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Contents

II *Non-legislative acts*

DECISIONS

2012/544/EU, Euratom:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section I — European Parliament** 1

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section I — European Parliament 3

2012/545/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge for implementation of the European Union general budget for the financial year 2010, Section II — Council** 22

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of the decision on discharge for implementation of the European Union general budget for the financial year 2010, Section II — Council 23

2012/546/EU, Euratom:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III — Commission** 29

(Continued overleaf)

Price: EUR 10,50

EN

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other acts are printed in bold type and preceded by an asterisk.

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III — Commission and executive agencies 31

Resolution of the European Parliament of 10 May 2012 on the Court of Auditors' special reports in the context of the 2010 Commission discharge 68

2012/547/EU, Euratom:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2010** 86

2012/548/EU, Euratom:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Executive Agency for Competitiveness and Innovation for the financial year 2010** 88

2012/549/EU, Euratom:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Executive Agency for Health and Consumers for the financial year 2010** 90

2012/550/EU, Euratom:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2010** 92

2012/551/EU, Euratom:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2010** 94

2012/552/EU, Euratom:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Trans-European Transport Network Executive Agency for the financial year 2010** 96

2012/553/EU, Euratom:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the general budget of the European Union for the financial year 2010, Section III — Commission** 98

2012/554/EU:

★ **Decision of the European Parliament of 10 May 2012 on the discharge for implementation of the European Union general budget for the financial year 2010, Section IV — Court of Justice** 100

EN

(Continued on page 403)

II

(Non-legislative acts)

DECISIONS

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section I — European Parliament

(2012/544/EU, Euratom)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0257/2011) ([2]),

— having regard to the report on budgetary and financial management — Section I — European Parliament — Financial year 2010 ([3]),

— having regard to the Internal Auditor's annual report for the financial year 2010,

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([4]),

— having regard to the statement of assurance ([5]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Article 318 of the Treaty on the Functioning of the European Union, and Article 106a 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 Union institution to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 167, 7.6.2011, p. 1.
([4]) OJ C 326, 10.11.2011, p. 1.
([5]) OJ C 332, 14.11.2011, p. 134.
([6]) OJ L 248, 16.9.2002, p. 1.
([7]) PE 349.540/Bur/ann/def.

— having regard to its Resolution of 10 March 2009 on the guidelines for the 2010 budget procedure – Sections I, II, IV, V, VI, VII, VIII and IX [1],

— having regard to its Resolution of 5 May 2009 on the estimates of revenue and expenditure of Parliament for the financial year 2010 [2],

— having regard to Rules 77 and 80(3) of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0120/2012),

A. whereas the audit of the Court of Auditors stated that, as regards administrative expenditure in 2010, all the institutions satisfactorily operated the supervisory and control systems required by the Financial Regulation and 93 % of the 58 payments audited were free from material error,

B. whereas the Secretary-General certified, on 16 June 2011, his reasonable assurance that Parliament's budget has been implemented in accordance with the principles of sound financial management and that the control framework put in place provides the necessary guarantees as to the legality and regularity of the underlying operations,

1. Grants its President discharge in respect of the implementation of the European Parliament budget for the financial year 2010;

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 thereof to the Council, the Commission, the Court of Justice of the European Union, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 87 E, 1.4.2010, p. 327.
[2] OJ C 212 E, 5.8.2010, p. 244.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section I — European Parliament

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0257/2011) ([2]),

— having regard to the report on budgetary and financial management — Section I — European Parliament — Financial year 2010 ([3]),

— having regard to the Internal Auditor's annual report for the financial year 2010,

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([4]),

— having regard to the statement of assurance ([5]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Article 318 of the Treaty on the Functioning of the European Union, and Article 106a 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]) (the Financial Regulation), 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 Union institution to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,

— having regard to its Resolution of 10 March 2009 on the guidelines for the 2010 budget procedure – Sections I, II, IV, V, VI, VII, VIII and IX ([8]),

— having regard to its Resolution of 5 May 2009 on the estimates of revenue and expenditure of Parliament for the financial year 2010 ([9]),

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 167, 7.6.2011, p. 1.
([4]) OJ C 326, 10.11.2011, p. 1.
([5]) OJ C 332, 14.11.2011, p. 134.
([6]) OJ L 248, 16.9.2002, p. 1.
([7]) PE 349.540/Bur/ann/def.
([8]) OJ C 87 E, 1.4.2010, p. 327.
([9]) OJ C 212 E, 5.8.2010, p. 244.

— having regard to Rules 77 and 80(3) of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0120/2012),

A. whereas the audit of the Court of Auditors stated that, as regards administrative expenditure in 2010, all the institutions satisfactorily operated the supervisory and control systems required by the Financial Regulation and 93 % of the 58 payments audited were free from material error,

B. whereas the Secretary-General certified, on 16 June 2011, his reasonable assurance that Parliament's budget has been implemented in accordance with the principles of sound financial management and that the control framework put in place provides the necessary guarantees as to the legality and regularity of the underlying operations,

C. whereas some issues raised in the course of the discussions on the 2010 discharge in the Committee on Budgetary Control went beyond the specific 2010 issues, and were included in wide-ranging questions from the Committee, this Resolution remains principally focussed on the budget implementation and discharge for the financial year 2010, whilst acknowledging that approaches to budgetary matters are a subject for wider discussion particularly in the working group being established to consider European Parliament costs and possible savings, and in line with the 2013 budget guidelines adopted on 8 February 2012, seeking to make significant long-term savings, through an independent evaluation of the European Parliament budget leading to proposals by the end of 2012 followed by their rapid implementation,

Budget implementation challenges in 2010

1. Points out that implementation of the budget in 2010 was challenging as that was the first full year of operations after the 2009 European elections and took place in the context of continuing financial problems in the Union;

2. Observes that Parliament's budget (final appropriations totalling EUR 1 616 760 399, compared to EUR 1 529 970 930 in 2009) was just under a fifth (19,99 %; 19,67 % in 2009, therefore below the usual 20 % share) of Heading V (Administration expenditure) in the general budget of the European Union for 2010;

3. Notes the reply given by Parliament's Secretariat to the effect that the annual cost of Parliament's seat in Strasbourg stood at precisely EUR 51 500 000 in 2010, comprising EUR 33 500 000 in infrastructure costs and EUR 18 000 000 in operating costs for the 12 monthly part-sessions; points out that these official figures are far lower than the estimates previously put forward, which ranged from EUR 169 000 000 to EUR 203 000 000; noting however that in the 2006 estimates the Administration calculated the annual saving with a single place of work at EUR 204 million and in 2010 at EUR 180 million, a lower figure after the purchase of the Strasbourg buildings and information technology improvements, and recalls that in its 2013 estimates, the European Parliament voted 429-184 in favour of a single seat to save costs;

4. Notes that the entry into force of the Lisbon Treaty increased Parliament's powers, activities and legislative workload, requiring major changes to its organisation and working methods in order to build on legislative excellence and to continue the preparations for the enlargement of the Union to include Croatia; further notes that, in order to respond to the new challenges, measures were adopted to improve cost efficiency through increased productivity, staff redeployments and improved working methods;

