July 2006';
214. Asks the Commission to present to its Committee on Budgetary Control its ideas on how to confront this situation and the measures to be taken in 2008 to improve the functioning of the internal control system in DG DEV with regard to the level of implementation of internal control standards;

Euro-Mediterranean Partnership

215. Notes with satisfaction that, according to the ECA Special Report No 5/2006 concerning the MEDA programme, 'the Commission's management of the MEDA programme has clearly improved since the early years and can be considered as satisfactory';
216. Notes furthermore, as concluded by the ECA, that, as a result of devolution, Commission delegations have played an important role in the implementation of the programme by helping partner countries to deal with the procedural aspects of procurement;
217. Asks the Commission to regularly inform it of the carrying out of on-the-spot checks and inspections, identifying notable cases of suspected fraud or other financial irregularities during the last year of implementation of the MEDA programme;
218. Looks forward to an increase in the visibility of actions financed by the EU via international trust funds, in particular in the context of the sums totalling more than EUR 1 billion which have been transferred from the EU budget to UN and World Bank funds; urges the Commission to ensure that political guidance, visibility and control of the funds are improved;
219. Invites the Commission regularly to present to it specific measures to further increase EU ownership of its external actions in their geographical contexts, in accordance with the principles of efficiency, accountability and visibility;
220. Calls on the Commission to inform it efficiently and rapidly about the use of EU funds via international trust funds in Iraq; invites the Commission to update and give substance to this information, and to propose a system which enables Parliament to see in a clear and readable way what exactly has been co-financed by EU funds via international trust funds anywhere in the world;
221. Welcomes the significant increase in the implementation rate of commitment and payment appropriations for pre-accession strategy in 2006, as compared to 2005;

Development

222. Congratulates the Commission on its initiative to improve reporting of the progress made by development policy interventions towards achieving the Millennium Development Goals; trusts that this will make a real contribution to improving accountability in this area; looks forward to receiving details of the evaluation of the pilot phase introduced in 2007;

223. Draws attention to the benchmark, agreed by the Commission, of 20 % of funding under the Development Cooperation Instrument being allocated to basic and secondary education and basic health; looks forward to receiving details of the implementation of this benchmark in 2007;
224. Welcomes the Commission's initiative to develop a structured approach to support supreme audit institutions in countries receiving budget support; notes however that democratic accountability at the level of partner countries cannot be achieved without strengthening parliamentary budget control bodies, as required by Article 25(1)(b) of Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation ⁽¹⁾;
225. Notes that in 2006, 91 % of budget support from the Community budget was delivered in the form of sector budget support, which is better targeted than general budget support and therefore leads to lower risks; questions the Commission's 'dynamic interpretation' of the eligibility criteria for budget support, which, according to the ECA, increases risk; believes that budget support should only be undertaken in countries that already meet a minimum standard of credible management of public finances;
226. Invites the Commission to improve transparency and access to documentation relating to budget support actions, particularly by establishing agreements with beneficiary countries analogous to FAFA and setting out a framework for managing the financial contributions made by the Commission to the UN;
227. Congratulates the Commission on reducing the level of *reste à liquider* (RAL) dating from commitments made by EuropeAid before 2001 by 39 % in 2006; requests that it receive regular updates of changes in levels of normal and abnormal RAL;
228. Notes the criticisms of Commission Technical Assistance projects made by the ECA in its Special Report No 6/2007; notes further that the Commission will address these questions in its Strategy to meet EU aid effectiveness targets on Technical Cooperation and Project Implementation Units, due by June 2008; looks forward to receiving, in due course, an assessment of the results of the implementation of this strategy;
229. Welcomes the measures implemented by the Commission to promote donor coordination in the area of Technical Assistance; emphasises the importance of a coordinated approach, not only at EU level but among all donors, and looks forward to receiving details of the progress of this initiative;

Administrative expenditure

Agencies

230. Notes that in 2006, there were 24 agencies in operation (including two executive agencies), compared with 16 in 2005, covering an extensive range of functions in various locations in the EU;
231. Notes that, as in 2003, 2004 and 2005, the Internal Auditor of the Commission expressed in its annual activity report for 2006 a reservation about the audits of the regulatory agencies: 'While the IAS received posts for the audit of regulatory agencies, the parallel increase in the number of the agencies, now 23, still does not enable the IAS to properly fulfil its obligation assigned by article 185 of the Financial Regulation. At the end of 2006, all the agencies were audited at least once over a three-year period instead of once every year as provided for by the Financial Regulation' (point 3.b);

⁽¹⁾ OJ L 378, 27.12.2006, p. 41.

232. Calls for an analysis of decentralisation and its effects on Commission staff; asks the Commission to present a timetable for a review of its internal organisation in light of decentralisation;
233. Requests a peer review after three years of existence of each executive agency to assess the added value of programme implementation by executive agencies in comparison with the relevant Directorate-General;
234. Notes the finding of the ECA at point 10.29 of its Annual Report that 'the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies cash requirements. This, combined with the size of carry-overs, leads them to hold sizeable cash balances ⁽¹⁾. The ECA recommends that the level of subsidies paid to the agencies is in line with their real cash requirements';
235. Asks the Commission to follow more closely the cash balances of the agencies and to impose more stringent obligations on them as regards the submission, in payment requests, of rigorous forecasts of real cash requirements in order to avoid unnecessary cash movements and to have better future estimates;
236. Calls for subconsolidation of agencies' accounts;

Community buildings policy

237. Is concerned at the 2006 global structural deficit, which again reached the significant amount of EUR 5 million for maintenance and refurbishment of all buildings owned by the Commission (including the Berlaymont); welcomes the patrimonial study commissioned by the Office for Infrastructures and Logistics — Brussels (OIB) in 2007, which should provide a first reasoned estimate of the amount required and a timetable for the work necessary to ensure the best possible management of the Commission's property investments;
238. Expects the Commission to keep its competent committees informed of the outcome of this study and of the planning forecast, with special emphasis on details of the Berlaymont building;
239. Invites the Commission to inform it of its follow-up to the ECA's Special Report No 2/2007, in particular as regards improved cooperation, including the formulation of a common property policy involving the creation of a Community instrument covering buildings and the financial and staffing arrangements relating thereto;
240. Requests the Commission to integrate the results of staff screening and of its Communication on policy for the accommodation of commission services in Brussels and Luxembourg (COM(2007) 501), to revise the space need set out therein accordingly and to report on the results of this exercise by September 2008;
241. Suggests that there should be a provision in the EU's consolidated accounts for major building maintenance work;
242. Reiterates its view that a study should be made of the feasibility of establishing a European property authority with responsibility for the construction and maintenance of the buildings of the EU institutions and bodies;

⁽¹⁾ Amount of cash held by the agencies at the end of 2006 (excluding the Office for Harmonization in the Internal Market, the Community Plant Variety Office, the Translation Centre for the bodies of the European Union and the European GNSS Supervisory Authority): EUR 213 million, compared to EUR 810 million in appropriations.

CONCLUSIONS CONCERNING THE SPECIAL REPORTS ISSUED BY THE COURT OF AUDITORS

Part I: Special Report No 1/2007 concerning the implementation of the mid-term processes, Structural Funds 2000-2006

243. Notes that the European Council agreed at its meeting in Berlin in March 1999 that EUR 195 billion (EUR 219 billion in 2005 prices) should be made available from the Structural Funds ⁽¹⁾ for the period 2000-2006, and that an additional EUR 16 billion for the years 2004-2006 should be allocated to around 200 programmes in the new Member States ⁽²⁾;
244. Notes that the implementation of programmes from the period 1994-1999 encountered a delay, which had as one consequence the late programming for the period 2000-2006;
245. As a consequence, is concerned that the database for the mid-term evaluation processes may not have been sufficiently large to arrive at robust conclusions;
246. Notes furthermore the findings of ECA's special reports 7/2003 and 10/2006 on the *ex-ante* and *ex-post* evaluation of Structural Funds expenditure respectively, in which the ECA highlighted that:
- budgetary allocations were determined by maximising likely absorption of funding,
 - *ex-ante* evaluations had little impact on the programming process,
 - significant weaknesses were found in the *ex-post* evaluations and the Commission's oversight of them;
247. Highlights that the Commission described the overall aim of the mid-term evaluation in its working document No 8 as follows:
- to assess whether the various forms of assistance remain the appropriate means to address the issues confronting the region or sector,
 - to review whether the strategic axes, priorities and objectives are coherent, appropriate and still relevant,
 - to appraise how far progress has been made towards the achievement of these objectives and the extent to which they can actually be achieved,
 - to assess the quantification of objectives, specifically the extent to which they have facilitated monitoring and evaluation; to assess the extent to which horizontal priorities — equal opportunities and the environment in particular — have been integrated into the forms of assistance,
 - to analyse the adequacy of the implementation and monitoring arrangements; and to present the results against the indicators agreed for the performance reserve;

⁽¹⁾ Structural Funds aim at financing sustainable socioeconomic and environmental development programmes in the Member States. In particular, measures and programmes should support innovation, research and development, information technology, clean and efficient use of energy, protection of environment, lifelong learning and social inclusion. The new programming period tried to achieve a greater degree of concentration, more devolved management structures, greater efficiency and tighter budgetary control (Lisbon European Council meeting — March 2000).

⁽²⁾ For the period 2000-2006 approximately EUR 260 billion was spent on structural measures. Of this sum EUR 213 billion was earmarked for the old 15 Member States: structural funds programmes received EUR 195 billion and the Cohesion Fund EUR 18 billion. EUR 47 billion was set aside for the new Member States (pre-accession funds and structural measures). For the years 2004-2006, about EUR 16 billion was allocated to around 200 programmes in the new Member States.

248. Welcomes that the evaluations proved that the strategies adopted by the Member States were still appropriate and that the financial absorption had clearly improved; however, it was impossible to assess effectiveness or to measure impact of the programmes/projects, since the available set of data were often considered to be insufficient;
249. Is deeply worried that the Commission described the Member States' monitoring systems as weak; as a consequence any faulty implementation of programmes and projects was difficult to detect, *ex-post* evaluations were hampered and the protection of the Communities' financial interests was not ensured; irregularities worth EUR 600 million were detected in the area of Structural Funds in 2005 only;
250. Insists, therefore, that high priority be given in the future to the setting-up of sound monitoring systems in the Member States as a measure to prevent irregularities and possible fraud;
251. Underlines furthermore the importance of analytical evaluations arriving at operational conclusions and recommendations;
252. Regrets that it was difficult to compare the evaluation results because the Member States were not asked to follow a standardised evaluation model; calls therefore on the Commission to draw up an indicator or benchmarking system which will lead in time to more harmonised evaluation reports, thereby improving comparability and, subsequently, the analytical depth of these reports;
253. Notes that the $n + 2$ rule lead to a greater use of appropriations; points out, however, that thereby financial absorption also became an aim in itself;
254. Notes furthermore that the appropriations of the performance reserve were allocated following the perceived need to maximise absorption of EU funds, rather than concentrating spending on activities which were assessed as particularly effective; therefore infrastructure projects were the prime beneficiaries; overall, budgets were shifted away from underspending measures;
255. Regrets that, as a consequence of favouring absorption, horizontal priorities — like environment and equal opportunity — and policy priorities — like the Lisbon or Gothenburg strategies — were often not taken into consideration;
256. Regrets also that 'deadweight' ⁽¹⁾ and substitution effects were often ignored;
257. Shares the ECA's view on '(...) tensions inherent in the planning and management of the Structural Funds (...) ' ⁽²⁾ during the period 2000-2006, such as:
- tensions between effective and economic spending (value for money) and maximising absorption,
 - tensions caused by the $n + 2$ rule enabling, on the one hand, well planned expenditures, and, on the other hand, facilitating easy allocation of reserves,
 - and tensions between a well-intentioned mid-term evaluation and the lack of data;

⁽¹⁾ A 'deadweight' effect exists where an activity or investment would have been undertaken in the absence of financing.

⁽²⁾ Point 51.

258. Recognises, at the same time, that the Commission undertook to address a number of weaknesses in Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund ⁽¹⁾:
- the general requirement for mid-term evaluation was replaced by need-based ongoing evaluations to assess the implementation of a programme and react to changes of the external environment,
 - national performance and contingency reserves became an option, and
 - the $n + 2$ rule will (for a limited period) become an $n + 3$ rule for Member States whose GDP per head from 2001 to 2003 was below 85 % of the EU-25 average;
259. Calls on the Commission to make clear guidelines available to the Member States at the beginning of the programming period;
260. Welcomes the fact that the results of the evaluation reports were taken into consideration when the new regulations governing the Structural Funds during the period 2007 to 2013 were drafted; regrets however that the findings of Parliament following the publication of ECA's Special Report 1/2007 will only be of limited value for the current programming period;
261. Calls therefore on the Commission to take the necessary steps to fully involve Parliament in the modifications to the Structural Funds' regulations it intends to introduce in the run-up to the next financing period starting in 2014;
262. Is of the opinion that the Structural Funds' regulations should provide for an incremental learning process to be reflected in the legal provisions; this seems all the more important as *ex-post* evaluations at the end of a programming period cannot be concluded in time before a regulation covering the new financing and programming period enters into force; in addition, Parliament's competent committees should be regularly consulted at the different stages during the financing period;
263. Calls on the ECA and the Commission to report back on measures taken in reaction to Parliament's findings during the 2006 discharge procedure; in addition, calls on the Commission to present the findings of the 2000-2006 *ex-post* evaluations to its Committee on Budgetary Control;
264. Asks the ECA to analyse the efficiency, the effectiveness and the impact of measures financed by the Structural Funds in a special report at the given moment;

Part II: Special Report No 2/2007 concerning the institutions' expenditure on buildings

265. Accepts that long-term planning and budgetary forecasts in the building sector are difficult because appropriations are decided on an annual basis, and because key political decisions with major implications for office space, such as enlargements, are not precisely foreseeable; in addition, implementation of decisions in the building sector requires significant lead time; suggests that there should be a provision in the Union's consolidated accounts for major maintenance work;
266. Welcomes the fact that the EU institutions offer elected representatives and officials — in general — appropriate working conditions;

⁽¹⁾ OJ L 210, 31.7.2006, p. 25.

267. Regrets, however, that the EU institutions have never undertaken to develop a common buildings policy, which may have allowed them to make important savings; calls on the EU institutions to renew their efforts to develop a common buildings policy and to report to the competent parliamentary committee in time for 2007 discharge procedure;
268. Calls on the EU institutions to develop common criteria for calculating office space and costs, and, subsequently, to appraise both short- and long-term needs;
269. Acknowledges in this context that the EU institutions have given priority to the purchase of buildings, as acquisition is 40 to 50 % cheaper than renting;
270. Notes that the ECA recommended already in 1979 that rental contracts should include an option to buy at a price which takes into account rent already paid (acquisitive emphyteusis);
271. Regrets that the ECA's comments on the purchase of the IPE 1 — three buildings in Strasbourg draw an incomplete picture of the situation in 2006; in this context, points to the findings of its resolution of 26 September 2006 accompanying the decision on the discharge for the financial year 2004 ⁽¹⁾ and in particular to points 19 and 20 thereof;
272. Asks the Commission why it was indispensable to rent the Mondrian building and which alternatives it had considered;
273. Acknowledges that the EU institutions prefer bringing together services operating in similar areas;
274. Recognises the tension between the practical advantages of geographical proximity when staying in the European quarter, and the financial disadvantages stemming from creating a very high and predictable demand on the local housing market;
275. Acknowledges in this context the efforts made by the Commission to reduce the percentage of its office space in the European quarter, which currently stands at 82 %;
276. Calls on the EU institutions to evaluate carefully the necessity of staying in the European quarter when they rehouse parts of their services;
277. Asks its administration why the hand-over of the D4-D5 buildings was delayed and why it was not possible to take into consideration at an earlier stage public procurement legislation, complex negotiation procedures and a good neighbourhood policy;
278. Asks the EU institutions why they made, according to the ECA, such a wide use of the negotiated procedure, avoiding public tender, thereby paying a price for the construction of buildings or for works which was not determined by open competition;
279. Insists that the EU institutions should make wide-spread use of competitive tendering;

⁽¹⁾ OJ L 177, 6.7.2007, p. 3.

280. Underlines that in the absence of competitive tendering procedures, purchase prices for constructions and/or long-term rents should not exceed construction costs;
281. Considers that long-term leasehold contracts should indicate the purchase price, and that appropriate financial guarantees should be required from contractors in order to ensure the full performance of contracts until final acceptance ⁽¹⁾;
282. Calls on the EU institutions to establish 'headquarter agreements' with the host countries of the EU institutions' main working places;
283. Points out that, according to Article 14 of the Financial Regulation, the Communities and the bodies set up by them may not raise loans; in this context suggests that greater use could be made of the financial services of the European Investment Bank, and of tendering procedures on the financial market to determine the interest rate;
284. Reiterates its position on the budgetisation of its buildings policy, as repeated in point 5 of its resolution of 24 April 2007 accompanying the decision on the discharge for the financial year 2005, Section I — European Parliament ⁽²⁾; (...) Reminds its competent bodies of its decision that '... repayment on buildings ... should be set as part of the budgetary strategy'; criticises therefore its competent bodies for continuously failing to budget with sufficient clarity Parliament's property policy for future acquisitions (the budget line 'acquisition of immovable property' only shows token entries for 2005, 2006 and 2007);
285. Asks the ECA to explain how the EU institutions could make better use of 'differentiated appropriations';
286. Emphasises that the EU institutions should have complete administrative, technical and financial control over their building projects; to this end they should either make use of highly qualified consultants or develop appropriate expertise within the interinstitutional framework ⁽³⁾;
287. Reminds the EU institutions of its demand expressed in paragraph 20 of its abovementioned resolution accompanying the discharge decision for the financial year 2004: '(...) charges its administration, in consultation with the other Union institutions, to draw up a report examining whether it might be feasible to establish a European Buildings Authority charged with responsibility for the construction and maintenance of the buildings of the EU institutions and bodies; calls for such report to be forwarded to the Committee on Budgetary Control by 1 October 2007 at the latest';

Part III: Special Report No 3/2007 concerning the management of the European Refugee Fund (2000-2004)

288. Reminds all actors of the fact that the European Refugee Fund (ERF) was set up with the aim of providing a framework for the preparation of a common policy on asylum, including common European arrangements for asylum as a component of the EU's objective of progressively creating an area of freedom, security and justice which will be open to those legitimately seeking protection within it;
289. Underlines the fact that since the creation of ERF I a large number of directives, regulations and decisions has been adopted, some of which have been directly or indirectly promoted by the creation of the fund;

⁽¹⁾ Article 102 of the Financial Regulation.

⁽²⁾ OJ L 187, 15.7.2008, p. 3.

⁽³⁾ ECA Annual Report concerning the financial year 1999, point 6.30 (OJ C 342, 1.12.2000, p. 1).

290. Underlines the fact that ERF III ⁽¹⁾ will work under different conditions from those of ERF I; therefore, it should be closely linked to the implementation of Council Directives 2001/55/EC ⁽²⁾ and 2004/83/EC ⁽³⁾;
291. Stresses that ERF III should, however, continue to contribute to the further development of an EU policy in this area, in particular the preparation of a review of the 'Dublin II convention', including a refocusing on a voluntary redeployment of asylum seekers within the EU in order to come to a burden-sharing arrangement;
292. Invites the Commission to continue its efforts to prevent different interpretations of ERF rules by Member States, and welcomes the launch of seminars on good practice disseminating experience gained in some Member States to others, in particular to new Member States still less familiar with the ERF;
293. Invites the Commission to do everything possible to speed up payments to Member States and to raise awareness among Member States of the need to disburse payments, in particular for smaller beneficiaries, in time in order not to endanger innovative projects and to allow also NGOs with a smaller budget backing to participate in ERF III;
294. Insists that national declarations of assurance should cover all areas where Member States are co-responsible for the spending of EU funds, e.g. the ERF;
295. Invites the Directorate-General for Budget to reconsider its practice of recoveries, as recovery via non-related projects is counterproductive to the functioning of specific programmes (in particular resulting in late payments of pre-financing amounts); recovery orders should be issued to the Ministry of Finance of the Member State concerned, rather than automatically recovering from any upcoming payment to that Member State;
296. Invites the Commission to use the ERF even more proactively, in order to enhance progress towards a Common Policy on Asylum;
297. Invites the Commission to continue its efforts to ensure the harmonisation of statistical data in order to avoid distortions with programmes where the sound distribution of funds depends on statistical data provided by Eurostat;

Part IV: Special Report No 4/2007 on physical and substitution checks on export refund consignments

298. Welcomes the publication of Special Report No 4/2007 and urges the Commission to take on board the shortcomings identified in the report, as well as to take action in line with the recommendations of the ECA;
299. Agrees with the Commission that until the last export refund is paid, 'a fully operational control system must remain in place'; expects therefore the Commission to use its power of initiative to come up with concrete proposals in order to improve the situation;
300. Welcomes in this respect Council Regulation (EC) No 14/2008 of 17 December 2007 amending Regulation (EEC) No 386/90 on the monitoring carried out at the time of export of agricultural products receiving refunds or other amounts ⁽⁴⁾, which enables Member States which apply risk

⁽¹⁾ Decision No 573/2007/EC of the European Parliament and of the Council of 23 May 2007 establishing the European Refugee Fund for the period 2008 to 2013 as part of the general programme 'Solidarity and Management of Migration Flows' (OJ L 144, 6.6.2007, p. 1).

⁽²⁾ Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof (OJ L 212, 7.8.2001, p. 12).

⁽³⁾ Council Directive 2004/83/EC of 29 April 2004 on minimum standards for the qualification and status of third-country nationals or stateless persons as refugees or as persons who otherwise need international protection and the content of the protection granted (OJ L 304, 30.9.2004, p. 12).

⁽⁴⁾ OJ L 8, 11.1.2008, p. 1.

analysis to set the control rate to 5 % per Member State instead of per customs office; regrets however the lack of a clear timeline in the Commission's replies regarding its future proposals, given the short time prior to the phasing-out of export refunds;

- 301. Deplores the several weaknesses reducing the effectiveness of physical checks, in particular the predictability of checks, the high number of low value and low risk exports being checked as well as the method used to check bulk shipments of goods;
- 302. As far as substitution checks are concerned, regrets that the checks were not detailed enough and that the interpretation of the number of checks to be made varied between Member States;
- 303. Welcomes the adequate coverage of key controls by the Commission when monitoring the checks; however shares the ECA's concerns that the Commission has not reacted, with legislative changes or timely financial corrections, despite the fact that it was aware of the weaknesses for some considerable time;
- 304. Notes and welcomes the fact that the integrity of seals is verified by the competent authorities at the Eastern borders of the EU, and encourages the other Member States to follow this example;
- 305. Invites the Commission to continue its efforts to modify the relevant legislation with a view of addressing, among others, the issue of 'tail-gate inspections', and to introduce the obligatory use of risk analysis for export procedures, in line with the ECA's assessment;

Part V: Special Report No 5/2007 on the Commission's management of the CARDS programme

- 306. Considers that the CARDS programme has made an important contribution to the stabilisation and rapprochement policy;
- 307. Regrets the considerable lack of transparency in management by the Commission and its delegations, which renders an evaluation impossible; considers it unacceptable that the Commission has no overview of the projects funded under CARDS, whereas the European Agency for Reconstruction (EAR) has made available to the public the list of contracts it has signed, specifying programmes and projects;
- 308. Recalls the recommendations set out in its resolution of 24 April 2007 accompanying the decision on the discharge for the implementation of the budget of the EAR for the financial year 2005 ⁽¹⁾, and in particular point 23 thereof;
- 309. Is very surprised to learn that, in the countries where CARDS was under the auspices of the EAR, the Agency alone is responsible for the programming of the Instrument for Pre-Accession Assistance (IPA) for 2007 and 2008 and for the preparation of tenders requiring the Commission's signature; notes that this is contrary to the EAR's mandate and that, in particular, the procedure for the preparation of tenders resembles the practice of 'TAOs' (Technical Assistance Offices), which were condemned by Parliament and have since been closed down;
- 310. Is of the opinion, in this context, that the Commission did not meet in 2006 the obligations arising from its own decision taken in 2005 on the phasing out of the EAR, which provided that the Commission delegations in the various Balkan countries should take full charge from the beginning of the IPA;
- 311. Requests the ECA to carry out a follow-up audit focusing on a comparison between the Commission's management of the CARDS programme and the EAR's management of this programme on behalf of the Commission, the results of which should be presented to Parliament by September 2008;

⁽¹⁾ OJ L 187, 15.7.2008, p. 183.

Part VI: Special Report No 7/2007 on the control, inspection and sanction systems relating to the rules on conservation of Community fisheries resources

312. Welcomes the publication of the report and congratulates the ECA for its most valuable contribution in addressing this very important issue of European policy;
313. Takes a serious view of the ECA's criticisms and considers that they should result in far-reaching changes of policy;
314. Welcomes the Commission's declared intention to take on board those shortcomings identified in the report, as well as to take action in line with the recommendations of the ECA; regrets however the lack of a clear timeline in the Commission's replies as to its future proposals;
315. Welcomes the Slovenian Presidency's initiative of calling an Extraordinary Fisheries Council at the Fisheries Control of 18 February 2008 to discuss this report;
316. Reaffirms that sound management of resources in line with the precautionary principle and the principle of sustainable development requires the strengthening of existing control mechanisms so that the flag State and the coastal State where vessels are operating can access information in real time on the vessel's location and the fishing operations being carried out whenever they wish;
317. Calls on the Commission, at the same time, when revising Council Regulation (EEC) No 2847/93 of 12 October 1993 establishing a control system applicable to the common fisheries policy (the Control Regulation) ⁽¹⁾, to propose measures to guarantee the quality and reliability of catch data;
318. Observes that there is a fundamental problem in addition to control mechanisms, namely regarding the levels of fishing quotas negotiated by the Member States; stresses that it is unacceptable for Member States, year after year, to set quotas at a higher level than recommended by researchers for sustainable fisheries;
319. Stresses that, in addition to control mechanisms, the system of negotiated quotas is a fundamental problem; considers it unsatisfactory that, year after year, quotas are consistently set higher than researchers recommend in order to maintain viable fish stocks;
320. Welcomes the judgment of the European Court of Justice in case C-304/02 *Commission v French Republic* ⁽²⁾, which has provided the Community with a clear confirmation of the role and obligations of Member States with regard to control and enforcement of common fisheries policy (CFP) rules;
321. Notes, however, that 21 years have elapsed between the time when the infringements were detected and the time of this decision, and that the sustainability of European fisheries cannot cope with such timelags in correcting wrongdoings;
322. Stresses the importance of action by the Commission against individual Member States where there is a suspicion that they are violating or ignoring the control, inspection or sanctions systems of the CFP;
323. Welcomes the Commission initiative to explore the possibility of including in the proposed new initiatives regarding illegal, unregulated and unreported (IUU) fishing harmonised administrative sanctions to be applied for certain specific 'IUU-offences';

⁽¹⁾ OJ L 261, 20.10.1993, p. 1.

⁽²⁾ [2005] ECR I-6263.

324. Welcomes the Communication from the Commission (COM(2007) 39) launching a debate on improving fishing capacity and effort indicators under the common fisheries policy, and therefore expects the Commission to use its power of initiative to come up with concrete proposals really to improve the CFP;
325. Notes and welcomes the fact that after publication of Council Regulation (EC) No 1966/2006 of 21 December 2006 on electronic recording and reporting of fishing activities and on means of remote sensing ⁽¹⁾, the Commission immediately prepared its implementing rules (Commission Regulation (EC) No 1566/2007 of 21 December 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1966/2006 on electronic recording and reporting of fishing activities and on means of remote sensing ⁽²⁾);
326. Regrets that, even if the Commission proposed rather simple and controllable effort regimes, the system was made considerably more complicated, due to a high number of derogations introduced on request by Member States during discussions in Council and which have reduced considerably the controllability of the whole system;
327. Considers that the current legislative framework is too complex and not up to date and urges the Commission to use its power of initiative to come up with concrete proposals in order to improve the situation with the aim of simplification and harmonisation of CFP legislation;
328. Deplores the several weaknesses reducing the effectiveness of the physical checks, and the failures in the transmission data system as a whole in the Member States, as well as the lack of a European control culture in the fish sector;
329. Welcomes the Commission's efforts to improve the situation with regard to the data on catches and on sales, and the timing of reporting, by using the new technologies; considers that the regulation concerning the electronic recording and reporting will increase the efficiency of validation systems, for example by providing for immediate electronic transmission of a copy of the sales note to the flag State and landing State authorities so that it can be cross-checked with the landing declaration;
330. Invites the Commission to increase mutual assistance and administrative cooperation between Member States' authorities and the exchange of information between competent national officials by creating a system like that already in place for the VAT community system;
331. Considers it of great importance for control and for the whole CFP to have a system which allows the follow-up of catches from origin to final consumer, as already exists in the internal market with respect to all other food products, and urges the Commission to put in place such a system;
332. Stresses that the fishing quotas set must be respected and upheld; considers that the Commission must take strong, resolute action in the event of any suspicion of breaches of, or fraud against, the quota system;
333. Invites the Commission and the Member States to increase the competences of the Community Fisheries Control Agency and to promote the Agency's important executive role in the control and harmonisation of the CFP and in improving transparency and coordination by the establishment of common practices under the scope of the joint deployment plans;
334. Invites the Commission to propose and the Member States to accept the increasing of the competences of the Commission's controllers, who should have greater powers in order to create a common European control strategy in the CFP;

⁽¹⁾ OJ L 409, 30.12.2006, p. 1; corrected by OJ L 36, 8.2.2007, p. 3.

⁽²⁾ OJ L 340, 22.12.2007, p. 46.

335. Considers, in this context, that the cost-benefit ratio existing between the resources dedicated to control activities in the CFP and the results obtained by these controls (the proportionality and cost-effectiveness of controls) should be a key element to be taken into consideration by the Commission in its future proposals concerning the CFP;
336. Notes, in this regard, that the most cost-effective mechanisms of control are those where stakeholders have a direct interest in preserving the sustainability of fisheries;
337. Invites the Member States, in the framework of effort reduction, to decide whether such reduction will be accomplished through:
- (a) a reduction of fishing time, without a reduction of capacity;
 - (b) a reduction of capacity, without a reduction of fishing time; or
 - (c) a combination of the two;
- and to put in place the necessary structural measures to mitigate the social impact of this reduction;
338. Invites the Commission to continue its efforts to modify the relevant legislation to address, among other things, the issue of overcapacity, and to propose measures to reduce structural overcapacity in the fishing industry;
339. Calls upon the Commission to review alternative political solutions under which the need for controls and sanctions would be reduced by increasing individual professional fishermen's responsibility for, and interest in, viable stocks;

Part VII: Special Report No 9/2007 on evaluating the EU Research and Technological Development (RTD) framework programmes — could the Commission's approach be improved?

340. Acknowledges that the audit covered the monitoring and evaluation arrangements in place for the last three programming periods since 1995 and also an outlook for the RTD framework programme 2007 to 2013;
341. Emphasises that the framework programmes running between 1995 and 2006 were endowed with EUR 42,63 billion, making them the most important financial instrument contributing to the Lisbon Strategy; under the current financial framework, the 7th framework programme received EUR 50,52 billion;
342. Notes that the ECA addressed the question of whether the Commission's approach to assessing the results of the framework programmes was adequate, looking in particular at the intervention logic, the evaluation strategy and methodologies;
343. Welcomes that over the years the Commission has already introduced a considerable number of improvements;
344. Observes that the ECA noticed poorly defined programme objectives and a lack of explicit intervention logic; acknowledges however that programme objectives are decided by stakeholders and the co-legislators; calls therefore on the decision-makers to pay particular attention to the definition of attainable objectives; recognises that a more explicit intervention logic is embedded in the 7th RTD Framework Programme ⁽¹⁾; underlines that objectives must be operational and measurable ('benchmarking') to allow for the use of performance indicators and effective monitoring;

⁽¹⁾ Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) (OJ L 412, 30.12.2006, p. 1).

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345. Notices that the ECA criticised the absence of a comprehensive evaluation strategy; points in this context to the improvements introduced by the impact assessment and *ex-ante* evaluation of the 7th RTD framework programme (SEC(2005) 430);
346. Acknowledges the ECA's criticism that the existing coordination mechanisms among directorates general implementing the RTD framework programmes were not effective; remains however, at this stage, unconvinced by the idea of creating a 'joint evaluation office'; suggests rather that the Directorate-General for Research assume more responsibility and a coordinating role; shares the ECA's view that external expert advice should be established at an early stage and remain in place to guarantee a consistent and coherent approach, in particular as evaluations are scheduled for 2008 (*ex-post* evaluation of the 6th RTD framework programme), for 2009 (factual interim report on the 7th RTD framework programme), for 2010 (mid-term evaluation of the 7th RTD framework programme) and for 2015 (*ex-post* evaluation of the 7th RTD framework programme);
347. Notes the ECA's remark that inadequate methodological guidance was provided; calls therefore on the Commission to consider publishing an evaluation manual; is aware that the reporting requirements were revised under the 7th RTD framework programme with a view to creating a more robust data base for evaluation and monitoring;
348. Is of the opinion that the quality of the mid-term and *ex-post* evaluations will improve the clearer the terms of reference which are provided (i.e. measurable objectives, expected impact, effective monitoring, a sound data base); emphasises that evaluations will be more useful if framework programmes are adaptable ('learning' programmes) and conclusions drawn can be used to improve ongoing programmes;
349. Calls on the Commission to bear in mind the recommendations of the ECA when carrying out the scheduled evaluations in 2008, 2009, 2010 and 2015;
350. Calls on the ECA to follow up its audit in time for the 2010 discharge exercise and to report back to the Committee on Budgetary Control; asks the ECA to also look at the amounts spent on evaluations in relation to the value of specific programmes and at how this percentage relates to other RTD programmes in third countries (e.g. Canada).
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2006**

(2009/188/EC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
- having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (SEC(2007) 1056 — C6-0390/2007, SEC(2007) 1055 — C6-0362/2007) ⁽²⁾,
- having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2006 ⁽³⁾,
- having regard to the Commission's annual report to the discharge authority on the follow-up to 2005 discharge decisions (COM(2007) 538, COM(2007) 537), and to the Commission staff working document — Annex to the report from the Commission to the European Parliament on the follow-up to 2005 discharge procedure (SEC(2007) 1185, SEC(2007) 1186),
- having regard to the Commission communication entitled 'Policy Achievements in 2006' (COM(2007) 67),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2006' (COM(2007) 274),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2006 (COM(2007) 280), and to the Commission staff working document accompanying the annual report to the discharge authority on internal audits carried out in 2006 (SEC(2007) 708),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2005 annual report (COM(2007) 118),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006) 194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework) ⁽⁴⁾,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005) 252),
- having regard to the Commission's action plan towards an integrated internal control framework (COM(2006) 9), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007) 86), and the Commission staff working document accompanying that report (SEC(2007) 311),

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 261, 31.10.2007, p. 32.⁽⁴⁾ OJ C 107, 30.4.2004, p. 1.

- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies ⁽¹⁾,
 - having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008) 97),
 - having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM(2008) 110), and the Commission staff working document accompanying that report (SEC(2008) 259),
 - having regard to the Court of Auditors' report on the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽³⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5855/2008 — C6-0083/2008),
 - having regard to Articles 274, 275 and 276 of the EC Treaty, and Articles 179a and 180b of the Euratom Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾, and in particular Article 55 thereof,
 - 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 programmes ⁽⁵⁾, 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 programmes ⁽⁶⁾, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Decision 2005/56/EC of 14 January 2005 on the creation of the Education, Audiovisual and Culture Executive Agency for the management of Community action in the fields of education, audiovisual and culture in application of Council Regulation (EC) No 58/2003 ⁽⁷⁾,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0109/2008),
- A. whereas under Article 274 of the EC Treaty the Commission implements the budget on its own responsibility, having regard to the principles of sound financial management,

⁽¹⁾ OJ C 216, 14.9.2007, p. 3.

⁽²⁾ OJ C 309, 19.12.2007, p. 13.

⁽³⁾ OJ C 274, 15.11.2007, p. 130.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 11, 16.1.2003, p. 1.

⁽⁶⁾ OJ L 297, 22.9.2004, p. 6.

⁽⁷⁾ OJ L 24, 27.1.2005, p. 35.

1. Grants the Director of the Education, Audiovisual and Culture Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2006;
2. Sets out its observations in the resolution that forms an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section III — Commission;
3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section III — Commission and the resolution that forms an integral part of that Decision, to the Director of the Education, Audiovisual and Culture Executive Agency, the Council, the Commission, the Court of Justice and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the Intelligent Energy Executive Agency for the financial year 2006**

(2009/189/EC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
- having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (SEC(2007) 1056 — C6-0390/2007, SEC(2007) 1055 — C6-0362/2007) ⁽²⁾,
- having regard to the final annual accounts of the Intelligent Energy Executive Agency for the financial year 2006 ⁽³⁾,
- having regard to the Commission's annual report to the discharge authority on the follow-up to 2005 discharge decisions (COM(2007) 538, COM(2007) 537), and to the Commission staff working document — Annex to the report from the Commission to the European Parliament on the follow-up to 2005 discharge procedure (SEC(2007) 1185, SEC(2007) 1186),
- having regard to the Commission communication entitled 'Policy Achievements in 2006' (COM(2007) 67),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2006' (COM(2007) 274),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2006 (COM(2007) 280), and to the Commission staff working document accompanying the annual report to the discharge authority on internal audits carried out in 2006 (SEC(2007) 708),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2005 annual report (COM(2007) 118),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006) 194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework) ⁽⁴⁾,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005) 252),
- having regard to the Commission's action plan towards an integrated internal control framework (COM(2006) 9), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007) 86), and the Commission staff working document accompanying that report (SEC(2007) 311),

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 261, 31.10.2007, p. 29.⁽⁴⁾ OJ C 107, 30.4.2004, p. 1.

- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies ⁽¹⁾,
 - having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008) 97),
 - having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM(2008) 110), and the Commission staff working document accompanying that report (SEC(2008) 259),
 - having regard to the Court of Auditors' report on the final annual accounts of the Intelligent Energy Executive Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽³⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5855/2008 — C6-0083/2008),
 - having regard to Articles 274, 275 and 276 of the EC Treaty, and Articles 179a and 180b of the Euratom Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾, and in particular Article 55 thereof,
 - 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 programmes ⁽⁵⁾, 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 programmes ⁽⁶⁾, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Decision 2004/20/EC of the Commission of 23 December 2003 setting up an executive agency, the 'Intelligent Energy Executive Agency', to manage Community action in the field of energy in application of Council Regulation (EC) No 58/2003 ⁽⁷⁾,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0109/2008),
- A. whereas under Article 274 of the EC Treaty the Commission implements the budget on its own responsibility, having regard to the principles of sound financial management,

⁽¹⁾ OJ C 216, 14.9.2007, p. 3.

⁽²⁾ OJ C 309, 19.12.2007, p. 18.

⁽³⁾ OJ C 274, 15.11.2007, p. 130.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 11, 16.1.2003, p. 1.

⁽⁶⁾ OJ L 297, 22.9.2004, p. 6.

⁽⁷⁾ OJ L 5, 9.1.2004, p. 85.

1. Grants the Director of the Intelligent Energy Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2006;
2. Sets out its observations in the resolution that forms an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section III — Commission;
3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section III — Commission and the resolution that forms an integral part of that Decision, to the Director of the Intelligent Energy Executive Agency, the Council, the Commission, the Court of Justice and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Union general budget for the financial year 2006,
section III — Commission**

(2009/190/EC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
- having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (SEC(2007) 1056 — C6-0390/2007, SEC(2007) 1055 — C6-0362/2007) ⁽²⁾,
- having regard to the Commission's annual report to the discharge authority on the follow-up to 2005 discharge decisions (COM(2007) 538, COM(2007) 537), and to the Commission staff working document — Annex to the report from the Commission to the European Parliament on the follow-up to 2005 discharge procedure (SEC(2007) 1185, SEC(2007) 1186),
- having regard to the Commission communication entitled 'Policy Achievements in 2006' (COM(2007) 67),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2006' (COM(2007) 274),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2006 (COM(2007) 280), and to the Commission staff working document accompanying the annual report to the discharge authority on internal audits carried out in 2006 (SEC(2007) 708),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2005 annual report (COM(2007) 118),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006) 194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework) ⁽³⁾,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005) 252),
- having regard to the Commission's action plan towards an integrated internal control framework (COM(2006) 9), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007) 86), and the Commission staff working document accompanying that report (SEC(2007) 311),
- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies ⁽⁴⁾,

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 107, 30.4.2004, p. 1.⁽⁴⁾ OJ C 216, 14.9.2007, p. 3.

- having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008) 97),
 - having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM(2008) 110), and the Commission staff working document accompanying that report (SEC(2008) 259),
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006, together with the institutions' replies ⁽¹⁾, and to the Court of Auditors' special reports,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽²⁾,
 - having regard to the Council's recommendations of 12 February 2008 (5842/2008 — C6-0082/2008 and 5855/2008 — C6-0083/2008),
 - having regard to Articles 274, 275 and 276 of the EC Treaty, and Articles 179a and 180b of the Euratom Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Articles 145, 146 and 147 thereof,
 - 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 programmes ⁽⁴⁾, and in particular Article 14(2) and (3) thereof,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0109/2008),
- A. whereas under Article 275 of the EC Treaty the Commission is responsible for drawing up the accounts,
1. Approves the closure of the accounts of the European Union general budget for the financial year 2006;
 2. Instructs its President to forward this Decision to the Council, the Commission, the Court of Justice, the Court of Auditors, and the European Investment Bank, and to the national and regional audit institutions of the Member States, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

⁽²⁾ OJ C 274, 15.11.2007, p. 130.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 11, 16.1.2003, p. 1.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section IV — Court of Justice**

(2009/191/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0365/2007) ⁽²⁾,
 - having regard to the Court of Justice's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0097/2008),
1. Grants the Court of Justice's Registrar discharge in respect of the implementation of the Court of Justice budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Ombudsman and the European Data Protection Supervisor, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ L 78, 15.3.2006.

⁽²⁾ OJ C 274, 15.11.2007, p. 1.

⁽³⁾ OJ C 273, 15.11.2007, p. 1.

⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.

⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section IV — Court of Justice**

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0365/2007) ⁽²⁾,
 - having regard to the Court of Justice's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0097/2008),
1. Notes that in 2006 the Court of Justice of the European Communities (ECJ) had available commitment appropriations amounting to a total of EUR 252 306 372,60 (2005: EUR 232 602 467,74), with a utilisation rate of 94,58 %;
 2. Notes that, following the introduction of accrual accounting with effect from 1 January 2005, the ECJ's financial statements disclose a negative economic out-turn for the year (EUR 1 529 933) and identical amounts (EUR 72 187 617) of assets and liabilities;
 3. Notes with satisfaction the adoption by the ECJ in July 2007 of a code of conduct applying to Members and former Members of the Court of Justice, the Court of First Instance and the Civil Service Tribunal ⁽⁶⁾, including an obligation to submit a declaration of financial interests to the President of the Court of Justice; stresses, however, its repeated request, in the interest of transparency, even in the absence of legal requirement at present, for the publication of concrete declarations, for example on the ECJ's website;

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 273, 15.11.2007, p. 1.⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.⁽⁶⁾ OJ C 223, 22.9.2007, p. 1.