5. Notes that the adoption of an amending budget (No 1/2010 adopted on 19 May 2010) of EUR 9 397 164 was necessary to finance additional expenditure resulting directly from the entry into force of the Lisbon Treaty; further notes that this amending budget strengthened, in particular, two budget items (item 1 2 0 0 'Remuneration and allowances' and item 4 2 2 0/01 'Parliamentary assistance: local assistants') in order to enhance assistance to Members for carrying out their increased legislative tasks; regrets however that this increase was not substantially reduced by further-reaching savings;

6. Notes that the year saw consolidation and further modernisation of the administration, with a stronger focus on core activities, restructuring of services, better use of modern technologies and increased interinstitutional cooperation;

7. Points out that 2010 was the first year in which the new Statute for Members and the Statute for Assistants (both effective as of 14 July 2009) were implemented in full with the entry into force of a set of modifications to the Implementing Measures for both Statutes, proposed by the Temporary Evaluation Group, and that these represented significant additional tasks for Parliament's administration;

8. Notes the adoption, by the Bureau, on 24 March 2010, of a medium-term ICT Strategy (and in particular the Knowledge Management System — KMS — forming part of it) and a medium-term building policy, both of which have a substantial financial dimension;

Report on budgetary and financial management

9. Notes that, in 2010, Parliament received revenue amounting to EUR 243 094 204 (EUR 141 250 059 in 2009), which included EUR 110 298 523 in assigned revenue;

Presentation of Parliament's accounts

10. Takes note of the figures on the basis of which Parliament's accounts for the financial year 2010 were closed, namely:

(EUR)

(a) **Available appropriations**	
appropriations for 2010:	1 616 760 399
non-automatic carry-overs from financial year 2009:	10 100 000
automatic carry-overs from financial year 2009:	180 265 823
appropriations corresponding to assigned revenue for 2010:	110 298 523
carry-overs corresponding to assigned revenue from 2009:	20 637 870
Total:	1 938 062 615
(b) **Utilisation of appropriations in the financial year 2010**	
commitments:	1 772 219 308
payments made:	1 506 555 191
appropriations carried forward automatically including those arising from assigned revenue:	341 046 482
appropriations carried forward non-automatically:	9 240 000
appropriations cancelled:	80 650 726
(c) **Budgetary receipts**	
received in 2010:	243 094 204
(d) **Total balance sheet at 31 December 2010**	1 612 914 353

11. Notes that, in 2010, 96 % (93 % in 2009) of the final appropriations were committed, with a cancellation rate of 4 % (6,7 % in 2009), and that, as in previous years, a very high level of budget implementation was achieved;

12. Notes however the significant carry-overs into 2010 (EUR 190 365 823 [1]), resulting, to a large extent, from the particular nature of the 2009 election year, and calls for improved planning of expenditure that will take this into account in the run up to future European elections;

13. Notes that this overall high level of implementation is partly due to two targeted transfers made before the end of the financial year 2010 (EUR 9 240 000 for the purchase of a Europe House in Sofia and EUR 10 923 000 for four major IT projects); welcomes the fact that for the second time no mopping-up transfers took place between 2010 and 2011; urges however, its administration to pursue the objective of better and clearer budget planning and discipline in the future and notes that to put buildings, IT or any other important expenditure in the budget would provide full financial clarity; believes that all significant expenditure should be fully planned for in the annual budget and not arise as a result of a need to mop-up underspends;

Statement of assurance by the Secretary-General

14. Welcomes the Secretary-General's statement dated 16 June 2011 in his capacity as Principal Authorising Officer by delegation, concerning the authorising officers' annual activity reports for 2010, in which he certifies that he has a reasonable assurance that Parliament's budget has been implemented in accordance with the principles of sound financial management and that the control framework put in place provides the necessary guarantees as to the legality and regularity of the underlying operations;

Annual report on contracts awarded

15. Notes that central services established, on the basis of information provided by authorising departments, the annual report [2] to the budgetary authority on contracts awarded in 2010 and further notes the following breakdown of all contracts awarded in 2009 and 2010:

Type of contract	2010		2009	
	Number	Percentage	Number	Percentage
Services	143	67 %	157	62 %
Supplies	40	19 %	56	22 %
Works	27	12 %	34	14 %
Building	4	2 %	5	2 %
Total	214	100 %	252	100 %

Type of contract	2010		2009	
	Value (EUR)	Percentage	Value (EUR)	Percentage
Services	149 463 916	63 %	415 344 963	75 %
Supplies	45 467 211	19 %	34 980 727	6 %
Works	22 128 145	9 %	36 045 314	6 %
Building	22 269 303	9 %	70 394 138	13 %
Total	239 328 575	100 %	556 765 142	100 %

(Annual report on the contracts awarded by the European Parliament, 2010, p. 5)

[1] Automatic carry-overs: EUR 180 265 823, non-automatic carry-overs: EUR 10 100 000.
[2] Available at: http://www.europarl.europa.eu/document/activities/cont/201109/20110913ATT26546/20110913ATT26546EN.pdf

16. Notes the breakdown of contracts awarded in 2010 and 2009 by type of procedure used as follows:

Type of procedure	2010		2009	
	Number	Percentage	Number	Percentage
Open	72	34 %	73	29 %
Restricted	5	2 %	13	5 %
Negotiated	137	64 %	166	66 %
Total	214	100 %	252	100 %

Type of procedure	2010		2009	
	Value (EUR)	Percentage	Value (EUR)	Percentage
Open	143 603 024	60 %	415 996 418	75 %
Restricted	2 129 576	1 %	9 458 434	2 %
Negotiated	93 595 975	39 %	131 310 290	23 %
Total	239 328 575	100 %	556 765 142	100 %

(Annual report on the contracts awarded by the European Parliament, 2010, pp. 6-7)

Exceptional negotiated procedures

17. Welcomes the fact that, starting with 2010, all Directorates General give details in an annex attached to their Annual Activity Reports on the contracts awarded using the exceptional negotiated procedure, giving the reasons why this procedure was used, along with other information required in paragraph 50 of the Resolution of 5 May 2010 [1] on discharge in respect of the implementation of the European Union general budget for the financial year 2008, Section I — European Parliament;

18. Acknowledges as positive the reversed trend in 2010 (as compared to 2009 and previous years) in the number of exceptional negotiated procedures, in respect of all contracts with a value greater than EUR 25 000 [2], as shown in the following breakdown:

General Directorate	2010		2009	
	Number	% of DG's total contracts	Number	% of DG's total contracts
DG PRES	5	50,00 %	14	53,85 %
DG IPOL	2	5,56 %	0	0,00 %
DG EXPO	0	0,00 %	1	50,00 %
DG COMM	8	14,81 %	29	42,03 %
DG PERS	0	0,00 %	1	16,67 %
DG INLO	24	30,00 %	37	38,14 %
DG INTE	3	27,27 %	3	21,43 %

[1] OJ L 252, 25.9.2010, p. 3.
[2] Annual report on the contracts awarded by the European Parliament, 2010, paragraphs 38 and 39.