4. Expresses its satisfaction that since 1 October 2007 two separate administrative units (an internal audit unit and a verification unit) have been put in place with two separate heads of unit, ending a situation criticised in previous years by both the ECA and Parliament where the head of the Internal Audit Service was responsible for *ex-ante* verification of the authorising officers' operations;
5. Welcomes the information contained in the ECJ's replies to the rapporteur's questionnaire about the exact nature and content of the recommendations of the internal audits carried out in 2006 to the effect that the ECJ's Internal Auditor carried out five specific audits and addressed recommendations to the services concerned (on the organisation and budgetary management of visits, on insurance contracts, on procedures relating to minimum standards of internal control, on the management of removal expenses, and on telephone usage); stresses however the need for full implementation of these recommendations;
6. Also expresses its satisfaction that, following 2005, when no *ex-post* verifications were carried out, in 2006 the internal audit and financial assistance unit carried out *ex-post* verifications in three types of expenditure, namely documentation and library expenditure, vehicles and telecommunications, which confirmed the regularity and conformity of the expenditure monitored;
7. Welcomes the reduction of the number of negotiated contracts as a proportion of the number of contracts awarded from 38 % in 2005 to 34 % in 2006 (with a value of more than EUR 60 000, following the amendment of the Implementing Rules ⁽¹⁾ to the Financial Regulation); requests however that greater efforts be made by the ECJ in order to further decrease this proportion;
8. Notes that 2006 was the first year of judicial activity, properly speaking, of the newly established Civil Service Tribunal after it took up its duties in December 2005;
9. Notes that although the number of pages translated increased by 24 % to 669 668 in 2006 as compared to 2005, the number of pages sent to translation remained stable (645 176 in 2005 and 642 113 in 2006), and that the backlog resulting from the 2004 enlargement has been reduced, thanks to the measures taken by the ECJ;
10. Points to the criticism in the special report No 2/2007 of the ECA on expenditure on buildings that the independent expert, whose appointment was provided for in the framework contract for the extension of the ECJ's main building (the 'Palais'), was not appointed from the start and the original framework contract set out only general principles;
11. Notes with satisfaction that the independent expert (KPMG) has now finally been appointed and has started its work of monitoring the contract and verifying *ex post* all accounting records; hopes that the initial budget will be respected and encourages the ECJ to monitor closely all aspects of the progress of the project through the implementing rules governing the monitoring;
12. Further notes with satisfaction that a lease-purchase contract has now been signed between the Grand Duchy of Luxembourg and the ECJ setting out the provisions necessary to supplement the framework contract of 2001 and providing for the sale to the ECJ of the land on which the complex is situated for the symbolic price of EUR 1 when the ECJ becomes the owner of the buildings;
13. Recalls that in point 35 of its Special Report No 2/2007 concerning the institutions' expenditure on buildings, the Court of Auditors commented as follows on the financing arrangements for the building of the extension to the ECJ in Luxembourg: '(...) the Court of Justice was not involved in the tender and the detailed negotiation of the contract — whose clauses and options it did not agree in advance — and it is

⁽¹⁾ Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p. 1).

not signatory to the financing contracts even though it will have to bear the financial costs (e.g. interest rates, management charges). The Court of Justice's departments examined the procedure followed by the government for awarding the contract concerning the financing of the project and pointed out that there had been a lack of appropriate competition (...); calls on the Commission to submit, by July 2008 at the latest, the findings of the further investigations into possible breaches of directives on public procurement announced in connection with the ECJ extension project in its answer to Written Question E-4016/2007;

14. Points out that in 2006 the number of officials and agents (members of auxiliary and temporary staff, contract agents) in service rose over the year by 4,8 % to 1 786;
 15. Notes, however, with concern the ECJ's persisting difficulties in recruiting qualified staff, covered by the Staff Regulations, for several posts (mainly interpreters and IT specialists) on the basis of competitions organised by EPSO;
 16. Congratulates the ECJ on the inclusion in its activity report of a chapter setting out the follow-up during the year to Parliament's earlier discharge decisions and to reports of the ECA; requests, however, that this section, as well as the report on internal audits sent by the ECJ to the discharge authority, be more detailed.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section V — Court of Auditors**

(2009/192/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0366/2007) ⁽²⁾,
 - having regard to the Court of Auditors' annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the report by the External Auditor on the Court of Auditors' accounts for the financial year 2006 ⁽⁴⁾
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁵⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁶⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0093/2008),
1. Grants the Secretary-General of the Court of Auditors discharge in respect of the implementation of the Court of Auditors budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Ombudsman and the European Data Protection Supervisor, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 273, 15.11.2007, p. 1.⁽⁴⁾ OJ C 292, 5.12.2007, p. 1.⁽⁵⁾ OJ C 274, 15.11.2007, p. 130.⁽⁶⁾ OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section V — Court of Auditors**

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0366/2007) ⁽²⁾,
 - having regard to the Court of Auditors' annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the report by the External Auditor on the Court of Auditors' accounts for the financial year 2006 ⁽⁴⁾
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁵⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁶⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0093/2008),
1. Notes that in 2006 the European Court of Auditors (ECA) had available commitment appropriations amounting to a total of EUR 113 596 668,31 (2005: EUR 107 548 618,24), with a utilisation rate of 89 %, below the average of the other institutions;
 2. Notes that, following the introduction of accrual accounting with effect from 1 January 2005, the ECA's financial statements disclose a negative economic out-turn for the financial year 2006 (EUR 32 000) and an excess of liabilities over assets of EUR 11 418 000;
 3. Recalls that as regards the financial year 2006 (as was also the case for the financial year 2005) the ECA's accounts were audited by an external firm, KPMG, which concluded that: '[...] the financial statements give a true and fair view of the financial position of the European Court of Auditors as at 31 December 2006 and of its operating results for the year then ended, in accordance with Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, the implementing rules thereof, generally accepted accounting principles and the European Court of Auditors' Internal Rules';

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 273, 15.11.2007, p. 1.⁽⁴⁾ OJ C 292, 5.12.2007, p. 1.⁽⁵⁾ OJ C 274, 15.11.2007, p. 130.⁽⁶⁾ OJ L 248, 16.9.2002, p. 1.

4. Notes the written answer provided by the ECA to the rapporteur's questionnaire as regards the accounting of the pensions of former Members of the ECA, according to which the pension liability as at 31 December 2006 is presented by the ECA on its balance sheet and the guarantee by Member States is disclosed in the notes of the same balance sheet, but not accounted for as a long term claim against Member States; further notes that in the financial year 2006 pension payments by the ECA to Members amounted to EUR 2,3 million;
 5. Reiterates its opinion that both the liability for future pension payments and also the long-term claim against the Member States — by virtue of their guaranteeing the financing of the pension scheme — should be included in the balance sheet in order to give a clear picture of existing liabilities and of the true cost of auditing in the EU, as well as to reflect the principles of accrual accounting applicable from 1 January 2005;
 6. Notes that the 2006 report of the ECA's Internal Auditor was largely positive, establishing that the quality of tender files and contracts was satisfactory although 'the choice of simplified or derogatory procedures could have been better justified and the documentation at the level of assessments of the offers should be improved'; welcomes in this context that all the recommendations put forward by the Internal Auditor (strengthening of appropriate procurement training and the recording of all contracts in a single database) have been acted upon;
 7. Notes with concern that, according to the replies to the rapporteur's questionnaire, the ECA continues to face recruitment difficulties as regards professionally qualified staff for several posts from competitions organised by EPSO in part due to the higher cost of living in Luxembourg and the lesser attractiveness of the salary at the basic AD 5 grade; welcomes however the significant decrease in the number of vacant posts from 74 in 2006 to 56 in 2007 and commends the ECA's intention to further reduce the number of vacant posts and their relative share in the total establishment plan in the current and coming years;
 8. Notes that five new Members joined the ECA in the course of 2006; reiterates its hope that it will be possible to devise a more rational structure for the ECA before the next enlargement; asks the ECA to consider existing models with a view to reducing the total number of Members; reiterates its call for consideration of proposals to introduce a rotating system similar to that applying to the Governing Council of the ECB or a system with a single Auditor-General; calls on the ECA to keep Parliament informed of the follow-up to this recommendation up to 30 September 2008;
 9. Notes that the ECA has adopted a new manual for performance auditing and a plan to further develop the IT audit and adjust the organisation of audit groups to reflect the impact of activity-based budgeting on auditing; further notes that ECA carried out a self-assessment exercise in the course of 2006 resulting in an action plan;
 10. Observes that this action plan is the subject of peer review by an international peer review team; requests that the President of the ECA give an update on the development of the review and the implementation of the action plan;
 11. Notes in relation to declarations of Members' financial interests that in compliance with the ECA's Code of Conduct, ECA Members communicate a declaration of their financial interests and other assets (including shares, convertible bonds and investment certificates as well as land and real estate, together with their spouses' professional activities) to the President of the ECA, who keeps them under confidential custody, and that these declarations are not published;
 12. Reiterates its call that, as a matter of principle and in the interest of transparency, Members of all EU institutions should be required to submit a declaration of financial interests which should be accessible on the Internet via a public register; expresses its disappointment that, contrary to its request of last year, the ECA did not inform Parliament by 30 September 2007 of what appropriate measures it would take in this respect.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section VI — European Economic and Social Committee**

(2009/193/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0367/2007) ⁽²⁾,
 - having regard to the European Economic and Social Committee's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0098/2008),
1. Grants the Secretary-General of the European Economic and Social Committee discharge in respect of the implementation of the European Economic and Social Committee budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Ombudsman and the European Data Protection Supervisor, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 273, 15.11.2007, p. 1.⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section VI — European Economic and Social Committee**

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0367/2007) ⁽²⁾,
 - having regard to the European Economic and Social Committee's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0098/2008),
1. Notes that in 2006 the European Economic and Social Committee (EESC) had available commitment appropriations amounting to a total of EUR 112 389 673,52 (2005: EUR 106 880 105,67), with a utilisation rate of 97,01 %;
 2. Notes that, following the introduction of accrual accounting with effect from 1 January 2005, the EESC's financial statements disclose a negative economic out-turn of EUR 2 204 729 (deficit) and identical amounts (EUR 164 448 636) in respect of both assets and liabilities;
 3. Welcomes the signature in December 2007 of a new Administrative Cooperation Agreement between the EESC and the Committee of the Regions (CoR) for the period 2008 to 2014; is convinced that cooperation between the two institutions will be financially advantageous for the European taxpayer;
 4. Welcomes the clear commitment of the two committees to the aim of harmonising their internal control standards, based on best practices, as well as all other relevant financial procedures relating to the Joint Services;

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 273, 15.11.2007, p. 1.⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

5. Notes that the new agreement keeps the most important areas (infrastructures, IT and telecommunications as well as translation, including the production of documents) within the Joint Services' remit, while a limited number of services are de-coupled, such as internal services, socio-medical service, the library and prepress;
6. Insists however that this de-coupling should be budget neutral and, therefore, urges the two committees to make a joint analysis as part of the mid-term review in order to assess whether this shift of resources will have been beneficial to both; calls on the two committees to keep Parliament informed of the mini-cooperation agreements in the areas concerned by de-coupling;
7. Points to the remark made by the ECA at point 10.19 of its Annual Report to the effect that some management and control weaknesses appeared in relation to public procurement; notes with concern the high percentage of negotiated procedures, instead of calls for tenders, within the whole expenditure for procurement; welcomes however the information provided by the Joint Services according to which, for most of the building-related services that were previously awarded after negotiated procedures, new contracts have been signed after calls for tender or call for tender procedures are on-going;
8. Welcomes in this context the creation within the Joint Services of a Contracts Unit providing assistance to all operational departments in the Joint Services in the area of public procurement; notes that under the new agreement the verification service of the Joint Services has been transferred to each committee's own services;
9. Notes that, according to the Joint Services' answers to the rapporteur's questionnaire, with the occupation of the Remorqueur and Van Maerlant buildings in 2007, 92 % of the committees' total office space is now occupied and their needs for space have been satisfied for the coming years;
10. Notes, in relation to the renovation of the Montoyer entrance hall, that the EESC Internal Auditor concluded in its report that 'he did not find elements that would suggest the settlement of the penalties for late delivery for the Montoyer hall renovation was not defensible'; points out that this report was sent to OLAF and that this has not resulted in any follow-up of which the EESC or the CoR is aware;
11. Notes that in its annual activity report, the EESC considered the number of *ex-post* controls performed in 2006 insufficient; notes with satisfaction the steps taken by the EESC to improve this situation, including the creation of a stable staffing situation, improvement of the interoperability of verifiers, and so on;
12. Considers it crucial that the controls carried out by, for example, authorising officers, verifiers and auditors, are rigorous enough; underlines in this context the importance of a sufficient number of random checks in all sectors, in addition to those few strategic ones that present a higher risk;
13. Notes with satisfaction in this context the personal assurance given by the EESC's Secretary-General to its Committee on Budgetary Control that reasonable guarantees and safeguards were in place regarding the efficiency and regularity of *ex-ante* and *ex-post* controls;
14. Welcomes the setting-up of an audit committee made up of three Members of the EESC, assisted by an external auditor and reporting to its President, and whose tasks include, among others, the verification of the independence of the Internal Audit unit and the assessment of actions taken in response to the recommendations contained in the audit reports;

15. Notes with regret that, further to the Belgian criminal proceedings against a former EESC Member concerning travel expenses (referred to in paragraph 4 of its discharge resolution of 27 April 2006 ⁽¹⁾), the oral meeting before the tribunal has been postponed five times, three of which at the request of the defence; notes with satisfaction that the EESC's administration has produced written evidence that the EESC did not encourage those postponements;
 16. Notes with satisfaction that a general review of the rules for reimbursement of travel and meeting expenses of Members of the EESC was adopted on 10 October 2007 aimed at improving and simplifying the procedures involved, while ensuring transparency and equal treatment for all Members and taking into account technological developments (such as e-tickets, online hotel reservations and video-conferencing).
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⁽¹⁾ OJ C 296 E, 6.12.2006, p. 171.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section VII — Committee of the Regions**

(2009/194/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0368/2007) ⁽²⁾,
 - having regard to the Committee of the Regions' annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0095/2008),
1. Grants the Secretary-General of the Committee of the Regions discharge in respect of the implementation of the Committee of the Regions budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Ombudsman and the European Data Protection Supervisor, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 273, 15.11.2007, p. 1.⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section VII — Committee of the Regions**

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0368/2007) ⁽²⁾,
 - having regard to the Committee of the Regions' annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0095/2008),
1. Notes that in 2006 the Committee of the Regions (CoR) had available commitment appropriations amounting to a total of EUR 74 391 953,27 (2005: EUR 69 570 456,32), with a utilisation rate of 97,94 %;
 2. Notes that, following the introduction of accrual accounting with effect from 1 January 2005, the CoR's financial statements disclose a negative economic out-turn for the financial year 2006 (EUR 8 306 761) and identical amounts of assets and liabilities (EUR 101 124 165);
 3. Welcomes the signature in December 2007 of a new Administrative Cooperation Agreement between the European Economic and Social Committee (EESC) and the CoR for the period 2008 to 2014; is convinced that cooperation between the two institutions will be financially advantageous for the European taxpayers;
 4. Welcomes the clear commitment of the two committees to the aim of harmonising their internal control standards, based on best practices, as well as all other relevant financial procedures relating to the Joint Services;
 5. Notes that the new agreement keeps the most important areas (infrastructures, IT and telecommunications as well as translation, including the production of documents) within the Joint Services' remit, while a limited number of services are de-coupled, such as internal services, socio-medical service, the library and prepress;

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 273, 15.11.2007, p. 1.⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

6. Insists however that this de-coupling should be budget neutral and, therefore, urges the two committees to make a joint analysis as part of the mid-term review in order to assess whether this shift of resources will have been beneficial to both; calls on the two committees to keep Parliament informed of the mini-cooperation agreements in the areas concerned by de-coupling;
7. Points to the remark made by the ECA at point 10.19 of its Annual Report that some management and control weaknesses appeared in relation to public procurement; notes with concern the high percentage of negotiated procedures, instead of calls for tenders, within the whole expenditure for procurement; welcomes however the information provided by the Joint Services according to which, for most of the building-related services that were previously awarded after negotiated procedures, new contracts have been signed after calls for tender or call for tender procedures are on-going;
8. Welcomes in this context the creation within the Joint Services of a Contracts Unit providing assistance to all operational departments in the Joint Services in the area of public procurement; notes that under the new agreement the verification service of the Joint Services has been transferred to each committee's own services;
9. Notes that, according to the Joint Services' answers to the rapporteur's questionnaire, with the occupation of the Remorqueur and Van Maerlant buildings in 2007, 92 % of the Committees' total office space is now occupied and their needs for space have been satisfied for the coming years;
10. Notes in relation to the renovation of the Montoyer entrance hall, that the EESC Internal Auditor concluded in its report that 'he did not find elements that would suggest the settlement of the penalties for late delivery for the Montoyer hall renovation was not defensible'; points out that this report was sent to OLAF and that this has not resulted in any follow-up of which the EESC or the CoR is aware;
11. Notes that the verification service was transferred in 2006 from the Budget and Finance unit to the General Administration unit, with a view to further emphasising the principle of the separation of functions and the independence of that service; further notes that the CoR considers that it has carried out a satisfactory number of *ex-post* controls in 2006 and that it requested all its services to verify 5 % of all files in 2007; welcomes the fact that the CoR has significantly increased its resources and capacities in its financial verification service;
12. Considers it crucial that the controls carried out by, for example, authorising officers, verifiers and auditors, are rigorous enough; underlines in this context the importance of a sufficient number of random checks in all sectors, in addition to those few strategic ones that present a higher risk;
13. Points to the remark made by the ECA at point 10.23 of its Annual Report that in the context of an *ex-post* verification procedure, the CoR's administration found that, in the case of one national delegation, the amounts refunded to members for travel expenditure (air tickets) on the basis of hand-written travel agency invoices were on average 83 % higher than the price actually charged by the airline for the ticket used;
14. Observes that, following this, the CoR's administration carried out a broad investigation into the matter, which was completed in July 2007 and whose results did not demonstrate, in the ECA's opinion, that the amounts paid for administrative costs were justified;
15. Notes with satisfaction that the CoR decided to make further reimbursements subject to compliance with a number of conditions and suspended all reimbursements based on travel documents purchased under the previous arrangements; welcomes that, as a precautionary measure, the CoR also informed OLAF about the evolution of *ex-post* verifications and the measures adopted by the CoR's administration;

16. Notes that the internal audit on salary transfers, which was completed in 2006 and which included an in-depth review of all existing transfers, revealed that '[w]eaknesses existed concerning the principle of separation of functions in this area (initiating functions and internal verification) and the control environment should have been given greater priority in view of the risks concerned'; further notes that a follow-up to the Internal Auditor's recommendations was carried out in February 2007; urges the CoR's administration to ensure the full implementation of all audit recommendations;
 17. Notes that, following an investigation, OLAF established with regard to eight transfers that they were not in compliance with statutory conditions and recommended recovering the amounts overpaid from the officials concerned; notes with satisfaction that all recoveries had been completed by early 2007; further notes that with regard to six staff members, OLAF recommended the opening of disciplinary proceedings, and for five of them it also submitted files to the Belgian authorities;
 18. Observes that, following a request by the Belgian authorities, the CoR Appointing Authority lifted the immunity of the officials concerned on 6 July 2007 to enable them to be interviewed by the authorities; further notes that to date, no information has been received by the CoR's administration as to whether the Belgian authorities intend to follow-up those files;
 19. Notes with satisfaction that an administrative enquiry was launched by the CoR's Secretary General and carried out by a former deputy Director-General of the Commission; points out that in two of the five cases where the files were submitted to the authorities, the CoR Appointing Authority decided to open disciplinary proceedings before the Disciplinary Board; understands that in accordance with the Staff Regulations, a final decision can be taken in these cases only after a final judgment has been handed down by the Belgian court;
 20. Notes that in the three other cases, the Appointing Authority will take its decision on the opening of disciplinary proceedings as soon as it has received the necessary information as to the follow-up the Belgian authorities intend to give to those files; further notes that in a further case, in which OLAF has not submitted the file to the Belgian authorities, the Appointing Authority decided, in line with the recommendations of the administrative enquiry, to address a warning to the official concerned; reiterates its demand for a strict prosecution of all cases where fraudulent behaviour can be proved;
 21. Asks the CoR to consider proportionate disciplinary measures if the outcome of the cases pending before the competent courts requires them;
 22. Notes with satisfaction that there are no more specific problems for the CoR as regards recruitment and that it takes up almost its full quota as negotiated with the other institutions.
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DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section VIII — European Ombudsman

(2009/195/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0369/2007) ⁽²⁾,
 - having regard to the European Ombudsman's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0092/2008),
1. Grants the European Ombudsman discharge in respect of the implementation of its budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Ombudsman and the European Data Protection Supervisor, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ L 78, 15.3.2006.

⁽²⁾ OJ C 274, 15.11.2007, p. 1.

⁽³⁾ OJ C 273, 15.11.2007, p. 1.

⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.

⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section VIII — European Ombudsman**

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0369/2007) ⁽²⁾,
 - having regard to the European Ombudsman's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0092/2008),
1. Notes that in 2006 the European Ombudsman (the Ombudsman) had available commitment appropriations amounting to a total of EUR 7 682 538 (2005: EUR 7 224 554), with a utilisation rate of 88,13 %, below the average of the other institutions;
 2. Notes that the Ombudsman's 2006 financial statements disclose a negative economic outcome for the year (EUR 1 214 375) and identical totals of assets and liabilities (EUR 2 308 799);
 3. Notes that, over the period 2003 to 2006, commitment appropriations have steadily increased from EUR 4 438 653 to EUR 7 682 538 (+ 73 %) and posts from 31 to 57 units (+ 84 %), while complaints have increased from 2 436 to 3 830 (+ 57 %) and new inquiries opened from 253 to 258 (+ 2 %);
 4. Points out that the ECA indicated in its Annual Report that the audit did not give rise to any observations as regards the Ombudsman;
 5. Points out that the Ombudsman's Office took up full responsibility for its staff management as from January 2006; notes in this context that according to the Internal Auditor's report to the Institution No 06/04, the audit performed to assess the adequacy of management and control procedures for establishing the staff's individual entitlements 'did not reveal areas of significant risk in the management and control procedures, but it did confirm that the Institution should address a number of specific issues';

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 273, 15.11.2007, p. 1.⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

6. Notes the information given by the Principal Authorising Officer by Delegation in the 2006 activity report to the effect that the self-assessment of the efficiency of the internal control framework of the Ombudsman's services was carried out again in early 2007 and that the global picture resulting from this exercise was that of an overall satisfactory level of implementation of the internal control standards (85 % against 76 % in 2004); further notes, however, that improvements in effectiveness were considered to be needed in some areas (identification of sensitive functions); encourages the Ombudsman to make all efforts to further improve the efficiency of the internal control framework of his institution;
7. Notes with satisfaction that a new framework cooperation agreement of indefinite duration between the Ombudsman and the Parliament concerning the provision of certain administrative services, including buildings, IT, communications, legal advice, medical services, training, translation and interpretation, was negotiated during 2005, signed in March 2006 and entered into force on 1 April 2006; further notes that the Ombudsman considers the new agreement as fully satisfactory;
8. Notes with satisfaction that the Ombudsman's first Secretary General was appointed on 1 August 2006;
9. Sees with concern from the Ombudsman's annual report that his institution experienced recruitment difficulties in 2006, especially in relation to qualified lawyers, due to the two successive waves of enlargement (finalising recruitments from the Member States which joined in 2004 and preparing recruitments for 2007), to staff turnover and to the difficulty in attracting and retaining candidates in Strasbourg with temporary contracts; observes that the Ombudsman expects to face fewer difficulties in recruiting staff in the coming years;
10. Welcomes the adoption by the Ombudsman on 14 December 2007 of a decision on the annual declaration of interests of the Ombudsman; notes with satisfaction that this declaration is published on the Ombudsman's website;
11. Welcomes the Ombudsman's readiness to accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning internal investigations by the European Anti-Fraud Office (OLAF) ⁽¹⁾ in applying the system set up by Regulation (EC) No 1073/1999 ⁽²⁾; notes with satisfaction that the Ombudsman invited OLAF, by a letter sent on 9 January 2008, to outline its views concerning the usefulness and modalities of a potential accession by the Ombudsman to that Agreement.

⁽¹⁾ OJ L 136, 31.5.1999, p. 15.

⁽²⁾ Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF) (OJ L 136, 31.5.1999, p. 1).

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section IX — European Data Protection Supervisor**

(2009/196/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0370/2007) ⁽²⁾,
 - having regard to the European Data Protection Supervisor's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0094/2008),
1. Grants the European Data Protection Supervisor discharge in respect of the implementation of its budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Ombudsman and the European Data Protection Supervisor, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ L 78, 15.3.2006.

⁽²⁾ OJ C 274, 15.11.2007, p. 1.

⁽³⁾ OJ C 273, 15.11.2007, p. 1.

⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.

⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on the discharge in respect of the implementation of the European Union general budget for the financial year 2006, section IX — European Data Protection Supervisor**

THE EUROPEAN PARLIAMENT,

- having regard to the European Union general budget for the financial year 2006 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 — Volume I (C6-0370/2007) ⁽²⁾,
 - having regard to the European Data Protection Supervisor's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies ⁽³⁾,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽⁴⁾,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0094/2008),
1. Notes that in 2006 the European Data Protection Supervisor (EDPS) had available commitment appropriations amounting to a total of EUR 4 138 378 (2005: EUR 2 840 733), with a utilisation rate of 93,3 %;
 2. Notes that the audit of the EDPS by the European Court of Auditors did not give rise to any material observations as regards the EDPS; notes that, following the introduction of accrual accounting with effect from 1 January 2005, the EDPS' 2006 financial statements disclose a negative economic out-turn for the year (EUR 1 402 513) and identical totals of assets and liabilities (EUR 23 517);
 3. Notes that on 7 December 2006 the administrative cooperation agreement between the Secretaries-General of the Commission, Parliament and the Council, signed together with the EDPS, was renewed for a further period of three years with effect from 16 January 2007;
 4. Notes that, based on the abovementioned cooperation agreement, the administrative handling of all EDPS missions is ensured by the Paymaster's Office of the Commission and the same internal rules apply to the reimbursement of accommodation costs incurred on mission for its two categories, its two Members and staff;

⁽¹⁾ OJ L 78, 15.3.2006.⁽²⁾ OJ C 274, 15.11.2007, p. 1.⁽³⁾ OJ C 273, 15.11.2007, p. 1.⁽⁴⁾ OJ C 274, 15.11.2007, p. 130.⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

5. Notes with satisfaction that the processes of *ex-post* prior checking and issuing final opinions by the EDPS have well advanced and that the deadline of spring 2007 imposed by the EDPS has triggered institutions and bodies to increase their efforts to fulfil their notification obligation;
 6. Notes that by decision of 7 November 2006 the EDPS decided to set up an internal control structure appropriate to its activities and requirements;
 7. Welcomes the publication by the EDPS and the Assistant EDPS, every year, of a declaration of their financial interests, in a form similar to that filled in annually by Members of the European Parliament, containing relevant information on such things as declarable professional activities and remunerated posts or activities;
 8. Congratulates the EDPS on its decision of 12 September 2007 to accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning internal investigations by the European Anti-Fraud Office (OLAF) ⁽¹⁾ in applying the system set up by Regulation (EC) No 1073/1999 ⁽²⁾.
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⁽¹⁾ OJ L 136, 31.5.1999, p. 15.

⁽²⁾ Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF) (OJ L 136, 31.5.1999, p. 1).

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the budget of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2006

(2009/197/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2006, together with the Foundation's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 1365/75 of the Council of 26 May 1975 on the creation of a European Foundation for the improvement of living and working conditions ⁽⁴⁾, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0111/2008),
1. Grants the Director of the European Foundation for the Improvement of Living and Working Conditions discharge in respect of the implementation of the Foundation's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Director of the European Foundation for the Improvement of Living and Working Conditions, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 60.

⁽²⁾ OJ C 309, 19.12.2007, p. 116.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 139, 30.5.1975, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2006, together with the Foundation's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 1365/75 of the Council of 26 May 1975 on the creation of a European Foundation for the improvement of living and working conditions ⁽⁴⁾, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0111/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Director of the European Foundation for the Improvement of Living and Working Conditions discharge in respect of the implementation of the Foundation's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision *inter alia*:
- invited the Foundation to pay greater attention to carry-overs in 2005 with respect to commitments for administrative expenditure (Title II) and operating activities (Title III), which remained high at 37 % and 44 % respectively,
 - invited the Foundation to present a work programme which expresses its contribution in operational and measurable terms,

⁽¹⁾ OJ C 261, 31.10.2007, p. 60.⁽²⁾ OJ C 309, 19.12.2007, p. 116.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 139, 30.5.1975, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 85.

- expressed concern that there was in 2005 no comprehensive document analysing the risks arising from the financial and operational aspects of the Foundation's activities, nor a validation of procedures introduced by the Authorising Officers in order to ensure the accuracy and exhaustiveness of the financial information they sent to the Accounting Officer, except as regards data-processing aspects;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and 2 executive agencies (not including 2 agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;
9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory

requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;

10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have nonetheless done so for 2006, in one case including an important reservation;
15. Recalls paragraph 23 of its Resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;
17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
 - an annual report intended for a general readership on the body's operations, work and achievements,

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 75).

- financial statements and a report on implementation of the budget,
- an activity report along the lines of the activity reports of the Directors-General of the Commission,
- a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.'
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
- Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

Specific points

32. Notes that for the financial year 2006 the Court of Auditors once again found high carry-over rates (43 % for administrative expenditure (Title II) and 45 % for operating activities (Title III));

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

33. Draws attention to the fact that, although the Court of Auditors confirmed that in the financial year 2006 the Foundation complied in all essential respects with the provisions relating to reliability, there were a number of failings, not least as regards the budget annuality rule, the award of two contracts, the fact that amounts to be disbursed in full in 2007 were budgeted for in 2006, and the failure to observe the selection criteria applying to officials, thus raising the suspicion that transparency and non-discrimination may not have been guaranteed while procedures were taking place;
 34. Notes the Court's criticism that, in relation to recruitment procedures, the selection criteria were neither decided by selection boards at the outset nor defined in conformity with the vacancy notice, and the Foundation's reply that all vacancy notices now include a clear indication of whether success in tests is a precondition for success in the competition;
 35. Notes that the Foundation's balance sheet includes land and buildings valued at EUR 1,8 million (although the 1992 construction cost was EUR 7,2 million) and an accumulated surplus of EUR 4,09 million;
 36. Notes from the Foundation's Annual Report for 2006 that in 2006 the Foundation set up a project management system to improve organisational efficiency through greater transparency and better coordination in the use of resources, and that a performance monitoring system was also implemented to further increase efficiency; in addition, the procurement system was expanded to provide greater flexibility;
 37. Notes further that, in 2006, the Foundation launched an *ex-post* evaluation of the 2001-2004 work programme, in conjunction with an interim evaluation of selected aspects of the Foundation's ongoing work, with a view to determining the organisation's impact, added value and effectiveness; asks to be informed of the results of the evaluation.
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DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on the closure of the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2006

(2009/198/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2006, together with the Foundation's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 1365/75 of the Council of 26 May 1975 on the creation of a European Foundation for the improvement of living and working conditions ⁽⁴⁾, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0111/2008),
1. Notes that the final annual accounts of European Foundation for the Improvement of Living and Working Conditions are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2006;
 3. Instructs its President to forward this Decision to the Director of the European Foundation for the Improvement of Living and Working Conditions, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 60.

⁽²⁾ OJ C 309, 19.12.2007, p. 116.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 139, 30.5.1975, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European Training Foundation for the financial year 2006**

(2009/199/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Training Foundation for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Training Foundation for the financial year 2006, together with the Foundation's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EEC) No 1360/90 of 7 May 1990 establishing a European Training Foundation ⁽⁴⁾, and in particular Article 11 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0114/2008),
1. Grants the Director of the European Training Foundation discharge in respect of the implementation of the Foundation's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Director of the European Training Foundation, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 63.

⁽²⁾ OJ C 309, 19.12.2007, p. 122.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 131, 23.5.1990, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Training Foundation for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Training Foundation for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Training Foundation for the financial year 2006, together with the Foundation's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EEC) No 1360/90 of 7 May 1990 establishing a European Training Foundation ⁽⁴⁾, and in particular Article 11 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0114/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Director of the European Training Foundation discharge in respect of the implementation of the Foundation's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision *inter alia*:
- drew the Foundation's attention to the high rate (over 40 %) of carry-overs of commitments for operating activities; invited the Foundation to improve its programming,
 - criticised the fact that, as in previous years and in infringement of its financial regulation, the Foundation only published a summary of its budget in the Official Journal,
 - deplored the facts that the Foundation had still not finished introducing its system of internal control and that at the end of 2005 there was no analysis of operational risks and *ex-post* checks and at the same time the accounting officer had not yet validated the accounts information and inventory systems,

⁽¹⁾ OJ C 261, 31.12.2007, p. 63.⁽²⁾ OJ C 309, 19.12.2007, p. 122.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 131, 23.5.1990, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 142.

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and 2 executive agencies (not including 2 agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;
9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;

10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have nonetheless done so for 2006, in one case including an important reservation;
15. Recalls paragraph 25 of its Resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;
17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
 - an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Training Foundation in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 114).

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.';

23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the ECOFIN budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a Communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:

— Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,

— Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

Specific points

32. Expresses its satisfaction at the proper implementation of the budget for the financial year 2006;
33. Notes the Court's observation in its 2006 report that, contrary to Article 31 of the framework Financial Regulation, which requires the budget published in the Official Journal to show both commitment and payment appropriations with a payment schedule when appropriations are differentiated, the Foundation only published the commitment appropriations for its 2006 budget, thus contravening the rules of budget presentation;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

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34. Notes further the Court's finding in relation to two ongoing MEDA and Tempus multiannual contracts with the Commission, both entered into in 2004, that the Foundation entered the total contractual amount of these revenues in its budget, instead of the amounts to be received each year;
35. Expresses surprise that the Court's report makes no reference to the fact that the Director's declaration of assurance (annexed to the Foundation's Annual Activity Report) is made subject to reservations concerning:
- political uncertainty in partner countries,
 - the financial management of the Tempus convention,
 - the possible social, reputational, legal and financial implications of Tempus technical assistance in the Foundation;
36. Notes the inclusion in the balance sheet of an 'occupational right' valued at EUR 5 million (corresponding to a contribution to the cost of reconstructing a building), and EUR 12 million in bank accounts;
37. Notes the statement in the Foundation's annual activity report concerning the applicability to agencies of the Staff Regulations and Financial Regulation that:
- by limiting standard recruitment grades, the Staff Regulations do not cater for the recruitment needs of specialist agencies that need to attract suitably qualified or experienced professionals for key positions, as well as presenting problems in terms of mobility and career progression,
 - the Financial Regulation is not necessarily appropriate for a small agency such as the Foundation that manages funds from different sources and executes its activities through relatively small transactions in partner countries which may have poor financial and administrative services and high levels of corruption.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Training Foundation for the financial year 2006**

(2009/200/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Training Foundation for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Training Foundation for the financial year 2006, together with the Foundation's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EEC) No 1360/90 of 7 May 1990 establishing a European Training Foundation ⁽⁴⁾, and in particular Article 11 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0114/2008),
1. Notes that the final annual accounts of the European Training Foundation are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Training Foundation for the financial year 2006;
 3. Instructs its President to forward this Decision to the Director of the European Training Foundation, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 63.⁽²⁾ OJ C 309, 19.12.2007, p. 122.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 131, 23.5.1990, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the budget of the European Centre for the Development of Vocational Training for the financial year 2006

(2009/201/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006, together with the Centre's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training ⁽⁴⁾, and in particular Article 12a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0110/2008),
1. Grants the Director of the European Centre for the Development of Vocational Training discharge in respect of the implementation of the Centre's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Director of the European Centre for the Development of Vocational Training, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 46.

⁽²⁾ OJ C 309, 19.12.2007, p. 86.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 39, 13.2.1975, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget for the European Centre for the Development of Vocational Training for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006, together with the Centre's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training ⁽⁴⁾, and in particular Article 12a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0110/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions, subject to one reservation, are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Director of the European Centre for the Development of Vocational Training discharge in respect of the implementation of the Centre's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision *inter alia*:
- recalled that appropriations for operating activities were under-utilised (cancellation of 15 % of commitment appropriations, 20 % of payment appropriations and 15 % of appropriations carried over), in particular after the reorganisation of procedures for awarding contracts,
 - demanded the full application of the principle of the segregation of the duties of authorising officer and accounting officer to avoid situations as in 2005 where some of the accounting officer's duties were performed by departments for which the authorising officer was responsible,

⁽¹⁾ OJ C 261, 31.10.2007, p. 46.⁽²⁾ OJ C 309, 19.12.2007, p. 86.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 39, 13.2.1975, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 78.

- insisted that the Centre should apply standard recruitment procedures in order to avoid the situation as in 2005 where an important management post was filled through an internal selection procedure when an external procedure would have provided a wider range of candidates,
- expressed concern about the very high rate of irregularities found by the Court of Auditors in the examined contracts, where out of six all but one were affected by irregularities;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and 2 executive agencies (not including 2 agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have nonetheless done so for 2006, in one case including an important reservation;
15. Recalls paragraph 27 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 69).

17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
- an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:
- 'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.'
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the ECOFIN budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
 - Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

Specific points

32. Expresses its satisfaction at the proper implementation of the budget for the financial year 2006;
33. Notes that the Centre has been endeavouring to strengthen and develop its internal supervision system by enhancing the effectiveness of its function and operational activities;
34. Believes that the Centre plays an important role in disseminating information at local, regional, national, and Community level, and in relation to civil society; urges it to become more effective still in fulfilling its purpose; again applauds the work carried out by the Centre, which is performing the tasks entrusted to it unstintingly and to invaluable effect;
35. Notes that for the financial year 2006 the Court of Auditors qualified its statement of assurance with the observation that, although in its previous year's report it had emphasised the absence of a legal basis for a decision of the Centre's Appeal Committee to grant to an agent compensation for non-pecuniary harm not provided for in the Staff Regulations, that compensation was nevertheless paid in 2006;
36. Takes note of the Centre's reply that the legality of the contested decision has since been confirmed by the Commission's Legal Service and of the subsequent information from the Court of Auditors that the issue has been resolved with the result that the Court's qualified remark should now be interpreted as an observation about management risk;
37. Draws attention to other observations by the Court of Auditors in its report on the Centre, concerning:
 - a high proportion of appropriations carried over or cancelled, together with a high number of budget transfers,
 - the absence of a suitable inventory procedure for identifying, registering and capitalising assets,
 - incomplete documentation of internal control processes,
 - the absence of a legal basis for the reimbursement of school fees for children of some of the Centre's agents,
 - a lack of effective control as to whether documents submitted by job applicants in support of their professional experience offer genuine proof,
 - irregularities in procurement procedures;
38. Welcomes the Centre's appointment of an internal auditor in December 2006;
39. Notes the statement in Centre's accounts that the audit report of the IAS of December 2006 confirmed that procedures are now regular and earlier IAS recommendations either fully implemented or well on the way to full implementation;
40. Notes the information contained in the annual report that in 2006 major efforts were undertaken to improve the internal control environment and implement the audit recommendations; welcomes the statement in the annual report that the 2007 annual management plan includes for the first time a systematic *ex-ante* risk management mechanism;

41. Notes that OLAF's findings relating to specific contracts between 2001 and 2005 have been transmitted to the competent Greek judicial authorities;
 42. Notes the creation of a framework for cooperation between Centre and European Foundation for the Improvement of Living and Working Conditions signed in November 2006 by the Directors of the two agencies with the aim of ensuring the use of available research funding in areas of common interest;
 43. Notes that the Centre has an entry in the assets side of its balance sheet corresponding to land and buildings (EUR 4,57 million), together with an accumulated surplus of EUR 5 million under liabilities.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Centre for the Development of Vocational Training for the financial year 2006**

(2009/202/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006, together with the Centre's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training ⁽⁴⁾, and in particular Article 12a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0110/2008),
1. Notes that the final annual accounts of the European Centre for the Development of Vocational Training are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Centre for the Development of Vocational Training for the financial year 2006;
 3. Instructs its President to forward this Decision to the Director of the European Centre for the Development of Vocational Training, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 46.⁽²⁾ OJ C 309, 19.12.2007, p. 86.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 39, 13.2.1975, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the budget of the Translation Centre for the bodies of the European Union for the financial year 2006

(2009/203/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the Translation Centre for the bodies of the European Union for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the Translation Centre for the bodies of the European Union for the financial year 2006, together with the Centre's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2965/94 of 28 November 1994 setting up a Translation Centre for bodies of the European Union ⁽⁴⁾, and in particular Article 14 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0124/2008),
1. Grants the Director of the Translation Centre for the bodies of the European Union discharge in respect of the implementation of the Centre's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Director of the Translation Centre for the bodies of the European Union, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 42.

⁽²⁾ OJ C 309, 19.12.2007, p. 94.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 314, 7.12.1994, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the Translation Centre for the bodies of the European Union for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the Translation Centre for the bodies of the European Union for the financial year 2006 ⁽¹⁾,
- having regard to the Court of Auditors' report on the final annual accounts of the Translation Centre for the bodies of the European Union for the financial year 2006, together with the Centre's replies ⁽²⁾,
- having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
- having regard to Council Regulation (EC) No 2965/94 of 28 November 1994 setting up a Translation Centre for bodies of the European Union ⁽⁴⁾, and in particular Article 14 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
- having regard to Rule 71 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A6-0124/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Director of the Translation Centre for the bodies of the European Union discharge in respect of the implementation of the Centre's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
 - expressed concern that more than 50 % of the total commitments carried over from the financial year 2004 had been cancelled; insisted that the Centre had to improve its programming of administrative expenditure,
 - invited the Centre to seek clarification of the intellectual property rights linked to the IATE database,
 - expressed its hope that the conflict between the Centre and the Commission as to the employer's share of pension contributions for staff would be solved as quickly as possible;

⁽¹⁾ OJ C 261, 31.10.2007, p. 42.⁽²⁾ OJ C 309, 19.12.2007, p. 94.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 314, 7.12.1994, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 122.

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;
9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;

10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls paragraph 27 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;
17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
 - an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the Translation Centre for the bodies of the European Union in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 101).

- a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.'

23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures:
- Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

Specific points

32. Notes the Court's observation in its 2006 report that the accumulated budget surplus for 2006 was EUR 16,9 million and that, in 2007, the Centre will refund EUR 9,3 million to its clients; agrees with the Court of Auditors that such an accumulation of surpluses suggests that the method for pricing its translations is not precise enough;
33. Notes further the Court's finding that in a recruitment procedure for translators, the Centre failed to provide written evidence of the rules applied to the evaluation of the candidates' files;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

34. Notes from the final accounts that the Centre has made a provision for employers' pension contributions of EUR 2 021 126 and for untaken leave of EUR 197 000;
 35. Notes that the Centre's Management Board appointed a new Director, who took up her post on 1 May 2006;
 36. Expresses the hope that a solution will soon be found to the problem of the Centre's premises and to the question of the payment of employers' pension contributions;
 37. Welcomes the indication in the Centre's activity report that in 2006 it continued to implement the recommendations of the Commission's IAS concerning the finalisation and updating of job descriptions, making authorising officers aware of their responsibilities, longer deadlines for publication of vacancy notices, adequate monitoring of Centre's activities, risk assessment, a clear definition of the agency's status as a subsidised or self-financing body, and the provision of a handover procedure for all essential functions;
 38. Notes that the Centre recruited an internal auditor in February 2008.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the Translation Centre for the bodies of the European Union for the financial year 2006**

(2009/204/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the Translation Centre for the bodies of the European Union for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the Translation Centre for the bodies of the European Union for the financial year 2006, together with the Centre's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2965/94 of 28 November 1994 setting up a Translation Centre for bodies of the European Union ⁽⁴⁾, and in particular Article 14 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0124/2008),
1. Notes that the final annual accounts of the Translation Centre for the bodies of the European Union are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the Translation Centre for the bodies of the European Union for the financial year 2006;
 3. Instructs its President to forward this Decision to the Director of the Translation Centre for the bodies of the European Union, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 42.

⁽²⁾ OJ C 309, 19.12.2007, p. 94.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 314, 7.12.1994, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the budget of the European Centre for Disease Prevention and Control for the financial year 2006

(2009/205/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2006, together with the Centre's replies ⁽²⁾,
 - having regard to the Council's recommendation 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 851/2004 of the European Parliament and of the Council of 21 April 2004 establishing a European Centre for Disease Prevention and Control ⁽⁴⁾, and in particular Article 23 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0117/2008),
1. Grants the Director of the European Centre for Disease Prevention and Control discharge in respect of the implementation of the Centre's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Director of the European Centre for Disease Prevention and Control, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 49.

⁽²⁾ OJ C 309, 19.12.2007, p. 99.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 142, 30.4.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Centre for Disease Prevention and Control for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2006, together with the Centre's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 851/2004 of the European Parliament and of the Council of 21 April 2004 establishing a European Centre for Disease Prevention and Control ⁽⁴⁾, and in particular Article 23 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0117/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Director of the European Centre for Disease Prevention and Control discharge in respect of the implementation of the Centre's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
- noted that the implementation of the budget for the financial year 2005 was marked by a low rate of commitment (84 %) and a substantial rate of carry-overs (35 % overall and almost 90 % for operating expenditure), but that this situation was in part due to problems inherent in the Centre's start-up period,

⁽¹⁾ OJ C 261, 31.10.2007, p. 49.⁽²⁾ OJ C 309, 19.12.2007, p. 99.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 142, 30.4.2004, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 170.

- regretted the fact that no budgetary commitments were made for the Centre's expenditure in 2005 prior to entering into legal commitments, and that for the same period, all the Centre's payments were made by the accounting officer without the authorising officer having issued any payment orders,
- noted that, contrary to the provisions of the Centre's financial regulation, its accounts were not kept in accordance with the double-entry method during 2005, thus creating a risk of error;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls its resolution of 12 April 2005 ⁽¹⁾, inviting the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;

⁽¹⁾ All resolutions regarding the agencies were published in OJ L 196, 27.7.2005.

17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
- an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:
- ‘The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.’;
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:

— Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

- Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽¹⁾;

Specific points

32. Considers the Centre to be an important institution for the strengthening and development of European disease surveillance, early warning systems and authoritative scientific opinions on risks posed by new and emerging infectious diseases; notes with satisfaction that the Centre was able to develop a considerable number of products and services in 2006, so as to fulfil its mandate;
33. Notes the Court of Auditors' observation in its 2006 report that nearly 45 % of the commitments entered into during the year were carried over, and that during the second half of 2006, numerous transfers were made, due mainly to imprecise estimates of staffing needs, without the Centre's Management Board having been informed in due time;
34. Expresses concern at the Court's finding that once again legal commitments were entered into in the absence of prior budgetary commitments, in breach of the Financial Regulation;
35. Invites the Centre to take the necessary steps to deal with the Court's observation that rights of access to the computerised budget management system were not always consistent with the authorisations granted by the Director and that the accounting officer has not yet validated the main commitment and payment procedures;
36. Notes the Centre's replies indicating that:
 - internal capacities have been established and measures taken to address the identified weaknesses, as well to improve the internal control systems,
 - the Centre has appointed a financial systems (SI2) security officer and set up an internal audit capability;
37. Notes from the Centre's economic outturn account that in 2006 on the basis of revenue of EUR 15,8 million it achieved an economic result of EUR 5,3 million, with total cash in the bank of EUR 7,2 million, and that the balance sheet includes EUR 400 000 for pre-financing to be returned to the Commission;
38. Recalls that the Centre's budget grew from EUR 4,53 million in 2005 to EUR 17,15 million in 2006, with an increase in staff from 43 to 85; notes that, in addition to the audit by the Court of Auditors, the Centre was audited by the IAS of the Commission in May 2006, resulting in an action plan, and that in 2006 the Centre established an audit committee;
39. Welcomes the inclusion in the Centre's annual report of the 24 internal control standards; takes the view that this is an example which could usefully be followed by all agencies.