General Directorate	2010		2009	
	Number	% of DG's total contracts	Number	% of DG's total contracts
DG TRAD	0	0,00 %	0	0,00 %
DG ITEC	7	53,85 %	4	36,36 %
DG FINS	0	0,00 %	0	0,00 %
Legal Service	0	0,00 %	0	0,00 %
Parliament, total	49	22,90 %	89	35,32 %

(Annual report on the contracts awarded by the European Parliament, 2010, p. 11)

19. Calls on the Directorates General which still have high figures, in particular DG INLO, to further reduce the number/proportion of such procedures; urges the administration to continue the strict scrutiny of these procedures, in particular with respect to possible conflicts of interest, and to apply intensified and dissuasive sanctions for any irregularity found; calls on the Secretary-General to report on a six-monthly basis to the Committee on Budgetary Control on progress made;

20. Welcomes the establishment by DG PRES of a procurement section within the Unit for Planning, Budgetary Management and Contracts as this will increase the transparency of the public procedures;

Annual Report of the Court of Auditors for 2010

General findings

21. Welcomes the fact that the audit of the Court of Auditors found the payments as a whole to be free from material error and that the Court of Auditors found no material weaknesses when assessing the compliance of the supervisory and control systems with the Financial Regulation;

Management of the subsidy scheme for visitors' groups

22. Notes the Court of Auditors' finding that the procedures in place in 2010, which did not require evidence of actual travel costs and which included cash payments to group leaders, presented a risk of overpayment and limited the possibility of applying internal controls to such payments, and takes note of the adoption of recent changes to this system; points out however that Members have still the option to request cash payment to groups of visitors; requests the Secretary-General to seek the opinion of the Court of Auditors on the amended rules;

Employment of contract agents

23. Notes with disappointment that the Court of Auditors found that, in four out of the five, i.e. in no less than 80 %, of the cases audited, the documentation relating to the examination of applications, the performance of interviews and the decisions made to select contract staff was incomplete, without any adverse consequences for the staff involved and therefore without incentives for them to improve the situation; agrees with the Court of Auditors' recommendation that full documentation for internal control purposes should henceforth be ensured;

Procurement

24. Regrets that the Court of Auditors found errors, inconsistencies and other weaknesses in the procurement procedures of Parliament that it audited; points out the recent measures taken to improve these procedures and encourages its administration to make further improvements in this area of work; welcomes development of the IT tool Webcontracts, established in 2010, which allows contract work to be carried out online;

25. Calls on the Bureau to reconsider all control mechanisms for public procurement in order to guarantee the most competitive prices for the goods and services that are offered;

Organisation and functioning of political groups

26. Notes the finding of the Court of Auditors in relation to carry-overs of unused appropriations by political groups and the division of European election years into two halves for the purposes of calculating permitted carry-over; takes the view that, in order to avoid any future recurrence of the difficulties which arose at the beginning of 2010, the whole of any future election year should be used to calculate carry-over for political groups which do not cease to function following an election;

27. Notes that while it has been claimed that written questions from the public are in general answered within two weeks, there is at present no system in place whereby questions from Members to the President or the Secretary-General are answered in the same amount of time;

Follow-up by the Secretary-General to the 2009 discharge Resolution

28. Notes with satisfaction the promptness and extent of written answers in respect of the 2009 discharge Resolution provided to the Committee on Budgetary Control on 6 October 2011 and the quality of the exchange of views between the Secretary-General and the Committee on Budgetary Control during the follow-up of the 2009 discharge exercise on 11 October 2011;

29. Welcomes the various responses to a number of requests made in the above-mentioned Resolution and looks forward to the completion of the follow-up of the following requests expressed in that Resolution:

(i) to make a comprehensive evaluation covering changes in staff as well as the development of expenditure in all services concerned by the implementation of the new Statutes (of Members and of Assistants) and to forward this to its competent committees, together with an action plan and an assessment of direct and indirect financial implications for Parliament's budget for the coming five years, including the provision to be made for possible extra office space, removal and costs for renovations/alterations (paragraph 7);

(ii) to receive information on the costs of externalising the computing centres in comparison to previous costs in its forthcoming activity report (paragraph 37);

(iii) to take a formal decision on the abolition of the Prize for Journalism (paragraph 93);

(iv) to report on the total amount of savings that were made including those as a result of further rationalisation of the missions between the three working places (paragraph 102);

(v) to propose strict rules applicable to all Members to ensure that the General Expenditure allowance is transparent in all cases and that it is only used for the purposes for which it is intended;

30. Requests the Secretary-General to report to Parliament's competent committee, by 31 October 2012 at the latest, on the action taken or to be taken;

The Internal Auditor's annual report

31. Welcomes the fact that a firm of external assessors has certified that the Internal Audit Service is at the highest level of conformity with the International Standards for the Professional Practice of Internal Auditing;

32. Notes that, at the competent committee's meeting held on 24 January 2012, the Internal Auditor presented his annual report signed 15 July 2011 and explained that, in 2010, he performed the following audit work on Parliament's administration:

— follow-up to the audits of the individual entitlements of staff;

— audit of Visitors' Groups;

— follow-up to the audit of staff mission expenses;

— follow-up to the review of internal controls over long-term contracts;

— follow-up to the review of IT Governance — Planning and Organisation;

— audit of the establishment of the Payroll;

— audit of the Public Procurement Process and of Contract Implementation in DG ITEC;

— follow-up to the audit of the Parliamentary Assistance Allowance;

33. Notes and supports the views expressed by the Internal Auditor concerning the need:

— to complete all overdue actions as soon as possible, and in particular the critical ones, in order to improve DG Personnel's governance processes, control environment and control activities in the area of individual entitlements of staff and to complete the four outstanding actions in the field of staff mission expenses identified in Internal Audit Report 10/04 of 6 May 2011 on the follow-up to the original 2008 audit;

— for changes to the financial provisions of the internal rules governing the reception of Visitors' Groups in order to align financing more closely with costs actually incurred by the visitors;

— to complete the 20 overdue actions in the field of IT governance;

Nature and purpose of internal audit reports

34. Refers to its comments, contained in previous discharge resolutions, on internal audit reports; recognises that internal audit reports serve as tools for improvements in systems and performance, and can only be properly interpreted when changes and results are completed, based on their recommendations; points out however that the ongoing review of the Financial Regulation deals with the question of availability of these reports on request taking on board the ruling of the Court of Justice of the European Union on that matter;

MANAGEMENT OF PARLIAMENT'S ADMINISTRATION

Activity reports by the Directors-General

35. Observes with satisfaction that all Directors-General were able to give an unreserved statement of assurance in respect of the implementation of the budget by their services in 2010; is aware that the activity reports are an internal management tool the primary purpose of which is to give the Secretary-General a clear overview of the workings of the administration, and in particular, of any weaknesses;

Risk Manager

36. Notes with satisfaction that the Risk Manager took up his appointment on 1 June 2010 and reports directly to the Secretary-General; welcomes the publication on 16 December 2011 of a Risk Management Manual and reiterates its request that its competent committee receive the Risk Manager's annual activity report for 2010 and be kept informed of developments in the implementation of Parliament's new risk management policy;

37. Requests that its competent committee be informed before the end of September 2012 on the approach and action taken in order to identify and manage sensitive posts;

DG Presidency (DG PRES)

Security

38. Notes a slight decrease in the budget devoted to security from EUR 45 980 000 to EUR 45 590 000 between 2009 and 2010; welcomes the continued decreasing trend in the 2011 budget expenditure (final appropriations: EUR 42 830 000) compared to 2010 and the adoption by the Bureau in July 2011 of the Global Security Concept providing more modern and efficient security for Parliament;

39. Reiterates its request to the Secretary-General to make it mandatory for Members to show their badges when going in and out of Parliament's premises; suggests that Member's badges are also submitted to electronic control;

40. Insists that reinforcing the security of Parliament's buildings and their immediate surroundings must be given the highest priority; requests that as part of this work security in the car parks should be improved, and that the access to the parts of the buildings containing Members' offices in Parliament should be controlled;

41. Stresses the fact that thefts occurred in Members' offices while they were locked which proves that there is a low level of office security; calls on the Secretary-General to take urgent measures in order to improve the current situation;

42. Is concerned about the low security level in the parking premises of Parliament; notes that several cars have been intentionally damaged in the car park in Brussels; calls on the Bureau to take the appropriate actions to improve the situation;

43. Reiterates its request to the Secretary-General to come forward, by 30 June 2012, with proposals for a more effective, secure and fraudproof signing system (including an examination of the opening hours for signing), and in particular for a possible future electronic signing system for Members both for signing documents (such as amendments) and for recording their presence by digital signature, even though it is aware that only minimal impact is to be expected in terms of costs or savings;

44. Notes with satisfaction that following the decision of the Bureau on 5 July 2010 the internalisation of the accreditation services is now being finalised; expects the new accreditation system to provide an improved and more efficient service; considers that Parliament's security must continue to be improved and modernised, and, to that end, professionalised in the proper way, primarily by means of specific selection and recruitment procedures and the necessary in-service, further, and refresher training; looks forward with interest to the development of the new global concept of security, especially the differentiation between 'zoning' areas, which will bring a substantial improvement, not least as regards the security problems concerning Members' offices;

Restructuring

45. Notes that there was a major restructuring of DG PRES in 2010; welcomes the centralisation of financial functions, of the planning and management of procurement and of security within a Resource Directorate created in March 2010;

DG Internal Policies (DG IPOL) and External Policies (DG EXPO)

46. Recalls the political importance of delegations in Parliament's work inside and outside the Union; notes, however, the apparently wide disparity in costs per Member per day (ranging from EUR 1 400 to EUR 5 300) on different delegations, particularly those outside the Union; calls on its Bureau, in collaboration with all DGs concerned, to develop principles for a more economic and uniform cost structure for delegation visits, in particular taking account of their political importance and duration, and the optimum ratio of Members to staff; calls for the development of an IT budget consolidation system which will give detailed information of the budget for each delegation and will improve the management of spending; calls in future, where travel is undertaken by delegations, for a detailed statement of costs for all those travelling;

DG Communication (DG COMM)

47. Is concerned that, except in relation to the Legislative Observatory costs, budget line 3 2 4 2 (Publication, information and participation in public events) is not sufficiently transparent; considers that expenditure in the sub-item 3 2 4 2/01 in particular should be itemised to improve transparency in future accounting years;

Visitors' centre (Parlamentarium)

48. Notes that commitments entered into against item 3 2 4 3 'Visitors' Centre' increased significantly (+ 227 %) in contrast with the underspend in 2009 and amounted to EUR 12 725 985; points to the major problem with security of false ceilings that delayed the project in 2010 and obliged the administration to cancel EUR 1 000 000 that was then automatically carried over from 2009 to 2010; notes that the total estimated costs are EUR 20 530 000, an increase of 15,3 % compared to 2007; asks for safeguards so that other multi-million euro plans will not see similar increases;

49. Welcomes the opening of the Visitors' Centre on 14 October 2011 (originally planned for the 2009 European elections); deplores however the considerable delay and cost overrun of this project; calls for a review of the Visitors' Centre once it has been operational for a twelve month period in order to assess the public reaction, its strengths/weaknesses, and its cost/benefits with a view to ensuring it is delivering value for money;

House of European History

50. Notes that, on 5 July 2010, the Bureau adopted Parliament's updated Communication Strategy which included the project of the House of European History and that, in September 2010, an international jury examined that project; further notes that use was not made of budget chapter 1 0 6 'Reserve for priority projects under development' for this project as all the appropriations of that chapter (EUR 5 000 000) were transferred to chapter 2 1 0 'Computing and telecommunications'; insists that the total financial implications of the project be made available, especially in light of the complications raised by the subterranean Maalbeek River flowing under the building's foundations; reiterates its expectation that the cost plan contained in the Business Plan be strictly adhered to;

51. Regrets that decisions taken by the Bureau and other bodies concerning the House of European History were not based on the full 'estimated' final costs involved in establishing a fully operational project; advises the Bureau and the Quaestors not to approve any project or initiative in future for which no total financial estimate for direct or indirect costs is presented;

Visitors' groups

52. Recognises the importance of the visitors' scheme in raising awareness of Parliament and its legislative work; notes the recent changes made to the visitor group payment system put in place since 2010 and calls for an evaluation of the new payment system and reimbursement scheme showing the evolution of costs and the degree to which payments reflect the actual costs incurred by the groups; suggests to the Court of Auditors that it should follow this up and looks forward to the Internal Auditor's remarks on the implementation of the new system;

53. Urges Parliament's administration to report to Parliament on experience in general with the amended rules governing the size of official visitors' groups, and in particular on the effects of these rules on organisation and capacity utilisation;

54. Voices its concern – for obvious security reasons and having regard to Parliament's image – at the fact that the institution gives large sums in cash to visitor group leaders;

WebTV

55. Regrets that EuroparlTV cannot be considered to be a success story in view of its very low number of direct individual users [1] (excluding viewers through partnership agreements with regional TVs) in spite of the considerable financing that it received in 2010, amounting to some EUR 9 000 000 (item 3 2 4 6); welcomes the efforts made to reduce this budget by 14 % (to EUR 8 000 000) in 2011 and in the subsequent years; recognises with regret, however, that further subsidy cannot be justified and calls on the Secretary-General to present proposals to its competent committee for the closure of the operation;

Prizes

56. Notes that the costs relating to the LUX Prize in 2010 were EUR 380 666,18; is concerned that the costs rose for the event in 2011 to EUR 573 722,08 (by over 50 %) and looks forward to a sharp reverse in this trend from 2012 onwards; specifically requests that the following activities be curtailed in order to contain costs:

— expensive internal promotion within the buildings of Parliament,

— promotional activities at international film festivals,

— the large expenditure associated with the costs of organising 'mini-LUX' events in the Member States;

57. Notes the expenditure of the prizes for the period 2009-2011:

(EUR)

	2009	2010	2011
Prize for Journalism	105 000	118 059	154 205
Sakharov Prize	300 000	654 542	652 348
Charlemagne Youth Prize	24 000	34 000	35 000
LUX prize	320 000	380 666	573 722
Totals:	749 000	1 187 267	1 415 275

58. Believes that the 89 % increase in the expenditure on the prizes between 2009 and 2011 used funds that could have been better deployed elsewhere; calls for future expenditure on prizes to be brought back down to the levels of 2009;

59. Notes that costs relating to the Prize for Journalism in 2010 were EUR 118 059, an increase of 18 % on 2009 figure; is concerned that the costs rose for the event in 2011 by more than a quarter, and requests that a full cost-benefit analysis be carried out before any initiatives are developed in this field of relations with the press or any other field, now that the Prize has been terminated;