⁽¹⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on the closure of the accounts of the European Centre for Disease Prevention and Control for the financial year 2006

(2009/206/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2006, together with the Centre's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 851/2004 of the European Parliament and of the Council of 21 April 2004 establishing a European Centre for Disease Prevention and Control ⁽⁴⁾, and in particular Article 23 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0117/2008),
1. Notes that the final annual accounts of the European Centre for Disease Prevention and Control are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Centre for Disease Prevention and Control for the financial year 2006;
 3. Instructs its President to forward this Decision to the Director of the European Centre for Disease Prevention and Control, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 49.

⁽²⁾ OJ C 309, 19.12.2007, p. 99.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 142, 30.4.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European Monitoring Centre for
Drugs and Drug Addiction for the financial year 2006**

(2009/207/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2006, together with the Centre's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 1920/2006 of the European Parliament and of the Council of 12 December 2006 on the European Monitoring Centre for Drugs and Drug Addiction ⁽⁴⁾, and in particular Article 15 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0116/2008),
1. Grants the Director of the European Monitoring Centre for Drugs and Drug Addiction discharge in respect of the implementation of the Centre's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Director of the European Monitoring Centre for Drugs and Drug Addiction, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 67.⁽²⁾ OJ C 309, 19.12.2007, p. 128.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 376, 27.12.2006, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2006 ⁽¹⁾,
- having regard to the Court of Auditors' report on the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2006, together with the Centre's replies ⁽²⁾,
- having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
- having regard to Regulation (EC) No 1920/2006 of the European Parliament and of the Council of 12 December 2006 on the European Monitoring Centre for Drugs and Drug Addiction ⁽⁴⁾, and in particular Article 15 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
- having regard to Rule 71 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0116/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Director of the European Monitoring Centre for Drugs and Drug Addiction discharge in respect of the implementation of the Centre's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
 - noted that expenditure on administration showed a high carry-over rate of almost 40 %; invited the Centre to manage its procurement policy better, in order to avoid carrying over appropriations,

⁽¹⁾ OJ C 261, 31.10.2007, p. 67.⁽²⁾ OJ C 309, 19.12.2007, p. 128.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 376, 27.12.2006, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 99.

- noted deficiencies in staff recruitment and mission procedures and invited the Centre to apply those procedures correctly,
- noted that a number of anomalies were revealed in the course of checks on procurement and contracting procedures,
- invited the Centre to include the fixed asset inventory systems in the general accounts, as in the absence of a reliable labelling system, the traceability of assets entered in the inventory cannot be assured;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls paragraph 25 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Monitoring Centre for Drugs and Drug Addiction in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 121).

17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
- an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:
- ‘The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.’;
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
 - Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

Specific points

32. Notes the Court of Auditors' observations in its 2006 report that:
- the Centre reduced the level of carry-overs to 25 % in 2006 (40 % in 2005),
 - there were delays in making payments to the national focal points of Reitox (European Information Network on Drugs and Drug Addiction) under grant agreements,
 - despite his long-term secondment to the Commission in Brussels having come to an end, a staff member continued to be paid by the Centre without having resumed work in Lisbon; notes that the matter is currently the subject of legal proceedings under the Staff Regulations;
33. Welcomes the Centre's efforts to improve the implementation of its budget; regrets however the fact that the level of carry-overs is still too high;
34. Notes from the Centre's accounts that in July 2006 it completed a physical check of its inventory and that the results were entered into a specific computer system;
35. Notes that the Centre's balance sheet includes land and buildings valued at EUR 2,5 million;
36. Notes from the Centre's very comprehensive annual activity report that an evaluation of its operations was carried out in 2007; notes further that the Centre relies on the Commission's Internal Audit Service for its internal audit;
37. Notes from the Centre's work programmes for 2007 and the period 2007 to 2009 the adoption of a management plan to implement the recent recommendations of the Commission's Internal Audit Service, as well as the following strategic objectives:
- developing *ex-post* control of financial transactions,
 - developing an internal capacity for risk assessment and internal audit,
 - developing tools and procedures for integrated resources management and promoting external synergies, particularly with the European Maritime Safety Agency (EMSA), also based in Lisbon,
 - implementing a more structured and effective human resources policy,
 - successfully completing the move to its new headquarters in Lisbon.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2006**

(2009/208/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2006, together with the Centre's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 1920/2006 of the European Parliament and of the Council of 12 December 2006 on the European Monitoring Centre for Drugs and Drug Addiction ⁽⁴⁾, and in particular Article 15 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0116/2008),
1. Notes that the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2006;
 3. Instructs its President to forward this Decision to the Director of the European Monitoring Centre for Drugs and Drug Addiction, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 67.⁽²⁾ OJ C 309, 19.12.2007, p. 128.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 376, 27.12.2006, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006

(2009/209/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Union Fundamental Rights Agency (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 168/2007 of 15 February 2007 establishing a European Union Agency for Fundamental Rights ⁽⁴⁾, and in particular Article 21 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0113/2008),
1. Grants the Director of the European Union Agency for Fundamental Rights (formerly the European Monitoring Centre on Racism and Xenophobia) discharge in respect of the implementation of the Agency's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Director of the European Union Agency for Fundamental Rights, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 1.

⁽²⁾ OJ C 309, 19.12.2007, p. 6.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 53, 22.2.2007, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Union Fundamental Rights Agency (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 168/2007 of 15 February 2007 establishing a European Union Agency for Fundamental Rights ⁽⁴⁾, and in particular Article 21 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0113/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Director of the European Monitoring Centre on Racism and Xenophobia discharge in respect of the implementation of the Centre's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
- noted that no activity-based management had been brought in, despite the Centre's financial regulation making provision for its introduction, along the lines of that applied to the general budget with a view to improving the monitoring of performance,

⁽¹⁾ OJ C 261, 31.10.2007, p. 1.

⁽²⁾ OJ C 309, 19.12.2007, p. 6.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 53, 22.2.2007, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁶⁾ OJ L 187, 15.7.2008, p. 92.

- invited the Centre to introduce a system for planning and managing its equipment acquisitions and noted that it did not make any cyclical checks on its inventory,
- noted that the Centre's internal control system suffered from various shortcomings, and that the principle of the segregation of duties was not applied strictly, especially as between the duties of initiation and verification;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be put in line with their real cash requirements; considers further that the modifications amendments of to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls paragraph 27 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;
17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
 - an annual report intended for a general readership on the body's operations, work and achievements,

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Monitoring Centre on Racism and Xenophobia in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 127).

- financial statements and a report on implementation of the budget,
- an activity report along the lines of the activity reports of the Directors-General of the Commission,
- a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

‘The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.’;
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the Internal Auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years' figures, as follows:

- Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
- Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

Specific points

32. Notes the Court's observation in its 2006 report that the Agency transferred EUR 235 000 from the operational reserve (Title III) to Title I (staff expenditure) to cover increased costs for temporary staff without documenting the justification for this transfer, as required by the Agency's financial regulation;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

33. Notes from the budget outturn statement that in 2006 the Agency reimbursed a positive balance of EUR 1 170 985 to the Commission;
 34. Recalls that, in December 2006, the JHA Council came to an agreement on the extension of the mandate of the European Monitoring Centre on Racism and Xenophobia to become the Fundamental Rights Agency;
 35. Regrets that the annual report and accounts for the 2006 and 2007 work programme contain relatively little information on budgetary execution, financial reporting, risks, evaluation and audit; invites the agency to improve the quality of its financial reporting and to publish its annual activity report on its website;
 36. Emphasises the need for the Agency to respect the rules and objectives of the Staff Regulations in its recruitment procedures;
 37. Welcomes the Agency's efforts to comply with the comments of the Court of Auditors and calls on the Agency to continue to improve its financial management.
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DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on the closure of the accounts of the European Union Agency for Fundamental Rights (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006

(2009/210/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Union Fundamental Rights Agency (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 168/2007 of 15 February 2007 establishing a European Union Agency for Fundamental Rights ⁽⁴⁾, and in particular Article 21 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0113/2008),
1. Notes that the final annual accounts of the European Union Fundamental Rights Agency (formerly the European Monitoring Centre on Racism and Xenophobia) are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Union Agency for Fundamental Rights (formerly the European Monitoring Centre on Racism and Xenophobia) for the financial year 2006;
 3. Instructs its President to forward this Decision to the Director of the European Union Agency for Fundamental Rights, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 1.

⁽²⁾ OJ C 309, 19.12.2007, p. 6.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 53, 22.2.2007, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European Agency for Reconstruction for the financial year 2006**

(2009/211/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Agency for Reconstruction for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Agency for Reconstruction for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2667/2000 of 5 December 2000 on the European Agency for Reconstruction ⁽⁴⁾, and in particular Article 8 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs (A6-0112/2008),
1. Grants the Director of the European Agency for Reconstruction discharge in respect of the implementation of the Agency's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Director of the European Agency for Reconstruction, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 13.

⁽²⁾ OJ C 309, 19.12.2007, p. 40.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 306, 7.12.2000, p. 7.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Agency for Reconstruction for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Agency for Reconstruction for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Agency for Reconstruction for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2667/2000 of 5 December 2000 on the European Agency for Reconstruction ⁽⁴⁾, and in particular Article 8 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs (A6-0112/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Director of the European Agency for Reconstruction discharge in respect of the implementation of the Agency's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
- welcomed the measures taken by the Agency to improve contract award procedures following the Court of Auditors' observations in its 2003 and 2004 annual reports, which resulted in increased transparency in various areas,
 - noted that in its 2004 report the Court of Auditors had detected in a review of operations entrusted to the United Nations Interim Administration Mission in Kosovo (UNMIK) an absence of adequate financial control when making payments and serious difficulties in closing operations, mainly due to an absence of adequate accounts for projects and of sufficient justification for expenditure;

⁽¹⁾ OJ C 261, 31.10.2007, p. 13.⁽²⁾ OJ C 309, 19.12.2007, p. 40.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 306, 7.12.2000, p. 7.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 182.

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;
9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;

10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;
13. Is concerned that a significant number of staff is employed on a temporary basis in a way that could undermine the quality of their work; therefore asks the Commission to improve its monitoring of the implementation of the Staff Regulations by the agencies;

Presentation of reporting data

14. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
15. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
16. Recalls paragraph 41 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
17. Asks the Commission to amend its standing instructions to the agencies accordingly;
18. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
 - an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 61).

- a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

19. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
20. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
21. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

22. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
23. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

‘The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.’;
24. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
25. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
26. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

27. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

28. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

29. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

30. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
31. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

32. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
- Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

Specific points

33. Welcomes the excellent contribution made by the Agency to developing and consolidating stability in the region through its various programmes and its sound management of the CARDS programme;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

34. Believes that the work of the Agency has contributed remarkably to the development of the region and that its mandate has been satisfactorily fulfilled; notes the decision to wind down the Agency by 2008 in order to entrust the management of assistance to Serbia, Kosovo, Montenegro and the former Yugoslav Republic of Macedonia to the Commission delegations in those countries; insists that accumulated know-how and expertise be transferred to the relevant Commission delegations, including by means of the redeployment of Agency staff to manage the relevant programmes in those delegations;
35. In this context, reiterates its request to be kept regularly informed by the Commission about the transfer of activities from the Agency to delegations;
36. Congratulates the Director and his staff for the work done in a very difficult environment, which has considerably improved the image of the EU and its visibility;
37. Considers that the Agency has not only the systems (logistics, IT systems, and others) to implement swiftly large amounts of support in post-conflict areas, but that it has especially also proven high levels of expertise and know-how in post-war reconstruction;
38. Is convinced that, at the point where the Commission takes over the management of the new Instrument for Pre-Accession Assistance in view of the *acquis*-related tasks related to the Balkans, it should finally present to the Council a new mandate for the Agency, which should, as decided, finish its work in the Balkans by the end of 2008 and be converted into a truly European agency for external actions;
39. Considers that a new mandate for this successful agency would be the most efficient way of carrying out the new tasks in external actions, which cannot be carried out by Commission services in Brussels or by Commission delegations;
40. Considers that, with this new mandate, the Agency could play a most efficient role in areas where traditional development assistance cannot be implemented; considers also that this would significantly increase the EU's visibility;
41. Notes the Court of Auditors' observation in relation to the 2006 financial year that while the rate of implementation of the budget was satisfactory, the Agency's attention must however be drawn to the level of appropriations yet to be committed, which will require particular monitoring of its programmes given that its mandate expires at the end of 2008;
42. Notes further the Court's finding that the accounting system and the internal control system had improved in comparison with preceding years, in particular regarding the monitoring of the funds managed by external bodies and the implementation of procurement procedures;
43. Recalls that the Agency has by far the largest budget (2006: EUR 271 million) of the agencies subject to the discharge procedure;
44. Notes however from the Agency's accounts that the total of appropriations carried over to 2007 was EUR 678 million;
45. Invites the Commission to inform Parliament's competent committee how the balance of appropriations remaining at the end of the Agency's mandate will be dealt with;

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46. Notes that the Agency's Director signed a declaration of assurance without reservations on 30 May 2007;
 47. Notes that at the end of 2004 the IAS conducted a compliance audit on the efficiency and effectiveness of the Agency's five locations and that a series of actions was undertaken during 2006 by the Agency's management to address the IAS's concerns;
 48. Calls on the Commission to revise the mandate of the Agency, which runs out in 2008, and to transform the Agency into an agency responsible for implementing certain EU measures in the external policy sphere, primarily in regions which are recovering from crises.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Agency for Reconstruction for the financial year 2006**

(2009/212/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Agency for Reconstruction for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Agency for Reconstruction for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2667/2000 of 5 December 2000 on the European Agency for Reconstruction ⁽⁴⁾, and in particular Article 8 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs (A6-0112/2008),
1. Notes that the final annual accounts of the European Agency for Reconstruction are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Agency for Reconstruction for the financial year 2006;
 3. Instructs its President to forward this Decision to the Director of the European Agency for Reconstruction, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 13.⁽²⁾ OJ C 309, 19.12.2007, p. 40.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 306, 7.12.2000, p. 7.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European Environment Agency
for the financial year 2006**

(2009/213/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Environment Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Environment Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EEC) No 1210/90 of 7 May 1990 on the establishment of the European Environment Agency and the European Environment Information and Observation Network ⁽⁴⁾, and in particular Article 13 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0122/2008),
1. Grants the Executive Director of the European Environment Agency discharge in respect of the implementation of the Agency's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Executive Director of the European Environment Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 4.⁽²⁾ OJ C 309, 19.12.2007, p. 24.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 120, 11.5.1990, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Environment Agency for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Environment Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Environment Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EEC) No 1210/90 of 7 May 1990 on the establishment of the European Environment Agency and the European Environment Information and Observation Network ⁽⁴⁾, and in particular Article 13 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0122/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Executive Director of the European Environment Agency discharge in respect of the implementation of the Agency's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
- noted that the carry-over rate (over 30 %) for commitments for operating activities (Title III) was high; invited the Agency to reduce carry-overs,

⁽¹⁾ OJ C 261, 31.10.2007, p. 4.⁽²⁾ OJ C 309, 19.12.2007, p. 24.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 120, 11.5.1990, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 106.

- invited the Agency to remedy the absence of description of internal control systems,
- asked the Agency to respond to the Court's remarks that there are still shortcomings in the authorising officer's annual activity report, which did not supply adequate information on the results of the year's activities in relation to the objectives established, the associated risks, the use of resources and the functioning of internal control systems,
- requested that, before 1 January 2010 and every five years thereafter, the Agency commission an independent external evaluation of its achievements on the basis of its founding Regulation and the work programme decided on by the Management Board;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls paragraph 26 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Executive Director of the European Environment Agency in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 81).

17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
- an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:
- ‘The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.’;
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:

— Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

— Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽¹⁾;

Specific points

32. Considers that the implementation rates of both the operational and administrative budget lines of the Agency are satisfactory;
33. Considers the Agency to be a source of important environmental information for all EU institutions and policymaking; notes with satisfaction that the Agency has been able to transform some complicated data into clear conclusions and to communicate them to the public, such as the Agency's environmental statement 2006 and specific reports on bio energy and greenhouse gas emission trends and projections in Europe;
34. Notes, however, that a considerable amount of budget appropriations for operating activities was carried over to the financial year 2007, due in part to the late receipt by the Agency of funding for the Corine Land Cover update, which will contribute to the implementation of the Global Monitoring for the Environment and Security (GMES);
35. Recalls the Court of Auditors' report on the annual accounts of the Agency for the financial year 2006 together with the Agency's replies, and calls on the Agency to foster the budgetary principle of annuality;
36. Notes further the Court's finding that, in breach of the principle of the segregation of duties, the same authorising officer by sub-delegation not only performed *ex-ante* checks but also managed access rights to the IT system for budgetary accounting;
37. Points out that as at 31 December 2006 the Agency held cash and cash equivalents of EUR 6 097 252,79, with an accumulated surplus of EUR 4 241 797,28;
38. Notes the statement in the Agency's report on budgetary and financial management that it is entitled to receive EUR 3,3 million from the Commission corresponding to an underpayment of subsidy for the years 1994 to 2005;
39. Notes from the annual report that one-third of staff are of a single nationality, and the Agency's goal (stated in its annual report) of improving the balance in and diversity of staffing;
40. Believes that in the interests of transparency and better reporting, other agencies should emulate the 'balanced scorecard' annexed to the Agency's annual report containing performance indicators relating to the agency's resources, payment periods, client perspective and staff attitudes and whose purpose is to provide a comprehensive overview of progress towards the strategic goals of the Agency;
41. Notes the Agency's complex structure involving members of the management board, scientific committee, national focal points and European topic centres;
42. Recalls that the Agency took over the role of coordinator of the heads of the regulatory agencies on 1 March 2006.

⁽¹⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Environment Agency for the financial year 2006**

(2009/214/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Environment Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Environment Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EEC) No 1210/90 of 7 May 1990 on the establishment of the European Environment Agency and the European Environment Information and Observation Network ⁽⁴⁾, and in particular Article 13 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0122/2008),
1. Notes that the final annual accounts of the European Environment Agency are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Environment Agency for the financial year 2006;
 3. Instructs its President to forward this Decision to the Executive Director of the European Environment Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 4.

⁽²⁾ OJ C 309, 19.12.2007, p. 24.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 120, 11.5.1990, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the budget of the European Agency for Safety and Health at Work for the financial year 2006

(2009/215/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2062/94 of 18 July 1994 establishing a European Agency for Safety and Health at Work ⁽⁴⁾, and in particular Article 14 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0128/2008),
1. Grants the Director of the European Agency for Safety and Health at Work discharge in respect of the implementation of the Agency's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Director of the European Agency for Safety and Health at Work, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 26.

⁽²⁾ OJ C 309, 19.12.2007, p. 62.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 216, 20.8.1994, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Agency for Safety and Health at Work for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2062/94 of 18 July 1994 establishing a European Agency for Safety and Health at Work ⁽⁴⁾, and in particular Article 14 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0128/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Director of the European Agency for Safety and Health at Work discharge in respect of the implementation of the Agency's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
- noted a high carry-over rate for operating expenditure, as well as a high number of transfers between budget lines, together with inadequate supporting documentation,

⁽¹⁾ OJ C 261, 31.10.2007, p. 26.⁽²⁾ OJ C 309, 19.12.2007, p. 62.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 216, 20.8.1994, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 114.

- invited the Agency to tackle the incomplete implementation of the internal control system in 2005 and the absence of any risk analysis or checklists to meet the needs of authorising officers and staff who perform operational checks,
- considered it regrettable that in public procurement procedures it was often the case that no supporting evidence was given for the tender evaluation committee's assessment of the quality of tenders;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls paragraph 26 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Agency for Safety and Health at Work in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 87).

17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
- an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:
- ‘The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.’;
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
 - Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

Specific points

32. Notes the Court's observation in its 2006 report that in 2006 the Director signed 19 decisions for approximately EUR 880 000, authorising budgetary transfers from article to article within chapters, and that, contrary to the Financial Regulation, the Governing Board did not receive the required information so that the budgetary principle of specification was not strictly observed;
 33. Notes from the Agency's annual accounts (budget outturn accounts) that a positive balance from 2005 of EUR 378 878,09 was reimbursed in 2006 to the Commission, and that a further amount of EUR 170 095,07 will be refunded in respect of the 2006 financial year;
 34. Notes that the balance sheet for 2006 nevertheless includes an item for an accumulated surplus of EUR 1 820 135,58;
 35. Notes that, in 2006, of the total staff of 59, a single nationality accounted for 26;
 36. Believes that the Agency plays a key role in disseminating best prevention practice at national, regional, and local level to promote occupational safety and health in the EU; again applauds the work carried out by the Agency, which is performing the tasks entrusted to it unstintingly and to invaluable effect.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Agency for Safety and Health at Work for the financial year 2006**

(2009/216/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2062/94 of 18 July 1994 establishing a European Agency for Safety and Health at Work ⁽⁴⁾, and in particular Article 14 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0128/2008),
1. Notes that the final annual accounts of the European Agency for Safety and Health at Work are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Agency for Safety and Health at Work for the financial year 2006;
 3. Instructs its President to forward this Decision to the Director of the European Agency for Safety and Health at Work, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 26.

⁽²⁾ OJ C 309, 19.12.2007, p. 62.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 216, 20.8.1994, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European Medicines Agency for the financial year 2006**

(2009/217/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Medicines Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Medicines Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 726/2004 of the European Parliament and of the Council of 31 March 2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency ⁽⁴⁾, and in particular Article 68 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Environment, Public Health and Food Safety (A6-0125/2008),
1. Grants the Executive Director of the European Medicines Agency discharge in respect of the implementation of the Agency's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Executive Director of the European Medicines Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 10.⁽²⁾ OJ C 309, 19.12.2007, p. 34.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 136, 30.4.2004, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Medicines Agency for the financial year 2006

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Medicines Agency for the financial year 2006 ⁽¹⁾,
- having regard to the Court of Auditors' report on the final annual accounts of the European Medicines Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
- having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
- having regard to Regulation (EC) No 726/2004 of the European Parliament and of the Council of 31 March 2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency ⁽⁴⁾, and in particular Article 68 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
- having regard to Rule 71 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Environment, Public Health and Food Safety (A6-0125/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Executive Director of the European Medicines Agency discharge in respect of the implementation of the Agency's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
 - noted that more than 40 % of commitments made were carried over to the following financial year,

⁽¹⁾ OJ C 261, 31.10.2007, p. 10.

⁽²⁾ OJ C 309, 19.12.2007, p. 34.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 136, 30.4.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁶⁾ OJ L 187, 15.7.2008, p. 128.

- observed that the Agency's budget had grown considerably owing to enlargement,
- invited the Agency to integrate into its accounts funds collected from other agencies and bodies to finance a common support service for the development of their financial management information systems,
- requested that, before 1 January 2010 and every five years thereafter, the Agency commission an independent external evaluation of its achievements on the basis of its founding Regulation and of the work programmes decided on by the Management Board;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;
13. Is concerned that a significant number of staff is employed on a temporary basis in a way that could undermine the quality of their work; therefore asks the Commission to improve its monitoring of the implementation of the Staff Regulations by the agencies;

Presentation of reporting data

14. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
15. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
16. Recalls paragraph 28 of its resolution of 12 April 2005 ⁽¹⁾, inviting the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
17. Asks the Commission to amend its standing instructions to the agencies accordingly;

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Executive Director of the European Agency for the Evaluation of Medicinal Products in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 94).

18. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
- an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

19. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
20. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
21. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

22. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
23. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:
- 'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.';
24. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
25. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

26. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
27. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

28. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

29. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

30. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
31. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

32. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures:
 - Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

Specific points

33. Notes the statement by the Court of Auditors in its 2006 report that as regards administrative expenditure, the utilisation rate for commitment appropriations was less than 60 %;
34. Underlines the responsibility of the Agency for the protection and promotion of public and animal health through the evaluation and supervision of medicines for human and veterinary use; welcomes the efforts of the Agency to provide more scientific advice at early stages of the development of new medicines, as well as the introduction of measures to accelerate the assessment of medicines that are of critical importance to public health;
35. Notes that a considerable amount of budget appropriations for 2006 has been carried over to 2007 due to the nature of the projects dealt with by the Agency;
36. Notes further the Agency's reply to the Court's observation concerning the charging of the Agency's fees and the calculation of costs that in December 2006 the Agency's Management Board decided to undertake a revision of the scale fees system in consultation with the competent national authorities;
37. Recalls that the Agency's revenue consists of a contribution from the Community and fees paid by undertakings for obtaining and maintaining Community marketing authorisations and for other services provided by the Agency;
38. Notes from the Agency's final accounts that in 2006 it received fees and other revenue of EUR 119 million and a Community subsidy of EUR 31 million; notes that the Agency's economic result for the year was EUR 16 million, which when added to the accumulated surplus of EUR 27 million gave total net assets of EUR 44 million;
39. Takes note of the Agency's reply that the accumulated surplus is not a budgetary surplus but rather the economic outturn based on the application of accrual accounting principles and has been used to finance capital expenditure on fixed assets, mainly building fit-outs and IT development costs;
40. Notes from the provisional accounts that during 2006 the Agency managed on behalf of 19 agencies the budget of the common support services, consisting of expenditure for consultants' fees to support the budgetary accounting tool and financial reporting system SI2;
41. Notes further from the provisional accounts that revenue for evaluation fees increased by 31,5 % from 2005 to 2006;
42. Notes that the executive director of the Agency has drawn up an annual activity report but not a declaration of assurance (on the grounds that no such declaration is required by the Commission's standing instructions);
43. Points out however that in his annual activity report the executive director states that he has no reservations; acknowledges the Agency's statement that the executive director would be prepared to sign a declaration of assurance in future;
44. Welcomes the management board's analysis and assessment of the executive director's annual activity report; notes in particular the board's concern that the agency is receiving new tasks that are not met with adequate financing from the EU budget or with new fees; points out that this analysis does not appear wholly consistent with the agency's financial situation as disclosed by the 2006 accounts;

45. Welcomes the adoption by the Agency's management board in 2006 of a revised procedure for handling conflicts of interest, which was also extended to include members of the management board; applauds also the issuing of a guidance note on the procedure for reporting improprieties;
 46. Notes that the IAS conducted its first baseline audit of the Agency in 2005 and issued its final report in September 2006, with the conclusion that the internal control system in place provides reasonable assurance regarding the achievement of the business objectives set up for the processes audited, except for a number of very important findings in the areas of control environment, information and communication, and control activities;
 47. Stresses that the preparation of the implementation of Regulation (EC) No 1901/2006 of the European Parliament and of the Council of 12 December 2006 on medicinal products for paediatric use ⁽¹⁾ had a considerable impact on the Agency's work in 2006; welcomes the adoption of the joint Commission/Agency document on priorities for implementation of that Regulation.
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⁽¹⁾ OJ L 378, 27.12.2006, p. 1.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Medicines Agency for the financial year 2006**

(2009/218/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Medicines Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Medicines Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 726/2004 of the European Parliament and of the Council of 31 March 2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency ⁽⁴⁾, and in particular Article 68 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Environment, Public Health and Food Safety (A6-0125/2008),
1. Notes that the final annual accounts of the European Medicines Agency are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Medicines Agency for the financial year 2006;
 3. Instructs its President to forward this Decision to the Executive Director of the European Medicines Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 10.⁽²⁾ OJ C 309, 19.12.2007, p. 34.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 136, 30.4.2004, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European Food Safety Authority
for the financial year 2006**

(2009/219/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Food Safety Authority for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Food Safety Authority for the financial year 2006, together with the Authority's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety ⁽⁴⁾, and in particular Article 44 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0120/2008),
1. Grants the Executive Director of the European Food and Safety Authority discharge in respect of the implementation of the Authority's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Executive Director of the European Food Safety Authority, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 35.⁽²⁾ OJ C 309, 19.12.2007, p. 80.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 31, 1.2.2002, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Food Safety Authority for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Food Safety Authority for the financial year 2006, together with the Authority's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety ⁽⁴⁾, and in particular Article 44 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0120/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Executive Director of the European Food Safety Authority discharge in respect of the implementation of the Authority's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
- noted that the financial year 2005 was marked by a significant under-implementation of the budget, with only 80 % of commitment and payment appropriations being used,
 - noted that the Authority had difficulties in recruiting highly skilled scientific staff in Parma,

⁽¹⁾ OJ C 261, 31.10.2007, p. 35.⁽²⁾ OJ C 309, 19.12.2007, p. 80.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 31, 1.2.2002, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 163.

- noted that buildings intended to permanently house the Authority were still not available and that the Authority was thus obliged to rent and fit out temporary premises (cost in 2005: approximately EUR 3 500 000); invited the Authority, together with the Commission, to clarify this situation with the national authorities, in particular with a view to the payment of financial compensation;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls paragraph 27 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Executive Director of the European Food Safety Authority in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 133).

17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
- an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:
- ‘The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources’;
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
 - Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

Specific points

32. Notes that 2006 was the fourth operational year of the Authority and the first year after its move to its permanent seat in Parma;
 33. Underlines the Authority's role in providing independent scientific advice on all matters with a direct or indirect impact on food safety, including animal health and welfare and plant protection; acknowledges the significant progress made, and notes that following 323 requests for scientific opinions made to the Authority in 2006, 132 opinions and four reports were adopted and published;
 34. Expresses its satisfaction with the implementation of the 2006 budget lines, although the execution of the budget shows that the Authority still needs to stabilise its structures;
 35. Notes that underspending of payments in 2006 is mainly related to the Authority's difficulties in recruiting highly skilled scientific staff in Parma; stresses that only two-thirds of the 250 posts available under the Authority's establishment plan had been filled by the end of 2006; underlines that a lack of staff results in a lower level of spending of operational funds;
 36. Notes the Court's observation in its 2006 report that in 2006, payment rates were 56 % of appropriations for administrative expenditure (Title II) and 50 % of those for operational activities (Title III); 20 % of appropriations carried over from 2005 were cancelled at the end of 2006; a large number of transfers were made, with a high concentration of them at year-end so that the budgetary principle of specification was not strictly observed;
 37. Notes the Court's further observation that the authority failed to make a comprehensive risk assessment and define appropriate performance indicators and had not documented the systems and internal control procedures governing its activities, thus precluding the implementation of an effective risk-management policy, which is essential to activity-based budget management;
 38. Notes from the accounts cash assets of EUR 10,6 million, retained earnings of EUR 3,68 million and an economic result of EUR 1,1 million;
 39. Notes the statement in the annex to the accounts that in 2007 an amount of EUR 2,7 million, corresponding to cancelled pre-financing and bank interest (2005 outturn), would be reimbursed to the Commission;
 40. Notes further a EUR 6,9 million global transfer approved (annual activity report) by the management board in September 2006 to adjust available appropriations to real needs and to avoid an end-of-year surplus in the light of lower than expected recruitment and delays in the implementation of grants for scientific cooperation;
 41. Notes from the Authority's annual activity report that a new executive director was appointed in September 2006 and an internal auditor in October 2006.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Food Safety Authority for the financial year 2006**

(2009/220/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Food Safety Authority for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Food Safety Authority for the financial year 2006, together with the Authority's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety ⁽⁴⁾, and in particular Article 44 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0120/2008),
1. Notes that the final annual accounts of the European Food Safety Authority are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Food and Safety Authority for the financial year 2006;
 3. Instructs its President to forward this Decision to the Executive Director of the European Food Safety Authority, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 35.⁽²⁾ OJ C 309, 19.12.2007, p. 80.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 31, 1.2.2002, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European Maritime Safety Agency
for the financial year 2006**

(2009/221/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Maritime Safety Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Maritime Safety Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 1406/2002 of the European Parliament and of the Council of 27 June 2002 establishing a European Maritime Safety Agency ⁽⁴⁾, and in particular Article 19 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A6-0115/2008),
1. Grants the Executive Director of the European Maritime Safety Agency discharge in respect of the implementation of the Agency's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Executive Director of the European Maritime Safety Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 20.

⁽²⁾ OJ C 309, 19.12.2007, p. 55.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 208, 5.8.2002, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Maritime Safety Agency for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Maritime Safety Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Maritime Safety Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 1406/2002 of the European Parliament and of the Council of 27 June 2002 establishing a European Maritime Safety Agency ⁽⁴⁾, and in particular Article 19 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A6-0115/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Executive Director of the European Maritime Safety Agency discharge in respect of the implementation of the Agency's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
- noted that the implementation of the budget for the financial year 2005 was affected by delays in staff recruitment and that this situation had repercussions for the utilisation of appropriations for administrative expenditure,

⁽¹⁾ OJ C 261, 31.10.2007, p. 20.⁽²⁾ OJ C 309, 19.12.2007, p. 55.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 208, 5.8.2002, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 149.

- noted that the documentation of transactions, a prerequisite for a valid system of internal control, showed some weaknesses and that files which relate to commitments and payments were often incomplete or confused,
- noted further various shortcomings in public procurement management and insisted that the Agency had to comply with regulatory requirements;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/'satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls paragraph 26 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Executive Director of the European Maritime Safety Agency in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 139).

17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
- an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:
- ‘The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.’;
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 of the Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
 - Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

Specific points

32. Notes that the Agency had EUR 44,738 million in commitment appropriations and EUR 44,738 million in payment appropriations from the general budget of the European Union for the financial year 2006;
33. Expresses concern at the finding by the Court of Auditors in its 2006 report that more than 43 % of payment appropriations had to be cancelled at the end of the year 2006 and, in addition, that there was a concentration of transactions during the last quarter of the year so that the budgetary principle of accuracy was not strictly observed;
34. Notes further the Court's finding that the procedures for establishing the budget and the establishment plan were not sufficiently rigorous and that this led to a high number of budgetary transfers, the inadequate planning of staff recruitment and incorrect budget presentation;
35. Notes the low utilisation rate for payment appropriations for anti-polluting measures at sea (67,7 %), despite Parliament's continuing support for these measures in the process leading to the adoption of the budget; in view of the impossibility of providing in 2006 and 2007 an anti-pollution vessel to cover the Atlantic Arc area, comprising the Galician coasts and the Bay of Biscay, urges the Commission and the Agency to step up their efforts to achieve this objective in 2008 within the framework of Regulation (EC) No 2038/2006 of the European Parliament and of the Council of 18 December 2006 on multiannual funding for the action of the European Maritime Safety Agency in the field of response to pollution caused by ships ⁽¹⁾;
36. Recognises, however, as indicated in the Agency's replies, that the relocation of the Agency in 2006 from Brussels to Lisbon had budgetary implications which were difficult to predict, including the departure of almost 20 % of staff under contract;
37. Notes with concern the Court's observations that some legal commitments were entered into before the corresponding budgetary commitment, and that some contracts were 100 % pre-financed;
38. Invites the Agency to take urgent action to remedy the Court's finding that the Agency's inventory system is weak and its records do not allow all goods to be physically traced, and, in particular, that computer equipment is not recorded in the system;
39. Points out that the Agency's balance sheet includes cash and cash equivalents of EUR 11,6 million and an accumulated surplus of EUR 7,18 million;
40. Draws attention to the statement by the Agency's accounting officer in his report on budgetary and financial management that although the Agency's recruitment effort was particularly important during the whole of 2006, the establishment plan and its related budget execution suffered due to numerous staff resignations triggered by the move to Lisbon;
41. Notes with interest from the report on budgetary and financial management that with a view to the phasing out of SI2 in 2007, the Agency requested to be the pilot project for the new generation of financial systems called ABAC (Accrual Based Accounting), and, since April 2006, the Agency has been using the same set of financial systems as the Commission in an outsourcing scheme, with all systems being hosted and maintained by the Commission's DG DIGIT;

⁽¹⁾ OJ L 394, 30.12.2006, p. 1.

42. Believes that further investigations should be carried out into the feasibility of pooling systems and services between agencies, which could be of particular benefit to smaller agencies lacking critical mass or new agencies in the start-up phase;
 43. Notes the statement in the Agency's annual report that the reimbursement of the travel expenses of the growing number of participants at its meetings is a labour-intensive process and that it is currently improving the relevant procedures; asks the Court to look at the general question of the reimbursement by agencies of travel expenses in its next reports on the agencies.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Maritime Safety Agency for the financial year 2006**

(2009/222/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Maritime Safety Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Maritime Safety Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 1406/2002 of the European Parliament and of the Council of 27 June 2002 establishing a European Maritime Safety Agency ⁽⁴⁾, and in particular Article 19 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A6-0115/2008),
1. Notes that the final annual accounts of the European Maritime Safety Agency are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Maritime Safety Agency for the financial year 2006;
 3. Instructs its President to forward this Decision to the Executive Director of the European Maritime Safety Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 20.

⁽²⁾ OJ C 309, 19.12.2007, p. 55.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 208, 5.8.2002, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European Aviation Safety Agency
for the financial year 2006**

(2009/223/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Aviation Safety Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council of 20 February 2008 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency ⁽⁴⁾, and in particular Article 60 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A6-0118/2008),
1. Grants the Executive Director of the European Aviation Safety Agency discharge in respect of the implementation of the Agency's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Executive Director of the European Aviation Safety Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 16.⁽²⁾ OJ C 309, 19.12.2007, p. 47.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 79, 19.3.2008, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Aviation Safety Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council of 20 February 2008 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency ⁽⁴⁾, and in particular Article 60 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A6-0118/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Executive Director of the European Aviation Safety Agency discharge in respect of the implementation of the Agency's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
- noted the low rate of implementation of commitment and payment appropriations (69 % and 32 % respectively) for operating expenditure and the high cancellation rates for appropriations carried over from the previous year,

⁽¹⁾ OJ C 261, 31.10.2007, p. 16.⁽²⁾ OJ C 309, 19.12.2007, p. 47.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 79, 19.3.2008, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.⁽⁶⁾ OJ L 187, 15.7.2008, p. 156.

- noted the failure to introduce activity-based management, even though the Agency's financial regulation provides for it, along the lines applied to the general budget, so as to allow better monitoring of performance,
- regretted the fact that the Management Board had not adopted minimal internal control standards by the end of 2005, and that at the end of 2005 the Agency still did not have a system for ensuring that the fees which it charges its clients for the services it provides are sufficient to cover the cost of those services;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls paragraph 26 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Executive Director of the European Aviation Safety Agency in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 145).

17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
- an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:
- 'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources';
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 of the Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
 - Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

Specific points

32. Notes the finding in the Court of Auditors' report for 2006 that at the end of 2006, the appropriations carried over for title II (administrative expenditure) were about 40 % of commitments and for title III (non-differentiated operational expenditure) were about 50 %, and that for the same titles, more than 15 % of appropriations were cancelled;
33. Acknowledges the Agency's reply that the level of carry-overs was high in 2006 because the Agency still had to outsource more than half of its work to the Member States' National Aviation Authorities and a considerable part of the invoices had not been received by the end of the year;
34. Expresses concern at the Court's further finding that for its 2006 certification activities, the Agency's cost analysis system showed costs of about EUR 48 million as against revenue of about EUR 35 million;
35. Notes that the Agency had EUR 31,9 million in commitment and payment appropriations from the general budget of the European Union budget for the financial year 2006;
36. Notes the Court's insistence that the Agency, in cooperation with the Commission, must review the current fees scheme in order to ensure that the Agency's costs for certification activities are justified and covered by its fees;
37. Calls on the Agency and the Commission to review the Agency's fee structure to bring costs and revenue for certification activities into balance;
38. Notes the Agency's reply that the fees and charges regulation (Commission Regulation (EC) No 593/2007 ⁽¹⁾), which entered into force on 1 June 2007, should generate revenue sufficient to cover the cost of certification activities;
39. Points out that in the Agency's balance sheet, short-term receivables amounted to approximately EUR 14 million, of which 20 % were more than three months old; calls on the Agency to implement an effective claim management system, possibly including interest for late payments;
40. Notes from the accounts that EUR 5,05 million, corresponding to the 2006 budget outturn, has been recorded as a debt to be reimbursed to the Commission;
41. Takes note of the statement by the Authorising officer in his Declaration of Assurance that the appropriate measures have been taken since the audit by the IAS in July 2006 to meet its main recommendations;
42. Notes the statement in the Agency's Annual Activity Report that the uncertainty affecting the operating budget for the Agency has continued, due chiefly to low income from fees and charges; the deficit was covered by the Community contribution, but this has had consequences for the activities of the Agency financed by that contribution;
43. Notes, however, that in 2006 the Agency had a significant number of vacant posts at grades AD 6 and AD 7.

⁽¹⁾ OJ L 140, 1.6.2007, p. 3.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Aviation Safety Agency for the financial year 2006**

(2009/224/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Aviation Safety Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council of 20 February 2008 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency ⁽⁴⁾, and in particular Article 60 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A6-0118/2008),
1. Notes that the final annual accounts of the European Aviation Safety Agency are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Aviation Safety Agency for the financial year 2006;
 3. Instructs its President to forward this Decision to the Executive Director of the European Aviation Safety Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 16.

⁽²⁾ OJ C 309, 19.12.2007, p. 47.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 79, 19.3.2008, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the budget of the European Railway Agency for the financial year 2006

(2009/225/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Railway Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Railway Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 881/2004 of the European Parliament and of the Council of 29 April 2004 establishing a European Railway Agency ⁽⁴⁾, and in particular Article 39 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A6-0123/2008),
1. Grants the Executive Director of the European Railway Agency discharge in respect of the implementation of the Agency's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Executive Director of European Railway Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 54.⁽²⁾ OJ C 309, 19.12.2007, p. 67.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 164, 30.4.2004, p. 1; corrected by OJ L 220, 21.6.2004, p. 3.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Railway Agency for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Railway Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Railway Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 881/2004 of the European Parliament and of the Council of 29 April 2004 establishing a European Railway Agency ⁽⁴⁾, and in particular Article 39 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A6-0123/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions, subject to one exception, are legal and regular,
- B. whereas 2006 was the Agency's first year of financial autonomy;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);

⁽¹⁾ OJ C 261, 31.10.2007, p. 54.

⁽²⁾ OJ C 309, 19.12.2007, p. 67.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 164, 30.4.2004, p. 1; corrected by OJ L 220, 21.6.2004, p. 3.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;
9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;

12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;
17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
 - an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽²⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);

⁽¹⁾ All resolutions regarding the agencies were published in OJ L 196, 27.7.2005.

⁽²⁾ OJ C 273, 15.11.2007, p. 1.

20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.';

23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 of the Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

⁽¹⁾ Council document DS 605/1/07 Rev1.

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years' figures, as follows:
- Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽¹⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽²⁾;

Specific points

32. Welcomes the fact that the Court of Auditors found the Agency's accounts for 2006 to be in all material respects reliable;
33. Regrets however the fact that the use of expired contracts and irregular extensions to existing contracts means that it cannot be stated that all underlying transactions are legal and regular;
34. Notes that the Agency had EUR 14,4 million in commitment appropriations and EUR 14,4 million in payment appropriations from the general budget of the European Union for the financial year 2006;
35. Notes the Court's finding that in its first year of financial autonomy the Agency implemented 72 % of its commitment appropriations, but that the levels of carry-over for administrative expenditure (Title II) and operating expenditure (Title III) were 37,5 % and 85 % respectively;
36. Expresses concern that the internal control system showed weaknesses in that sub-delegations were not granted according to the rules; there were inconsistencies between delegation decisions and access rights to the budgetary management system SI2; notes the Court's finding that the Agency did not adopt implementing rules for its financial regulation;
37. Acknowledges, however, the Agency's reply that during 2006 the programmed activities were not fully implemented as the Agency was still in its start-up phase, and that in 2007 the Agency would undertake an in-depth analysis of the programming of its activities, the resources required and the budget to be allocated, together with a plan for calls for tenders;

⁽¹⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽²⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

38. Notes from the Agency's financial statements that the administrative board has given a positive opinion on the Agency's 2006 accounts;
 39. Notes from the Agency's annual report for 2006 that the executive director in his capacity as authorising officer has given an unqualified declaration of assurance;
 40. Notes from the Agency's annual report that, following an audit mission by the IAS, the Agency adopted an action plan aiming at the implementation of the 24 internal control standards by early 2008;
 41. Takes note of the Agency's difficulties in recruiting technical staff at the appropriate level of expertise having regard to salary levels, the Agency's location and the limited duration of contracts which it is able to offer; recognises that, in general, low recruitment was the main factor in the reduced implementation of the Agency's budget;
 42. Acknowledges the information provided by the Agency to the effect that it has now recruited a procurement officer and an internal auditor to improve the procurement function.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Railway Agency for the financial year 2006**

(2009/226/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Railway Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Railway Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 881/2004 of the European Parliament and of the Council of 29 April 2004 establishing a European railway agency ⁽⁴⁾, and in particular Article 39 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A6-0123/2008),
1. Notes that the final annual accounts of the European Railway Agency are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Railway Agency for the financial year 2006;
 3. Instructs its President to forward this Decision to the Executive Director of the European Railway Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 54.⁽²⁾ OJ C 309, 19.12.2007, p. 67.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 164, 30.4.2004, p. 1; corrected by OJ L 220, 21.6.2004, p. 3.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the budget of the European Network and Information Security Agency for the financial year 2006

(2009/227/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Network and Information Security Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Network and Information Security Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 460/2004 of the European Parliament and of the Council of 10 March 2004 establishing a European Network and Information Security Agency ⁽⁴⁾, and in particular Article 17 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0119/2008),
1. Grants the Executive Director of the European Network and Information Security Agency discharge in respect of the implementation of the Agency's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Executive Director of the European Network and Information Security Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 23.

⁽²⁾ OJ C 309, 19.12.2007, p. 1.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 77, 13.3.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Network and Information Security Agency for the financial year 2006

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Network and Information Security Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Network and Information Security Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 460/2004 of the European Parliament and of the Council of 10 March 2004 establishing a European Network and Information Security Agency ⁽⁴⁾, and in particular Article 17 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0119/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Executive Director of the European Network and Information Security Agency discharge in respect of the implementation of the Agency's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
- noted that the implementation of the budget for the financial year 2005 was marked by a low rate of commitment (70 %) and a substantial rate of carry-over (more than 40 % overall and up to almost 80 % for operating expenditure), and that this situation was in part due to problems inherent in the Agency's start-up period and to the fact that it did not become operational until the second half of 2005,

⁽¹⁾ OJ C 261, 31.10.2007, p. 23.