60. Does not consider the prizes to be a core activity of Parliament and requests that a cost-benefit analysis be carried out before any new prize initiatives are developed, so as to take the continuing deteriorating financial and economic situation in all Member States into account;

Information offices/Europa Houses

61. Notes the establishment of a Resource Directorate in the DG in 2010 to carry out, inter alia, the centralised coordination of public procurement, thereby enabling the decentralised information offices to be affected less by the practice of moving key staff from sensitive posts;

[1] Between 11 000 and 66 000 (with an average of less than 30 000) visits monthly in 2010

62. Notes that the 978 missions from Parliament's 32 information offices to Brussels and Strasbourg cost in total EUR 944 330,- which was on average EUR 701 — for a mission to Brussels and EUR 1 064 — for a mission to Strasbourg; notes that a mission from Luxembourg to Brussels costs on average EUR 250, while a mission from Luxembourg to Strasbourg cost on average EUR 630; requests to be provided, in the future, with the average cost per mission as well (page 68 of the replies to the questionnaire);

Washington Liaison Office

63. Notes the opening in April 2010 of the EP Liaison Office (EPLO) in Washington and the system of one-year missions for four officials put in place in October 2010; observes that, although the creation of the Washington Office has not entailed the creation of any new posts, other costs have inevitably been incurred; would like to be informed of the level of those costs for 2011 and 2012; calls for a review of its structure, activities and costs to be presented to the Bureau with copies to the relevant competent committees;

DG Personnel (DG PERS)

64. Welcomes the fact that the DG has been able to improve performance due to the outsourcing of certain functions (such as crèche management) and the increased use of IT in the management of personnel files; welcomes the implementation of the IT application Streamline;

65. Notes the impact of the Council's decision of December 2009 to award an annual salary adjustment of only 1,85 %, instead of the 3,7 % indicated and proposed by the Commission, resulting in outstanding commitments (just under EUR 6 000 000 or 1,4 %) for item 1 2 0 0 'Remuneration and allowances';

66. Notes that the total establishment plan for Parliament was set at 6 285 posts: 5 348 (or 85,1 %) for Parliament's Secretariat and 937 (or 14,9 %) for the Political Groups, representing an increase from 2009 to 2010 of 3,35 % (+ 204 posts), largely resulting from Parliament's increased responsibilities, following the entry into force of the Lisbon Treaty on 1 December 2009;

67. Takes note of the changes to the Secretariat's structure, which were adopted by the Bureau in 2009 and which took effect at the beginning of 2010, in preparation for the new parliamentary term, particularly with a view to strengthening services for Members; observes that these changes led, in particular, to the restructuring of DG PRES, DG PERS and DG INLO, and also involved the creation of a resource directorate in DG PRES, DG IPOL, DG EXPO and DG COMM, namely, the four directorates-general with an essentially political remit;

68. Notes that, at 31 December 2010, a majority of staff in the Secretariat (58,4 %) and within the administrators' function group (51,7 % female) were women; welcomes that, at the level of senior and middle management, the proportion of female directors-general increased in 2010 (to 36,4 %, that is, four out of 11) and heads of unit (to 26,2 %);

69. Points to the difficulties in recruiting officials or agents from certain Member States such as Germany, the UK, Austria or the Netherlands for which the proportion of staff in Parliament's Secretariat is significantly lower than the 'demographic weight' of the given country within the Union [1] and observes the relatively high numbers of staff of holding the nationality of Belgium (13,6 %) or Luxembourg (2,3 %), as a result of the working places of Parliament; asks the Bureau to review recruitment procedures and requirements to ascertain what part they may play in creating difficulties in recruiting staff;

[1] Proportion in staff/proportion in demographic weight: Germany: 6,4 %/16,3 %, United Kingdom: 4,4 %/12,4 %, Austria: 1 %/1,67 %, the Netherlands: 2,7 %/3,3 %.
Sources: EP Social Report 2010, December 2011 and Eurostat.

Missions to the three places of work/Mission costs

70. Notes that, in 2010, there were 33 200 missions (official trips) representing a total of 98 629 mission days, most of them involving travel between Parliament's three places of work; reiterates the need to avoid unnecessary missions between the three working places and the costs they entail with more systematic and documentary justifications and better monitoring; requests that the Secretary-General report, as part of the discharge procedure, on any savings made as a result of further rationalisation and on further initiatives that have been taken or that are in preparation leading to fewer missions; is further of the opinion that, in general, no committee meeting should take place in Strasbourg with the exception of those committees of which the agenda is directly linked to the reports or discussions on that week's part session's agenda; encourages the Court of Auditors to further analyse the existing mission procedures and to provide recommendations in order to improve their efficiency; asks the Secretary-General specifically to review the posts based outside of Brussels, particularly for those staff members who undertake repeated missions to Brussels, to ascertain if they need to be relocated; suggests that the agreement with the Luxembourg authorities, which fixes the number of Parliament staff based in Luxembourg without regard to any evolving needs of Parliament, may need to be revised;

Members and Assistants' Statutes

71. Notes with satisfaction that the switch to this new employment system has been broadly budget neutral, with approximately 15 members of staff administering the employment of around 1 400 assistants and looks forward to receiving a copy of the report on that new employment system's implementation, its total indirect and direct costs, including the unemployment benefits paid out by the Commission;

72. Notes that the Court of Auditors' findings concerning shortcomings in the documentation and traceability of costs for assistants' missions undertaken by private cars has not been remedied yet; urges Parliament's administration to find a transparent and traceable solution for the matter, as soon as possible;

DG Infrastructures and Logistics (DG INLO)

Buildings/property policy

73. Notes the medium- and long-term property policy (buildings strategy) adopted by the Bureau on 24 March 2010 and its main parameters:

(i) purchase rather than rent in line with the recommendations of the Court of Auditors;

(ii) early payment of costs linked to property policy (i.e. paying off loans as rapidly as possible);

(iii) geographic concentration of buildings in the three workplaces;

(iv) special emphasis on building maintenance and renovation;

(v) integration of Parliament as much as possible into the urban environment;

(vi) making Parliament as accessible as possible for persons with a disability and implement the highest standards on safety, health and well-being of persons;

(vii) making Parliament as environmentally-friendly as possible;

74. Notes that the European Council, whilst justifiably calling for austerity on the part of Parliament, continues to deny it the opportunity to make the considerable savings that would arise from ceasing to hold meetings in Strasbourg;

75. Notes that building maintenance, upkeep, operation and cleaning rose for all three workplaces from EUR 33 700 000 in total for 2009, to EUR 38 700 000 for 2010 and that forecasts show further rises for the years 2011-2013 except for a small decrease in Luxembourg costs in the year 2013; notes, furthermore, the energy and utilities consumption with less dramatic but consistent increases for the same time period;

76. Notes the significantly reduced lease payments in 2010 (EUR 5 700 000 compared to EUR 58 600 000 in 2008 — the highest sum of recent years), notes the less extreme fluctuations in rental costs (EUR 25 300 000 in 2010, compared with a high of EUR 31 200 000 in 2006 and a low of EUR 19 900 000 in 2007) and also notes the varied amounts spent on buildings from a high of EUR 165 900 000 in 2006, to zero in 2009 and EUR 20 200 000 in 2010;

77. Notes with satisfaction that, according to the responses received to the discharge questionnaire, estimates indicate that, if the institution had been renting all its buildings, it would have had to make provision, in its 2010 budget, for additional costs of EUR 163 000 000, equivalent to 10 % of its total budget; supports, therefore, this policy of purchase rather than rent, which has been strongly recommended by the Court of Auditors for several years, most recently in its Special Report No 2/2007 on property expenditure;

78. Notes that the works to remove asbestos from three buildings in Strasbourg in 2010, which cost EUR 2 464 701, were largely reimbursed by the City of Strasbourg which contributed EUR 2 015 000;

79. Notes that, on 27 January 2010, the Belgian State reimbursed to Parliament the sum of EUR 85 987 000 in the context of its defrayal of the cost of the land forming the site for the Willy Brandt and József Antall buildings and of the development costs for the roof over the Brussels-Luxembourg railway station; points out that this amount has been entered in the accounts as 'assigned revenue' in accordance with the Financial Regulation and has been used to finance property projects;

80. Notes the purchase in 2010 of the REMARD Building in Brussels (EUR 11 000 000) and the decision to purchase the Europe House in Sofia (EUR 9 240 000); regrets that, due to the restricted market, the costs of maintenance, renovation and purchase are unnecessary high, and it is difficult to maintain the confidentiality of negotiations; considers that a proposed requirement under the revised Financial Regulation for the institutions to publish their building plans for a number of years ahead would result in an appreciable cost to the institutions and the taxpayer;

81. Observes that allowing direct financing of buildings in the revised Financial Regulation would have a positive effect as it would enable Parliament to use loans without calling in third parties, thus reducing costs and increasing transparency at the same time; points out that this is already the case with the financing of the KAD building in Luxembourg for which a partnership with the European Investment Bank, which is providing 50 % of the funds, has been agreed;

82. Demands in this connection a detailed financial statement of the costs already incurred, and those projected for the next 20 years, in respect of the KAD building in Luxembourg, and insists that the expected total costs of construction, estimated operating costs and other expenditure arising in connection with the construction and operation of this building, be published in detail;

83. Welcomes the assurance of the Secretary-General that there are no longer any assigned offices for lobbyists or foundations, but notes that, until 31 December 2011, the Pegasus foundation and the Kangaroo Group did have offices at their disposal in the buildings of Parliament;

84. Regrets that office space was used in 2010 by accredited lobbying organisations, thus creating preferential treatment to these organisations in respect of Union taxpayer resources;

Catering facilities

85. Reiterates its call for more diverse catering options within the buildings of Parliament by ceasing to offer a monopoly to a single catering provider when current contracts reach the end of their term;

DG Translation (DG TRAD) and DG Interpretation and Conferences (DG INTE)

86. Notes that a total of 1 721 191 pages was translated in 2010 (1 033 176 of them — or 60 % - internally) and welcomes the fact that all documents required for votes were produced on time by DG TRAD and 90 % of translations overall were within the time limits set down for delivery, despite the fact that 65 % of requests for translation were placed late (i.e. outside the ten working days provided in the Code of Conduct on Multilingualism);

87. Notes with satisfaction that DG TRAD is moving towards greater productivity and a more effective use of its budget, while ensuring that multilingualism is maintained; stresses, in this context, that internal productivity has increased from 1 500 pages per year to 1 800 pages; would welcome the publication of productivity figures per language unit;

88. Notes, however, that after an increase of more than 10 % in the rate of compliance with the Code of Conduct on Multilingualism between 2008 and 2009 (its first year of implementation), the compliance rate has decreased between 2009 and 2010 [1]; calls on the committees, delegations and political groups to strictly observe the deadlines set in the Code of Conduct;

89. Welcomes the new service of Interpretation ad personam (IAP) offered by DG INTE to Members and established following the pilot project started in 2010;

DG Finance (DG FINS)

90. Notes with satisfaction that there has been a reduction in the payment time for invoices to an average of 21 days in 2010;

Transport costs

91. Notes that, in 2010, the cost of travel of Members and staff amounted to some EUR 107 000 000 [2] (or 6,6 % of all total final appropriations) and that a 5 % reduction is now in force; considers that the potential for further reductions through pooled airmiles should be considered; requests that an analysis of article 3 0 0 be provided by way of a note to the accounts of the average cost of travel per official for the six routes: Brussels-Luxembourg; Luxembourg-Brussels; Luxembourg-Strasbourg; Strasbourg-Luxembourg; Brussels-Strasbourg; Strasbourg-Brussels;

Travel Agency

92. Notes that final appropriations for the Travel Agency amounted to EUR 1 438 000 in 2010, with a high commitment rate (94 %); further notes that it obtains negotiated prices from airlines, which means that there is an average price for the best service; stresses however that this does not mean that, for a specific day or journey, it is not possible to get better prices by booking directly with travel operators; calls for an independent inquiry to produce a performance evaluation of the Travel Agency, its structure and its operation; calls on the existing travel agent contractor to make better efforts to ensure that the cheapest options are always proposed to Members and staff; further calls on the appropriate directorate to monitor service levels provided by the Travel Agency;

93. Regrets that, in some cases, the Travel Agency does not offer the best price, compared to other travel agencies, both physical and online; requests to DG Finance to develop an adequate control mechanism which ensures the best ratio quality/price;

94. Takes the view that comparable flight price data need to be obtained in order to determine the best price for any given flight;

95. Believes that Parliament should cease awarding monopolistic contracts wherever possible and that reduced costs and a better service for Members and staff would result from having more than one travel agency at their disposal;

[1] DG TRAD Annual Activity Report, page 8.

[2] The sum of final appropriations for items 1 0 0 4 (Ordinary travel expenses) and 1 0 0 5 (Other travel expenses) and for article 3 0 0 (Expenses on staff missions and duty travel between the three working places): EUR 106 718 500.

Mopping-up transfers

96. Welcomes the fact that, at the end of the 2010 financial year, the mopping up procedure was not used as has been requested by its Committee on Budgetary Control in recent years, thereby preventing there being a significant difference between the budget as planned for the year and its implementation, as happened in previous years and believes that all Union institutions could make scrutiny and budget discharge for future years easier if they planned buildings expenditure in a transparent way via the budget procedure:

Pension Funds

97. Notes that, although in 2010 the value of the assets of the Voluntary Pension Fund increased by 13,3 % as the investment markets continued to recover from the global financial crisis of 2008, the voluntary pension fund had a deficit as at 31 December 2010 of EUR 178 960 000, which raises concerns about the possible default of the fund; reminds that Parliament is guaranteeing the payment of pension rights for all former and some current Members of this voluntary pension fund, when and if this fund is not able to meet its obligations; would like to be informed how and from which budget line Parliament will meet its obligations in such an eventuality;

98. Recognises that two-thirds of payments into the fund were made directly by Parliament rather than by individual members; reminds members of the fund that their contributions were voluntary, and insists that Parliament should make no further financial contribution towards meeting payments or reducing the deficit of a fund that may not have been structured satisfactorily from the outset;

99. Notes, furthermore, that obligations arising from PEAM Rules (Payment of Expenses and Allowances to Members) relating to pensions for survivors and invalidity pensions (Annex II) amount to EUR 28 950 000; points out that there are sums used to cover cases – mainly involving Italian and French Members – where national and European Parliament pension provisions differed (Annex III) of EUR 195 640 000, and sums from the newly established Statute scheme of EUR 152 210 000 (the latter figure will rise year on year); draws attention to the fact that there are no funds to cover this expenditure;