⁽²⁾ OJ C 309, 19.12.2007, p. 1.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 77, 13.3.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁶⁾ OJ L 187, 15.7.2008, p. 176.

- noted that no activity-based management had been brought in, despite the Agency's financial regulation making provision for it, along the lines of that applied to the general budget, with a view to improving the monitoring of performance;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;

⁽¹⁾ All resolutions regarding the agencies were published in OJ L 196, 27.7.2005.

17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
- an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:
- 'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.';
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 of the Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
 - Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽²⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽³⁾;

⁽¹⁾ Council document DS 605/1/07 Rev1.

⁽²⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽³⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

Specific points

32. Notes the Court of Auditors' observation in its 2006 report that the implementation of the Agency's budget for the financial year 2006 showed a utilisation rate of 90 % of commitment appropriations and 76 % of payment appropriations, with a concentration of transactions in the last quarter of the year; furthermore, the weaknesses of the procedures for establishing the budget led to a high number of transfers, so that the budgetary principle of specification was not strictly observed;
33. Expresses concern at the Court's finding that the general accounting software used by the Agency makes it possible to amend entries without leaving an audit trail, and that the Agency has not established a system for recording invoices that ensures the accuracy of the financial information in the final accounts;
34. Draws attention to the Court's further findings that:
 - the internal control procedures required by the Financial Regulation to ensure transparency and sound financial management have not yet all been documented,
 - the management board did not formally adopt standards for internal control, nor a code of professional ethics,
 - written instructions for archiving supporting documentation to transactions were missing,
 - a financial irregularities panel was not established;
35. Acknowledges the Agency's reply that, 2006 being in its first full year of operation, it intensified its activities in the second half of the year, with the result that many transactions took place in the last quarter; moreover, the position of budget officer remained vacant for more than five months in 2006, which affected the ability of the Agency to optimise planning and minimise transfers for the year;
36. Notes from the Agency's economic outturn account that in 2006 its total operating revenue amounted to EUR 5,48 million, with total expenditure of EUR 5,95 million, giving an economic result (deficit) for the year of EUR 460 000;
37. Notes that the budget outturn account includes EUR 1,1 million under pre-financing which is still open and to be returned by the Agency to the Commission in 2007;
38. Points out that Agency's annual activity report, pursuant to Article 40 of Regulation (EC, Euratom) No 2343/2002, contains a declaration of assurance by the authorising officer, together with reservations;
39. Is aware of an evaluation of the Agency carried out on behalf of the Commission in 2007 by external evaluators which concluded that:
 - the Agency's achievements were insufficient to produce the added value and impact initially hoped for,
 - the size of the management board and its extensive powers over the Agency make for difficult governance,
 - operational staff was below the critical mass needed to be effective;

40. Takes note of and rejects the Commission's proposal (COM(2007) 699) to transfer the Agency's responsibilities to a new European Telecom Marketing Authority whose tasks from 2010 would include:
- ensuring that the 27 national regulators work as an efficient team on the basis of common guiding principles,
 - delivering opinions and assisting in preparing the single market measures of the Commission for the telecoms sector,
 - addressing network and information security issues.
-

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on the closure of the accounts of the European Network and Information Security Agency for the financial year 2006

(2009/228/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Network and Information Security Agency for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Network and Information Security Agency for the financial year 2006, together with the Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 460/2004 of the European Parliament and of the Council of 10 March 2004 establishing a European Network and Information Security Agency ⁽⁴⁾, and in particular Article 17 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0119/2008),
1. Notes that the final annual accounts of the European Network and Information Security Agency are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Network and Information Security Agency for the financial year 2006;
 3. Instructs its President to forward this Decision to the Executive Director of the European Network and Information Security Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 23.⁽²⁾ OJ C 309, 19.12.2007, p. 1.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 77, 13.3.2004, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union for the financial year 2006**

(2009/229/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union for the financial year 2006, together with Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2007/2004 of 26 October 2004 establishing a European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union ⁽⁴⁾, and in particular Article 30 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0126/2008),
1. Grants the Executive Director of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union discharge in respect of the implementation of the Agency's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Executive Director of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 7.

⁽²⁾ OJ C 309, 19.12.2007, p. 29.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 349, 25.11.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008**

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union for the financial year 2006

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union for the financial year 2006, together with Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2007/2004 of 26 October 2004 establishing a European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union ⁽⁴⁾, and in particular Article 30 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0126/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas 2006 was the Agency's first year of financial autonomy;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);

⁽¹⁾ OJ C 261, 31.10.2007, p. 7.

⁽²⁾ OJ C 309, 19.12.2007, p. 29.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 349, 25.11.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;
9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;

11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;
17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
 - an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽²⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;

⁽¹⁾ All resolutions regarding the agencies were published in OJ L 196, 27.7.2005.

⁽²⁾ OJ C 273, 15.11.2007, p. 1.

19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.';

23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

⁽¹⁾ Council document DS 605/1/07 Rev1.

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
- Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽¹⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽²⁾;

Specific points

32. Notes the Court of Auditors' observation in its 2006 report that for the financial year 2006 the rate of commitment was 85 %; the rate of carry-over was more than 70 % overall and nearly 85 % for operating expenditure; transfers of appropriations between chapters or titles during the year exceeded the total ceiling of 10 % provided for in the Financial Regulation; therefore, the budgetary principle of specification was not strictly observed;
33. Notes further that legal commitments were entered into before budgetary commitments, contrary to the Agency's Financial Regulation, and that the criteria and procedures used for recruiting staff were not in line with the general provisions of the Staff Regulations;
34. Acknowledges the Agency's reply that the rate of carry-over to 2007 was due to difficulties inherent in the start-up period of the Agency and to the fact that sizeable resources were made available only very late in 2006; the Agency was not able to fully implement normal procedures for most of the recruitment procedures launched during 2006 because of a lack of resources in the start-up period and difficulties in attracting potential staff;

⁽¹⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽²⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

35. Regrets the fact that the Agency had to use recruitment procedures which were not fully in line with the general provisions for implementing the Staff Regulations in order to attract staff and make the Agency operational as rapidly as possible;
 36. Calls on the Agency and the Commission to improve the planning of the budgetary and personnel needs of the Agency in the future;
 37. Notes from the Agency's accounts (balance sheet) that at 31 December 2006 the Agency held EUR 14,3 million in cash (for a Community subsidy of EUR 15,2 million and an annual budget of EUR 19,2 million);
 38. Recalls that, while in the first year of its existence the budget of the Agency was EUR 6,2 million, the budget in 2006 was twice amended by the budgetary authority, increasing it from EUR 12,3 million to EUR 19,2 million; notes the statement in the annual report that the late availability of the additional funds granted to the Agency in October 2006 led to spending problems beyond the limits of the absorption capacity of the Agency;
 39. Notes further from the accounts that at 31 December 2006 only nine of 18 AD posts had been filled;
 40. Takes note of the statement in the Agency's annual report for 2006 that the Agency was granted full financial autonomy only from 1 October 2006, and that before that date all expenditure relating to administrative matters was authorised by the Commission's DG JLS in Brussels;
 41. Calls on the Agency to improve its financial management, especially as regards the increase in its budget for the financial years 2007 and 2008.
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DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on the closure of the accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union for the financial year 2006

(2009/230/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union for the financial year 2006, together with Agency's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 2007/2004 of 26 October 2004 establishing a European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union ⁽⁴⁾, and in particular Article 30 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0126/2008),
1. Notes that the final annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union for the financial year 2006;
 3. Instructs its President to forward this Decision to the Executive Director of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 7.

⁽²⁾ OJ C 309, 19.12.2007, p. 29.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 349, 25.11.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of Eurojust for the financial year 2006**

(2009/231/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of Eurojust for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of Eurojust for the financial year 2006, together with Eurojust's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Decision 2002/187/JHA of 28 February 2002 setting up Eurojust with a view to reinforcing the fight against serious crime ⁽⁴⁾, and in particular Article 36 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0129/2008),
1. Grants the Administrative Director of Eurojust discharge in respect of the implementation of Eurojust's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Administrative Director of Eurojust, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 57.⁽²⁾ OJ C 309, 19.12.2007, p. 111.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 63, 6.3.2002, p. 1.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget for Eurojust for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of Eurojust for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of Eurojust for the financial year 2006, together with Eurojust's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Decision 2002/187/JHA of 28 February 2002 setting up Eurojust with a view to reinforcing the fight against serious crime ⁽⁴⁾, and in particular Article 36 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0129/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 24 April 2007 Parliament granted the Administrative Director of Eurojust discharge in respect of the implementation of the Agency's budget for the financial year 2005 ⁽⁶⁾, and in its resolution accompanying the discharge decision, *inter alia*:
- invited Eurojust to improve the forecasting of its operating expenditure,
 - noted that in 2005 Eurojust still did not have its own internal financial regulation (although according to Eurojust's replies a text was agreed with the Commission and adopted by the College on 20 April 2006),

⁽¹⁾ OJ C 261, 31.10.2007, p. 57.

⁽²⁾ OJ C 309, 19.12.2007, p. 111.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 63, 6.3.2002, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁶⁾ OJ L 187, 15.7.2008, p. 135.

- invited Eurojust to inform Parliament about the adoption by its Board of any internal control standards,
- asked Eurojust to present Parliament with a short description of any improvements in checklists concerning procurement and recruitment procedures in time for the 2006 discharge procedure;

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;

9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;
13. Is concerned that a significant number of staff is employed on a temporary basis in a way that could undermine the quality of their work; therefore asks the Commission to improve its monitoring of the implementation of the Staff Regulations by the agencies;

Presentation of reporting data

14. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
15. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
16. Recalls paragraph 25 of its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;

⁽¹⁾ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Administrative Director of Eurojust in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 108).

17. Asks the Commission to amend its standing instructions to the agencies accordingly;
18. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
 - an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

19. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽¹⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
20. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
21. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

22. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
23. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.';

⁽¹⁾ OJ C 273, 15.11.2007, p. 1.

24. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
25. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 of the Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
26. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
27. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

28. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

29. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

30. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
31. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

⁽¹⁾ Council document DS 605/1/07 Rev1.

Self-financed agencies

32. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:

- Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽¹⁾,
- Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽²⁾;

Specific points

33. Notes the Court's observation in its 2006 report that the carryover rate was 33 % for administrative expenditure and 30 % for operational expenditure, with a high number of transfers of appropriations between budget lines and in many cases insufficiently detailed supporting documentation so that the budgetary principle of specification was not strictly observed;
34. Notes further the Court's findings that the rules on procurement were not strictly observed, and that a fixed assets register which includes all assets and their values was not established and used to monitor Eurojust's property; calls on Eurojust to strictly implement procurement rules, notably as regards framework contracts;
35. Notes from the accounts and the report on budgetary and financial management:
- an accumulated surplus of EUR 3,3 million for a balance sheet total of EUR 7,3 million,
 - a review of the rental fee paid by Eurojust for its premises resulting in a recovery of EUR 952 403 for the period 2003 to 2005,
 - a contingent liability for an estimated amount of EUR 388 297 in respect of litigation before the Civil Service Tribunal,
 - a statement that Eurojust has adopted a centralised financial circuit and that 'Guidelines on financial circuits and segregation of duties at Eurojust' have been distributed to all actors in the workflow so that they are aware of their responsibilities, together with the introduction of checklists and regular *ex-post* controls;
36. Is concerned, however, at the indication in the accounts that for transactions of less than EUR 1 000 the authorising officer is the financial verifier, contrary to the principle of the segregation of duties;
37. Expresses concern at certain statements in Eurojust's annual report which have a significant bearing on the fight against fraud:
- Eurojust still does not feel that its capacity to deal with casework is being fully exploited,

⁽¹⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽²⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

- there were still many opportunities to develop Eurojust's relationship with OLAF during 2006, including by means of a formal cooperation agreement,
 - Eurojust's disappointment that it did not appear possible to co-locate Eurojust with Europol in their new proposed premises in The Hague, so that an opportunity was missed both for cost savings and the ability to draw on the synergies that would be available to the Member States by enhancing the effectiveness of both organisations by location at the same site;
38. Notes that the Eurojust financial regulation was agreed with the Commission in March 2006 and adopted by the College on 20 April 2006;
39. Notes that Eurojust expects to fill the post of internal auditor in the first half of 2008.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of Eurojust for the financial year 2006**

(2009/232/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of Eurojust for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of Eurojust for the financial year 2006, together with Eurojust's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Decision 2002/187/JHA of 28 February 2002 setting up Eurojust with a view to reinforcing the fight against serious crime ⁽⁴⁾, and in particular Article 36 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0129/2008),
1. Notes that the final annual accounts of Eurojust are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of Eurojust for the financial year 2006;
 3. Instructs its President to forward this Decision to the Administrative Director of Eurojust, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 57.

⁽²⁾ OJ C 309, 19.12.2007, p. 111.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 63, 6.3.2002, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European Police College for the financial year 2006**

(2009/233/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Police College for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Police College for the financial year 2006, together with College's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL) and repealing Decision 2000/820/JHA ⁽⁴⁾, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0121/2008),
1. Grants the Director of the European Police College discharge in respect of the implementation of the College's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Director of the European Police College, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 52.

⁽²⁾ OJ C 309, 19.12.2007, p. 105.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 256, 1.10.2005, p. 63.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Police College for the financial year 2006**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Police College for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Police College for the financial year 2006, together with College's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL) and repealing Decision 2000/820/JHA ⁽⁴⁾, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0121/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year ended 2006 are reliable, and the underlying transactions, subject to one reservation, are legal and regular,
- B. whereas 2006 was the first financial year for which the College was responsible for administering its own budget as an EU agency,

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);

⁽¹⁾ OJ C 261, 31.10.2007, p. 52.

⁽²⁾ OJ C 309, 19.12.2007, p. 105.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 256, 1.10.2005, p. 63.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;
9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;

12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;
13. Is concerned that a significant number of staff is employed on a temporary basis in a way that could undermine the quality of their work; therefore asks the Commission to improve its monitoring of the implementation of the Staff Regulations by the agencies;

Presentation of reporting data

14. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
15. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
16. Recalls its resolution of 12 April 2005 ⁽¹⁾, inviting the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
17. Asks the Commission to amend its standing instructions to the agencies accordingly;
18. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
 - an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

19. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽²⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;
20. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);

⁽¹⁾ All resolutions regarding the agencies were published in OJ L 196, 27.7.2005.

⁽²⁾ OJ C 273, 15.11.2007, p. 1.

21. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

22. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
23. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.';

24. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
25. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 of the Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
26. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
27. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

28. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

29. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

⁽¹⁾ Council document DS 605/1/07 Rev1.

Draft Interinstitutional Agreement

30. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
31. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

32. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
- Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽¹⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽²⁾;

Specific points

33. Notes that the Court of Auditors in its report on the College qualified its declaration of assurance as regards the legality and regularity of the underlying transactions on the grounds that the system of procurement did not comply with the provisions of the Financial Regulation, there was no documentation available to justify the need to purchase particular items or to explain the recourse to a particular supplier, and that a similar issue arose with removal costs for staff, which were not dealt with following standard procurement procedures for the acquisition of goods and services;
34. Regrets the Court's further finding that in 2006 the College did not establish the necessary systems and procedures to enable it to prepare a financial report in compliance with the requirements of the framework Financial Regulation applicable to the Agencies;
35. Calls upon the College to adopt detailed implementing rules, including those ensuring the transparency of its procurement procedures, in accordance with its Financial Regulation;
36. Underlines the Court's recommendation that the introduction of commitment appropriations would improve control over the College's budgetary implementation and ensure that any appropriations which were unused at the close of the financial year could be carried over under strictly defined conditions in accordance with the Financial Regulation;
37. Expresses concern at the Court's finding that as regards courses and seminars (EUR 1 296 636 in 2006), there was no formal submission and approval of cost estimates prior to the events taking place, so that budget appropriations were not used in accordance with the principle of sound financial management;
38. Recalls that although the College was founded in 2001, it only began operating as an EU agency in 2006;

⁽¹⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽²⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

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39. Takes note of remarks in the text accompanying the College's financial statements that:
- it has not been possible to respect certain requirements of the College's financial regulation, as systems are currently being put in place,
 - in its first year as an EU agency, the College experienced some delays in recruitment resulting in an under-run of EUR 600 000 against appropriations of EUR 2,1 million (30 %);
40. Notes from the College's annual report that, although now an EU agency, it still retains some characteristics of an inter-governmental body (e.g. the rotating presidency of the governing board);
41. Invites the College to ensure without delay, and by June 2008 at the latest, that its financial management fully respects the provisions of the Financial Regulation;
42. Asks the Commission to closely supervise the implementation of the College's budget.
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DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the European Police College for the financial year 2006**

(2009/234/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Police College for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Police College for the financial year 2006, together with College's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL) and repealing Decision 2000/820/JHA ⁽⁴⁾, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0121/2008),
1. Notes that the final annual accounts of the European Police College are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Police College for the financial year 2006;
 3. Instructs its President to forward this Decision to the Director of the European Police College, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 52.⁽²⁾ OJ C 309, 19.12.2007, p. 105.⁽³⁾ OJ L 248, 16.9.2002, p. 1.⁽⁴⁾ OJ L 256, 1.10.2005, p. 63.⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on discharge in respect of the implementation of the budget of the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year 2006

(2009/235/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Commission report on the follow-up to the 2005 discharge decisions (COM(2007) 538 and its annex SEC(2007) 1185),
- having regard to the financial statements and revenue and expenditure accounts for the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year 2006 (COM(2007) 458 — C6-0118/2007) ⁽¹⁾,
- having regard to the report on the financial management of the Sixth, Seventh, Eighth and Ninth European Development Funds for the year 2006 (COM(2007) 240),
- having regard to the Court of Auditors' annual report on the activities funded by the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year 2006, together with the Commission's replies ⁽²⁾,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽³⁾,
- having regard to the Council's recommendations of 12 February 2008 (16744/2007 — C6-0078/2008, 16745/2007 — C6-0079/2008, 16746/2007 — C6-0080/2008, 16748/2007 — C6-0081/2008),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 ⁽⁴⁾ and revised in Luxembourg on 25 June 2005 ⁽⁵⁾,
- having regard to Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community ('Overseas Association Decision') ⁽⁶⁾, amended by Council Decision 2007/249/EC of 19 March 2007 ⁽⁷⁾,
- having regard to Article 33 of the Internal Agreement of 20 December 1995, between the representatives of the governments of the Member States meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention ⁽⁸⁾,
- having regard to Article 32 of the Internal Agreement of 18 September 2000, between representatives of the governments of the Member States meeting within the Council, on the financing and administration of Community aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000, and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies ⁽⁹⁾,

⁽¹⁾ OJ C 260, 31.10.2007, p. 1.

⁽²⁾ OJ C 259, 31.10.2007, p. 1.

⁽³⁾ OJ C 260, 31.10.2007, p. 258.

⁽⁴⁾ OJ L 317, 15.12.2000, p. 3.

⁽⁵⁾ OJ L 287, 28.10.2005, p. 4.

⁽⁶⁾ OJ L 314, 30.11.2001, p. 1 and OJ L 324, 7.12.2001, p. 1.

⁽⁷⁾ OJ L 109, 26.4.2007, p. 33.

⁽⁸⁾ OJ L 156, 29.5.1998, p. 108.

⁽⁹⁾ OJ L 317, 15.12.2000, p. 355.

- having regard to Article 276 of the EC Treaty,
 - having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention ⁽¹⁾,
 - having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the Ninth European Development Fund ⁽²⁾,
 - having regard to Rules 70 and 71, third indent, of, and Annex V to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A6-0106/2008),
1. Grants the Commission discharge in respect of the implementation of the budget of the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ L 191, 7.7.1998, p. 53.

⁽²⁾ OJ L 83, 1.4.2003, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year**

THE EUROPEAN PARLIAMENT,

- having regard to the Commission report on the follow-up to the 2005 discharge decisions (COM(2007) 538 and its annex SEC(2007) 1185),
- having regard to the financial statements and revenue and expenditure accounts for the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year 2006 (COM(2007) 458 — C6-0118/2007) ⁽¹⁾,
- having regard to the report on the financial management of the Sixth, Seventh, Eighth and Ninth European Development Funds for the year 2006 (COM(2007) 240),
- having regard to the Court of Auditors' annual report on the activities funded by the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year 2006, together with the Commission's replies ⁽²⁾,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽³⁾,
- having regard to the Council's recommendations of 12 February 2008 (16744/2007 — C6-0078/2008, 16745/2007 — C6-0079/2008, 16746/2007 — C6-0080/2008, 16748/2007 — C6-0081/2008),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 ⁽⁴⁾ and revised in Luxembourg on 25 June 2005 ⁽⁵⁾,
- having regard to Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community ('Overseas Association Decision') ⁽⁶⁾, amended by Council Decision 2007/249/EC of 19 March 2007 ⁽⁷⁾,
- having regard to Article 33 of the Internal Agreement of 20 December 1995, between the representatives of the governments of the Member States meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention ⁽⁸⁾,
- having regard to Article 32 of the Internal Agreement of 18 September 2000, between representatives of the governments of the Member States meeting within the Council, on the financing and administration of Community aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000, and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies ⁽⁹⁾,

⁽¹⁾ OJ C 260, 31.10.2007, p. 1.

⁽²⁾ OJ C 259, 31.10.2007, p. 1.

⁽³⁾ OJ C 260, 31.10.2007, p. 258.

⁽⁴⁾ OJ L 317, 15.12.2000, p. 3.

⁽⁵⁾ OJ L 287, 28.10.2005, p. 4.

⁽⁶⁾ OJ L 314, 30.11.2001, p. 1 and OJ L 324, 7.12.2001, p. 1.

⁽⁷⁾ OJ L 109, 26.4.2007, p. 33.

⁽⁸⁾ OJ L 156, 29.5.1998, p. 108.

⁽⁹⁾ OJ L 317, 15.12.2000, p. 355.