DG Innovation and Technological Support (DG ITEC)

100. Notes the Bureau decisions of 17 June 2009 and of 18 October 2010 to extend the areas with wireless network access (Wi-Fi) in Parliament covering the Chamber, committee rooms, Members' offices and public spaces both in Brussels and Strasbourg (1st phase of the project: EUR 7 878 000); asks DG ITEC to make it possible for individual Members to request not to receive paper documents in future for committee meetings where eCommittee is used; believes that this could speed up the success of the project;

101. Welcomes the ongoing graphical redesign of the EP website following the Bureau decision on 22 November 2010 on the 'Strategy for the future presence of the European Parliament online — Recasting the EP website'; calls for improvement in the support of the website, in particular by performing regular tests;

102. Welcomes the AT4AM system, introduced in 2010, that makes it easier for Members to amend proposed legislative and non-legislative texts;

103. Notes with satisfaction the improvements in the IT sector from 2010 onwards resulting in: greater capacity to manage key aspects 'in house', the process of internalisation of activities, the establishment of key corporate governance organs (Committee on ICT Innovation Strategy and Steering Committee for ICT Innovation), the setting-up of the IT planning function and of the reporting system on the status of IT development projects and the development of a transparent short-term planning methodology; welcomes the extensive use of performance indicators by this DG; expresses its disquiet at the growing risk of illicit access to, and manipulation of, Parliament's ICT systems and considers that, as a matter of the utmost urgency, an effective long-term strategy must be devised to protect them; asks the Secretary-General to keep it informed of the measures taken to that end;

104. expects a full report on how Parliament's Free Software projects have developed with regards to use and users in Parliament, citizen interaction and procurement activities; suggests an investigation of Parliament's obligations under Rule 103 with regard to Free Software and Open Standards;

Public procurement in DG ITEC

105. Encourages DG ITEC to strive to better prepare procurement procedures, in particular in the case of framework contracts, which are often complex, by stipulating contracting obligations on deliverables and results rather than simple output and by better defining Parliament's needs and objectives; suggests that, rather than using penalty clauses, Parliament should seek compensation from a supplier or service provider who fails to deliver or use the threat of the loss of future work, in the case of framework contracts;

New voting equipment and interpretation facilities

106. Notes that new voting equipment in the Hemicycles cost EUR 2 135 623 and was fully financed from the 2010 appropriation; further notes that the cost of maintenance and of technical assistance for the voting equipment was EUR 147 149 in 2010;

Political Groups (budget item 4 0 0 0)

107. Notes that, in 2010, the appropriations entered under budget item 4 0 0 0 were used as follows:

Group	2010					2009 (**)				
	Annual appropriations (*)	Own resources and carried-over appropriations	Expenditure	Rate of use of annual appropriations	Amounts carried over to next period	Annual appropriations	Own resources and carried-over appropriations	Expenditure	Rate of use of annual appropriations	Amounts carried over to next period (2010)
EPP (formerly EPP-ED)	19 990	2 392	20 662	103,36 %	1 720	19 715	7 782	25 314	128,40 %	2 182
S&D (formerly PSE)	14 011	4 629	13 359	95,35 %	5 281	14 235	6 999	16 750	117,67 %	4 483
ALDE	6 262	2 240	6 160	98,37 %	2 342	6 441	3 065	7 328	113,77 %	2 178
Greens/ EFA	3 896	1 188	3 893	99,92 %	1 191	3 360	1 055	3 235	96,28 %	1 179
GUE/ NGL	2 531	1 065	2 525	99,76 %	1 071	2 673	1 487	3 102	116,05 %	1 057
UEN	—					1 417	1 452	2 552	180,10 %	0
IND/ DEM	—					775	1 023	1 048	135,23 %	0
ECR	3 648	398	3 362	92,16 %	684	1 788	3	1 415	79,14 %	376
EFD	2 201	419	1 799	81,74 %	821	1 113	1	701	62,98 %	413
Non-attached Members	1 234	248	828	67,10 %	409	1 169	348	925	79,13 %	248
Total	53 773	12 579	52 588	97,80 %	13 519	52 686	23 215	62 370	118,38 %	12 116

(*) All amounts in thousand EUR.
(**) Year 2009 consisted of two financial years due to parliamentary elections in June 2009. The figures for 2009 in the table represent the sum of the 2009_1 and 2009_2 amounts.

After the European elections in 2009 the UEN and IND/DEM groups ceased to exist and two new groups ECR and EFD were created.

108. Welcomes the commitment of the administration of Parliament cited in the Court of Auditors Report to move to using the full calendar year to calculate carry-overs by political groups at the end of election years, rather than two separate half years; welcomes the apparent improvement in financial forecasting indicated by the fact that no unused appropriations were returned by political groups for 2010;

European Political Parties and European Political Foundations

109. Notes that in 2010 the appropriations entered under budget items 4 0 2 0 and 4 0 3 0 were used as follows ([1]):

Party	Abbreviation	Own resources (*)	EP grant	Total revenue	EP grant as % of eligible expenditure (max. 85 %)	Revenue surplus (transfer to reserves) or loss
European People's Party	EPP	1 413	4 959	6 372	85 %	429
Party of European Socialists	PES	914	3 395	4 310	80 %	2
European Liberal Democrat and Reform Party	ELDR	379	1 554	1 933	85 %	77
European Green Party	EGP	365	1 055	1 420	85 %	170
Alliance of European Conservatives and Reformists	AECR	58	327	386	85 %	0
Party of the European Left	EL	200	708	908	71 %	– 90
European Democratic Party	EDP/PDE	95	424	519	85 %	12
European Free Alliance	EFA	77	339	416	85 %	17
EUDemocrats	EUD	35	176	211	85 %	– 17
European Christian Political Movement	ECPM	55	208	264	85 %	3
Total		3 591	13 145	16 739	**83 %**	603

(*) all amounts in thousand EUR

Foundation	Abbreviation	Affiliated to party	Own resources (*)	EP grant	Total revenue	EP grant as % of eligible expenditure (max. 85 %)
Centre for European Studies	CES	EPP	615	2 928	3 543	83 %
Foundation for European Progressive Studies	FEPS	PES	366	2 136	2 502	85 %
European Liberal Forum	ELF	ELDR	117	658	775	85 %
Green European Foundation	GEF	EGP	119	674	794	85 %
Transform Europe	TE	EL	87	475	562	85 %
Institute of European Democrats	IED	PDE	36	197	233	85 %
Foundation for EU Democracy	FEUD	EUD	20	122	142	85 %

([1]) Source: Bureau minutes 12 September 2011, point 12 (SG note D(2011) 32179, PE469.487/BUR).