- having regard to Article 276 of the EC Treaty,
 - having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention ⁽¹⁾,
 - having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the Ninth European Development Fund ⁽²⁾,
 - having regard to Rules 70 and 71, third indent, of, and Annex V to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A6-0106/2008),
- A. whereas the European Development Fund (EDF) is the European Union's most important financial instrument for development cooperation with the African, Caribbean and Pacific States,
- B. whereas the total amount of aid channelled through the EDF will increase considerably over the coming years, as the amount of aid under the 10th EDF for the period 2008 to 2013 has been set at EUR 22 682 million, compared to EUR 13 800 million under the Ninth EDF for the period 2000 to 2007,
- C. whereas, despite Parliament's repeated request that the EDF be budgetised, the EDFs currently do not fall under the general budget of the European Union and the general Financial Regulation, but are implemented according to specific financial rules,

The statement of assurance

Accounts are reliable

1. Notes that, with the exception of problems relating to the following, the European Court of Auditors (ECA) is of the opinion that the accounts reliably reflect the revenue and expenditure relating to the Sixth, Seventh, Eighth and Ninth EDFs:
 - (a) the validity of the assumptions used for the estimate of the provision for invoices to be received has not been demonstrated by the Commission;
 - (b) there is an overstatement of the amount of guarantees disclosed in the notes to the financial statements;

Underlying transactions are legal and regular with one exception

2. Notes that, except for errors affecting underlying transactions authorised by delegations, the ECA is of the opinion that the transactions underlying the revenue, allocations, commitments and payments for the financial year are, taken as a whole, legal and regular;
3. Notes the ECA's statement that its audit of payments authorised by delegations revealed a material incidence of errors; notes that the Commission disagrees with the ECA's finding; notes that the Commission suggests applying a different methodology for calculating the error rate and that it considers the level of error not to be materially significant;
4. Observes that, however, the ECA and the Commission do agree that most of the errors detected are due to inadequate controls carried out by project supervisors or by auditors who do not form part of the delegations' staff, but have contracts with the Commission;

⁽¹⁾ OJ L 191, 7.7.1998, p. 53.

⁽²⁾ OJ L 83, 1.4.2003, p. 1.

5. Welcomes the fact that, with regard to audit firms carrying out audits of external aid operations, the EuropeAid Cooperation Office (EuropeAid) has adopted standard terms of reference in order to improve the quality of those audits; notes that delegations have been obliged to use these standard terms of reference since 1 October 2007; invites the ECA to assess, in forthcoming annual reports, if this new tool improves the quality of audits;
6. Notes that a new standard contract and terms of reference for expenditure verifications by beneficiaries entered into force on 1 February 2006 and that these cover tendering procedures; intends to monitor the application of these procedures to assess whether they reduce the level of errors discovered by the ECA for 2006;

Ensuring correct accounts despite delayed modernisation of the accounting system

7. Recalls that, for the second year, the Commission had to prepare the accounts of the EDFs by using accruals based accounting principles; recalls that, with regard to the financial year 2005, the ECA and Parliament had expressed concerns as the current accounting system did not deliver full accounting information and, consequently, some data had to be adjusted manually; regrets that the problem persisted in the financial year 2006;
8. Notes that the modernisation of the IT system implies a migration of the EDF-specific IT system (OLAS) to the Commission's central IT system (ABAC) and EuropeAid's local system (CRIS); observes that the modernisation had originally been scheduled for 2006, but was delayed and is now scheduled to be completed by the end of 2008; notes that the Director-General of EuropeAid recently informed the Committee on Budgetary Control about the current state of play;
9. Notes that the Director-General of DG Budget, in the annual activity report of DG Budget for 2006, withdrew a reservation made in the previous annual activity report with regard to the unavailability of the new IT system, although the new IT system was still not implemented in 2006;
10. Requests the Commission to specify the shortcomings of the current system and the measures it takes to compensate them in the forthcoming discharge exercises for the financial years 2007 and 2008;
11. Expects the new IT system to be operational in time for the start of the financial year 2009; requests the Commission to inform Parliament's Committee on Budgetary Control in the event of further delays;

Simplifying the management of the EDFs

12. Recalls that, in its previous discharge resolutions, Parliament had strongly supported the integration of the EDF in the general budget of the European Union, since this would remove many of the complications and difficulties of implementing successive EDFs, help speed up disbursement and eliminate the current democratic deficit; regrets that the EDF was not budgetised under the financial framework 2007 to 2013, but remained a separate financial instrument; considers that the budgetisation of the EDF should be a priority objective for the financial framework after 2013;
13. Welcomes the Commission's intention to reopen the debate on EDF budgetisation concurrently with the mid-term review of the 10th EDF; stresses that budgetisation would greatly favour the democratic control and accountability of the EDF; stresses that integrating the EDF in the general budget of the European Union is also an appropriate way of addressing the recurrent problems linked to the slow and cumbersome nature of the intergovernmental ratification process;

14. Takes the view that the Commission and the Council should do their utmost to simplify the management of the EDF; considers that simplification should be achieved by closing previous EDFs as early as possible and by simplifying the financial rules applicable to successive EDFs; recalls that simplification of the management of EU funds forms part of the key objectives set out in the Commission's Action Plan towards an Integrated Internal Control Framework (COM(2006) 9);
15. Notes that the Sixth EDF was closed in 2006, and that the Commission plans to close the Seventh EDF in 2008; notes that, with the start of the 10th EDF in 2008, the Commission will continue to implement four EDFs simultaneously; requests the Commission to prioritise the closure of the Seventh, Eighth and Ninth EDFs;
16. Observes that there are specific financial rules for each EDF, and that these rules differ from the rules for implementing external aid from the general budget; notes that this situation obliges Commission staff responsible for external aid implementation to consider five different sets of financial rules; notes that Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund ⁽¹⁾ aims at harmonising the financial rules applicable to the different EDFs to a great extent;
17. Notes the ECA's statement, in its Opinion No 9/2007 on the proposal for a Council Regulation on a Financial Regulation applicable to the 10th European Development Fund ⁽²⁾, that the Commission successfully transposed the recasting of the general Financial Regulation in the context of the EDF; is satisfied with the ECA's finding that Regulation (EC) No 215/2008 'provides clear and straightforward legislation concentrating on the provisions that are essential and necessary for the implementation of the EDF';
18. Calls on the ACP countries to speed up the ratification of the legal bases for the 10th EDF in order to avoid delays which could affect the continuity of EDF-funded activities;
19. Strongly supports the ECA's suggestion, as repeated in several opinions, to introduce a single financial regulation applicable to all present and future EDFs; agrees with the ECA that a measure of this type would ensure continuity of approach and would greatly simplify management; calls on the Commission to come forward with a legislative proposal;

Enhancing Parliament's oversight as regards EDF funds managed by the European Investment Bank

20. Recalls that, in previous discharge resolutions, Parliament had highlighted the fact that it has insufficient oversight with regard to the part of the EDF funds managed by the European Investment Bank (EIB), as these funds are neither covered by the ECA's statement of assurance nor by Parliament's discharge procedure;
21. Notes that the EIB manages the investment facility, a risk-bearing instrument funded from the EDF, aimed at fostering private investment in the difficult economic and political context of the ACP countries; notes that, under the Ninth EDF, EUR 2 037 million were allocated to the investment facility for the ACP countries; notes that, with the additional capital endowment of EUR 1 100 million from the 10th EDF, the total amount of EDF funds allocated to the investment facility for the ACP countries is EUR 3 137 million;
22. Notes that the ECA, in its abovementioned Opinion No 9/2007, as in previous opinions, regretted that the operations managed by the EIB are not subject to the discharge procedure, although the EIB uses EDF resources, which are contributed by European taxpayers, not by the financial markets;

⁽¹⁾ OJ L 78, 19.3.2008, p. 1.

⁽²⁾ OJ C 23, 28.1.2008, p. 3.

23. Fails to understand why the governments of the Member States, in the internal agreement for the 10th EDF for the period 2008 to 2013, have not followed up on the ECA's and Parliament's concerns and have continued to exclude operations managed by the EIB from the formal discharge procedure;
24. Welcomes the fact that the EIB is willing to improve cooperation with Parliament during the discharge procedure on an informal basis; suggests that, for the forthcoming discharge procedure, EIB representatives be invited to present the EIB's annual report on the implementation of the investment facility to Parliament's Committee on Budgetary Control;

Deadlines

25. Welcomes the fact that, under Regulation (EC) No 215/2008, the deadlines for the transmission of the ECA's annual report to the discharge authority and for Parliament's discharge decision are aligned with the corresponding dates in the general Financial Regulation;

Following up on the 2005 discharge resolution

26. Welcomes the Commission's clear answer to the rapporteur's questionnaire that the Member of the Commission responsible for Development Cooperation, Louis Michel, bears full political responsibility for the Commission's implementation of the EDF;
27. Invites the ECA to audit the Commission's management of EDF funds, with particular emphasis on the distribution of responsibilities within the Commission Directorates-General forming part of the 'RELEX family';
28. Notes that, in its financial management report, the Commission indicated that its objective for 2006 was to keep overall outstanding commitments stable at EUR 10 300 million, and that this objective has been achieved; notes that this means that 25 % of total funds committed remain unspent; urges the Commission to further reduce outstanding commitments, especially old and dormant commitments;
29. Congratulates the Commission on reducing the level of *reste à liquider* (RAL) dating from pre-2001 EDF commitments by 49 % in 2006; requests that it receive regular updates on changes in levels of normal and abnormal RAL; calls on the Commission to draw up, for Parliament and for the ACP-EU Joint Parliamentary Assembly, a three-monthly statement on the disbursement of funds;
30. Notes that, according to the Cotonou Agreement, budget support shall only be granted to a beneficiary country where public expenditure is sufficiently transparent, accountable and effective; notes that the ECA has some doubts about the Commission's 'dynamic interpretation' of these criteria; notes the ECA's finding that 'there is a tendency for the Commission to rely upon indicators which seek to predict future progress when making disbursement decisions';
31. Understands that the Commission, in a difficult environment like the ACP countries, needs some margin of manoeuvre for its decisions; welcomes the Commission's positive response to the ECA's recommendation to make the parameters for its 'dynamic interpretation' more explicit;
32. Notes that in 2006, 68 % of EDF budget support was delivered in the form of sector budget support, which is more targeted than general budget support and therefore leads to lower risks; questions the Commission's 'dynamic interpretation' of the eligibility criteria for budget support, which the ECA has said increases risk; believes that budget support should only be undertaken in countries that already meet a minimum standard of credible public finance management;

33. Recalls that, if external aid is granted through budget support, the funds become part of the national budget of the beneficiary countries, which means that the Commission's and the ECA's control powers are limited; reiterates that, in these cases, it is particularly important that the Commission cooperate with national authorities in the beneficiary countries which carry out control tasks;
34. Recalls that Parliament and the ECA have repeatedly requested that the Commission should improve its cooperation with national supreme audit institutions in budget support recipient countries; notes the ECA's statement, in its annual report, that relations between the Commission and the supreme audit institutions in beneficiary countries have improved recently; requests the Commission to continue its efforts to develop a structured approach in its relations with national audit institutions;
35. Welcomes the Commission's initiative to develop a structured approach to support national supreme audit institutions in countries receiving budget support; notes however that democratic accountability at the level of partner countries cannot be achieved without also strengthening parliamentary budget control bodies, as recommended by the ECA in its Special Report No 2/2005 ⁽¹⁾;
36. Invites the Commission to improve transparency and access to documentation relating to budget support actions, particularly by establishing agreements with beneficiary country governments analogous to the Financial and Administrative Framework Agreement between the European Community and the United Nations (FAFA) setting out the framework for managing the financial contributions made by the Commission to the UN;
37. Notes with interest that the Commission, in particular the European Antifraud Office and EuropeAid, in cooperation with the EIB, has initiated a series of conferences in beneficiary countries in order to improve cooperation in practice with national authorities concerned with the correct use of public funds, for example inspectors and prosecutors; notes that the first conference was held in Rabat in May 2007, followed by a second conference in Brazzaville in November 2007 and a third in Cape Town in April 2008;
38. Notes that, following the first conferences, cooperation with some national authorities has already been intensified on the basis of specific cooperation agreements between them and the Commission; invites the Commission to provide further information on these activities to Parliament;
39. Congratulates the Commission on its initiative to improve reporting on the effects of development policy interventions towards achieving the millennium development goals (MDGs); trusts that this will make a real contribution to improving accountability in this area; looks forward to receiving details of the evaluation of the pilot phase introduced in 2007;
40. Draws attention to the benchmark, agreed by the Commission, that 20 % of geographical funding under the development cooperation instrument should be allocated to basic and secondary education and basic health; looks forward to receiving details of the implementation of the benchmark in 2007; insists that reporting against the same benchmark be provided for the EDF;
41. Notes with satisfaction that the Commission followed up on Parliament's request to provide more information in its financial management report on resource constraints and their impact on EDF implementation; notes that the Commission indicates that, within these constraints, it made sound financial management and quality its top priorities; is however worried that the Commission continues to report high vacancy rates in some delegations and low levels of staffing relative to the amounts managed;

⁽¹⁾ OJ C 249, 7.10.2005, p. 1.

42. Notes that, under Regulation (EC) No 215/2008, the Council, following a proposal from the Commission, will undertake an overall performance review of the 10th EDF in 2010; notes that, in this review, financial performance and qualitative performance, in particular results and impact, measures in terms of progress towards achieving the MDGs, will be assessed; requests that the discharge authority be informed about the results of the performance review;
 43. Notes that the ECA, in its annual report, reiterated its recommendation that EuropeAid should develop a coherent overall strategy for its control activities; notes that, following the adoption in January 2006 of the Commission's abovementioned action plan towards an integrated internal control framework, which covers all policy areas, EuropeAid has been working on a strategy which would be coherent with the Commission's general approach, but would also take account of the specific management methods for implementation of external aid;
 44. Welcomes the fact that the ECA, in its annual report for the financial year 2006, as in its previous annual reports, made detailed recommendations on how the Commission could improve its control strategy; notes that the ECA highlights the positive response given by the Commission to its recommendations; invites the ECA and the Commission to continue their close cooperation in this respect;
 45. Notes the criticisms of Commission technical assistance projects made by the ECA in its Special Report No 6/2007 ⁽¹⁾; notes further that the Commission will address these questions in its Strategy to meet EU aid effectiveness targets on technical cooperation and project implementation units, due by June 2008; looks forward to receiving, in due course, an assessment of the results of the implementation of this strategy;
 46. Welcomes the measures taken by the Commission to promote donor coordination in the area of technical assistance; stresses the importance of a coordinated approach, not only at EU level but also among all donors, and looks forward to receiving details of the progress of this initiative.
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⁽¹⁾ OJ C 312, 21.12.2007, p. 3.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on the closure of the accounts of the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year 2006**

(2009/236/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Commission report on the follow-up to the 2005 discharge decisions (COM(2007) 538 and its annex SEC(2007) 1185),
- having regard to the financial statements and revenue and expenditure accounts for the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year 2006 (COM(2007) 458 — C6-0118/2007) ⁽¹⁾,
- having regard to the report on the financial management of the Sixth, Seventh, Eighth and Ninth European Development Funds for the year 2006 (COM(2007) 240),
- having regard to the Court of Auditors' annual report on the activities funded by the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year 2006, together with the Commission's replies ⁽²⁾,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty ⁽³⁾,
- having regard to the Council's recommendations of 12 February 2008 (16744/2007 — C6-0078/2008, 16745/2007 — C6-0079/2008, 16746/2007 — C6-0080/2008, 16748/2007 — C6-0081/2008),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 ⁽⁴⁾ and revised in Luxembourg on 25 June 2005 ⁽⁵⁾,
- having regard to Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community ('Overseas Association Decision') ⁽⁶⁾, amended by Council Decision 2007/249/EC of 19 March 2007 ⁽⁷⁾,
- having regard to Article 33 of the Internal Agreement of 20 December 1995, between the representatives of the governments of the Member States meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention ⁽⁸⁾,
- having regard to Article 32 of the Internal Agreement of 18 September 2000, between representatives of the governments of the Member States meeting within the Council, on the financing and administration of Community aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000, and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies ⁽⁹⁾,
- having regard to Article 276 of the EC Treaty,

⁽¹⁾ OJ C 260, 31.10.2007, p. 1.⁽²⁾ OJ C 259, 31.10.2007, p. 1.⁽³⁾ OJ C 260, 31.10.2007, p. 258.⁽⁴⁾ OJ L 317, 15.12.2000, p. 3.⁽⁵⁾ OJ L 287, 28.10.2005, p. 4.⁽⁶⁾ OJ L 314, 30.11.2001, p. 1 and OJ L 324, 7.12.2001, p. 1.⁽⁷⁾ OJ L 109, 26.4.2007, p. 33.⁽⁸⁾ OJ L 156, 29.5.1998, p. 108.⁽⁹⁾ OJ L 317, 15.12.2000, p. 355.

- having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention ⁽¹⁾,
 - having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the Ninth European Development Fund ⁽²⁾,
 - having regard to Rules 70 and 71, third indent, of, and Annex V to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A6-0106/2008),
1. Notes that the final annual accounts of the Sixth, Seventh, Eighth and Ninth European Development Funds are as shown in table 1 of the Court of Auditors' annual report;
 2. Approves the closure of the accounts of the Sixth, Seventh, Eighth and Ninth European Development Funds for the financial year 2006;
 3. Instructs its President to forward this Decision to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ L 191, 7.7.1998, p. 53.

⁽²⁾ OJ L 83, 1.4.2003, p. 1.

DECISION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****on discharge in respect of the implementation of the budget of the European GNSS Supervisory Authority for the financial year 2006**

(2009/237/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European GNSS Supervisory Authority for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European GNSS Supervisory Authority for the financial year 2006, together with the Authority's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 1321/2004 of 12 July 2004 on the establishment of structures for the management of the European satellite radio-navigation programmes ⁽⁴⁾, and in particular Article 12 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0127/2008),
1. Grants the Executive Director of the European GNSS Supervisory Authority discharge in respect of the implementation of the Authority's budget for the financial year 2006;
 2. Sets out its observations in the Resolution below;
 3. Instructs its President to forward this Decision and the Resolution that forms an integral part of it to the Executive Director of the European GNSS Supervisory Authority, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Hans-Gert PÖTTERING

The Secretary-General
Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 38.

⁽²⁾ OJ C 309, 19.12.2007, p. 72.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 246, 20.7.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 22 April 2008****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European GNSS Supervisory Authority for the financial year 2006**

THE EUROPEAN PARLIAMENT,

having regard to the final annual accounts of the European GNSS Supervisory Authority for the financial year 2006 ⁽¹⁾,having regard to the Court of Auditors' report on the final annual accounts of the European GNSS Supervisory Authority for the financial year 2006, together with Authority's replies ⁽²⁾,

having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),

having regard to the EC Treaty, and in particular Article 276 thereof,

having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,having regard to Council Regulation (EC) No 1321/2004 of 12 July 2004 on the establishment of structures for the management of the European satellite radio-navigation programmes ⁽⁴⁾, and in particular Article 12 thereof,having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,

having regard to Rule 71 of and Annex V to its Rules of Procedure,

having regard to the report of the Committee on Budgetary Control (A6-0127/2008),

- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions are legal and regular,
- B. whereas the Authority began operations in 2006, and, following installation of the necessary financial systems, took over responsibility for its financial operations from the Commission in September 2006,

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);

⁽¹⁾ OJ C 261, 31.10.2007, p. 38.

⁽²⁾ OJ C 309, 19.12.2007, p. 72.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 246, 20.7.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and two executive agencies (not including two agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies'/satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad-hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;
9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year n-1, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;

11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited the Commission to present every five years a study on the added value of every existing agency; invites all relevant institutions in the case of a negative evaluation of the added value of an agency to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least five such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;
12. Is of the opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public; and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have none the less done so for 2006, in one case including an important reservation;
15. Recalls its resolution of 12 April 2005 ⁽¹⁾, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;
17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between:
 - an annual report intended for a general readership on the body's operations, work and achievements,
 - financial statements and a report on implementation of the budget,
 - an activity report along the lines of the activity reports of the Directors-General of the Commission,
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29 ⁽²⁾) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;

⁽¹⁾ All resolutions regarding the agencies were published in OJ L 196, 27.7.2005.

⁽²⁾ OJ C 273, 15.11.2007, p. 1.

19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (Cedefop), CEPOL and the European Railway Agency) for the financial year 2006 (2005: Cedefop, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

'The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.'
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 of the Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission ⁽¹⁾ negotiated at the conciliation before the Ecofin budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess; and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad-hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

⁽¹⁾ Council document DS 605/1/07 Rev1.

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005) 59), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007) 274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
- Office for Harmonization of the Internal Market cash and cash equivalents: EUR 281 million ⁽¹⁾,
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million ⁽²⁾;

Specific points

32. Notes the Court of Auditors' observation in its 2006 report that its testing of a representative sample of 80 transactions identified weaknesses in the operation of the management and control systems involving the initiation of transactions without the necessary authority and entering into a legal commitment without a prior budgetary commitment, contrary to the requirements of the Financial Regulation;
33. Takes note that, from 1 January 2007, the Authority has been the owner of all tangible and intangible assets created or developed during the development phase of the Galileo Programme;
34. Recalls that the handover of activities from the Galileo Joint Undertaking to the Authority started in December 2006 with the transfer of EUR 70 million and the rights and obligations related to FP6, MEDA, Egnos and other contracts; therefore, although the Community subsidy and other revenue for the Authority in 2006 were just over EUR 7 million, the total assets of the Authority amounted to EUR 76,6 million at the end of 2006;
35. Points out that, in addition, according to the Authority's replies, during 2007 97 % of a further amount of EUR 65 million was received by the Authority following an agreement between the GNSS and the three members of the Joint Undertaking (the European Space Agency, the National Remote Sensing Centre of China and the Matimop-Israeli Industry Centre for Research and Development); notes the Court's observation that this amount does not include the balance of funds resulting from the winding-up of the Galileo Joint Undertaking, which will only be transferred to the Authority at the end of the winding-up procedure;
36. Understands from the Council conclusions adopted following its meeting of 3 December 2007 that the estimated cost for the GNSS programmes for the period 2007-2013 amounts to EUR 3,4 billion and that the project will be financed by public funds;

⁽¹⁾ Source: report on the annual accounts of the Office for Harmonization in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

⁽²⁾ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

37. Concludes therefore that, although an EU agency, the Authority as the owner of all the Galileo assets will carry out a role quite unlike that of any other regulatory agency, and that by virtue of the substantial amounts in its balance sheet will in future require particularly close scrutiny by those bodies whose task it is to monitor EU spending;
 38. Notes that the winding-up of the Galileo Joint Undertaking will be the subject of a specific report by the Court during 2008.
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DECISION OF THE EUROPEAN PARLIAMENT

of 22 April 2008

on the closure of the accounts of the European GNSS Supervisory Authority for the financial year 2006

(2009/238/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European GNSS Supervisory Authority for the financial year 2006 ⁽¹⁾,
 - having regard to the Court of Auditors' report on the final annual accounts of the European GNSS Supervisory Authority for the financial year 2006, together with the Authority's replies ⁽²⁾,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 — C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 185 thereof,
 - having regard to Council Regulation (EC) No 1321/2004 of 12 July 2004 on the establishment of structures for the management of the European satellite radio-navigation programmes ⁽⁴⁾, and in particular Article 12 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁵⁾, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0127/2008),
1. Notes that the final annual accounts of the European GNSS Supervisory Authority are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European GNSS Supervisory Authority for the financial year 2006;
 3. Instructs its President to forward this Decision to the Executive Director of the European GNSS Supervisory Authority, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

The President

Hans-Gert PÖTTERING

The Secretary-General

Harald RØMER

⁽¹⁾ OJ C 261, 31.10.2007, p. 38.

⁽²⁾ OJ C 309, 19.12.2007, p. 72.

⁽³⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁴⁾ OJ L 246, 20.7.2004, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.