Foundation	Abbreviation	Affiliated to party	Own resources (*)	EP grant	Total revenue	EP grant as % of eligible expenditure (max. 85 %)
Centre Maurits Coppieters	CMC	EFA	27	156	183	85 %
New Direction	ND	AECR	92	404	496	84 %
Total			1 479	7 750	9 230	**84 %**

(*) all amounts in thousand EUR

110. Notes changes since 2010 including management visits where sample checking takes place on budget, recruitment, tendering and other systems;

Environment-friendly Parliament

111. Notes the CO_2 action plan adopted by the Bureau in 2010; welcomes the significant reduction in energy consumption at the Strasbourg seat of Parliament, which fell by 74 % between 2006 and 2010; regrets, however, that the carbon footprint of the Strasbourg site, representing energy consumed for the year 2010, was 1 533 tonnes of CO_2;

112. Takes the view that the possibility should be considered of making both environmental improvements and savings in Parliament's budget by means of different working methods which are greener and cheaper but do not detract from Parliament's work, including the use of teleconferences;

113. Welcomes the introduction in December 2010 of a 'third-party payment system' for NMBS/SNCB [1] season tickets in Brussels, under which Parliament contributes 50 % of the cost of individual annual season tickets taken out by its staff members; encourages its administration to make the necessary arrangements in order also to reimburse staff who need to combine rail and urban transport; takes the view that this could further promote the use of public transport and reduce Parliament's carbon footprint;

114. Welcomes the pilot projects in the area of logistics which ran in 2010 (e.g. purchasing low-emissions vehicles — EURO 5 standard, holding training in environmentally responsible driving for drivers and removal staff, trunk sharing for the transport of working documents, thereby reducing CO_2 emissions by around 33 % in that area) as part of EMAS Action Plan;

115. Welcomes the adoption by the Bureau on 10 November 2010 of the proposal from the Working Group on Buildings, Transport and Green Parliament revising the rules governing the use of official cars by Members that has allowed Parliament to modernise its fleet with less polluting cars and to organise grouped transport with VIP minibuses to airports in Brussels and Strasbourg;

Separate plenary debate on Parliament's discharge

116. Calls on the Conference of Presidents to schedule a debate on Parliament's discharge at a different time than the debate on the other discharge reports in order to give Members the opportunity to give it the exclusive attention the discharge of their own institution deserves;

117. Suggests to the Bureau that it should put on its agenda a discussion on the discharge Resolution following its adoption by plenary.

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[1] National Railway Company of Belgium.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge for implementation of the European Union general budget for the financial year 2010, Section II — Council

(2012/545/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the European Union general budget for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0258/2011) ([2]),

— having regard to the Council's annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 Decision No 31/2008 of the Secretary-General of the Council/High-Representative for the Common Foreign and Security Policy concerning reimbursement of travel expenses of delegates of Council Members ([6]),

— having regard to the Interinstitutional Agreement between the European Parliament, the Council and the Commission of 17 May 2006 on budgetary discipline and sound financial management ([7]),

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0095/2012),

1. Postpones its decision on granting the Secretary-General of the Council discharge for implementation of the Council's budget for the financial year 2010;

2. Sets out its observations and reservations in the resolution below;

3. Instructs its President to forward this decision and the resolution forming an integral part thereof to the Council, the Commission, the Court of Justice of the European Union, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) Decision stemming from the Rules of Procedure of the Council of 22 July 2002 (OJ L 230, 28.8.2002, p. 7).
([7]) OJ C 139, 14.6.2006, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of the decision on discharge for implementation of the European Union general budget for the financial year 2010, Section II — Council

THE EUROPEAN PARLIAMENT,

— having regard to the European Union general budget for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0258/2011) ([2]),

— having regard to the Council's annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 Decision No 31/2008 of the Secretary-General of the Council/High-Representative for the Common Foreign and Security Policy concerning reimbursement of travel expenses of delegates of Council Members ([6]),

— having regard to the Interinstitutional Agreement between the European Parliament, the Council and the Commission of 17 May 2006 on budgetary discipline and sound financial management ([7]),

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0095/2012),

1. In keeping with its power to make use of the two deadlines in the discharge timetable in order, in this case, to explore the possibility of reaching an agreement with the Presidency-in-Office, postpones its decision on granting the Secretary-General of the Council discharge for implementation of the Council's budget for the financial year 2010;

2. Takes note of the fact that, in its annual report for 2010, the Court of Auditors concluded, based on its audit work, that the payments as a whole for the year ended 31 December 2010 for the administrative and other expenses of the institutions and bodies were free from material error; points out that the most likely error rate as regards administrative expenditure in general is estimated at 0,4 % (paragraphs 7.9 and 7.10);

3. Acknowledges receipt of a series of documents for the 2010 discharge procedure (final financial statements for 2010, including the accounts, the financial activity report and the summary of the 2010 internal audits); is still awaiting all necessary documents for a discharge (including the full 2010 internal audit);

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) Decision stemming from the Rules of Procedure of the Council of 22 July 2002 (OJ L 230, 28.8.2002, p. 7).
([7]) OJ C 139, 14.6.2006, p. 1.

4. Hopes that Parliament will receive the complete annual activity report; insists that the annual activity report also provides a comprehensive overview of all human resources available to the Council, broken down by category, grade, gender, participation in vocational training and nationality;

5. Points out that in its 2010 annual report the Court of Auditors criticised the financing of the Residence Palace building project because of the advance payments (paragraph 7.19); notes that the Court of Auditors made the observation that during the period 2008-2010 advance payments made by the Council totalled EUR 235 000 000; notes that the amounts paid came from under-utilised budget lines; points out that 'under-utilised' is the politically correct term for 'over-budgeted'; points out that in 2010 the Council increased the budget line for 'Acquisition of immovable property' by EUR 40 000 000;

6. Notes the Council's explanation concerning the fact that the appropriations were made available by budget transfers authorised by the budget authority in accordance with the procedures laid down in Articles 22 and 24 of the Financial Regulation;

7. Shares the Court of Auditors' view that such a procedure does not comply with the principle of budget accuracy, despite the savings made in paying rent;

8. Notes the Council's reply that the amounts for the budget lines for interpretation and delegations' travel expenses should be more in line with the real consumption and calls for a better budgetary planning in order to avoid current practices in the future;

9. Reminds the Court of Auditors of Parliament's request to carry out an in-depth assessment of supervisory and control systems in the Council, similar to the assessments it carried out in relation to the Court of Justice, the European Ombudsman and the European Data Protection Supervisor in the course of preparation of the Court of Auditors' annual report concerning the financial year 2010;

10. Regrets the difficulties encountered in the discharge procedures for the 2007, 2008 and 2009 financial years, which were due to the unwillingness of the Council to engage in an open and formal dialogue with the Committee on Budgetary Control as well as to answer the questions of the Committee; points out that Parliament refused to grant the Secretary-General of the Council discharge for the implementation of the Council budget for the financial year 2009 for the reasons set out in its resolutions of 10 May 2011 ([1]) and 25 October 2011 ([2]);

11. Reiterates its view that the European taxpayers have every right to expect that the entirety of the Union budget, including all the funds managed autonomously by its separate institutions and agencies, should be subject to full public scrutiny;

12. Deplores the fact that, unlike the other Union institutions, the Council does not consider itself responsible for the use of the funds made available to it;

13. Notes the flaw in the Council's argument that granting discharge to the Commission should be interpreted as granting discharge to the entirety of the Union budget, including parts of the budget used by the Council, is demonstrated by its inconsistent adherence to the position that the Commission should not have the power to oversee and manage its budget; believes that the only logical resolution of this conflict is for Council either to invite the Commission to take control of its finances or to participate fully in a standard discharge procedure which must necessarily follow mutatis mutandis the full procedures followed for all the other institutions of the European Union;

([1]) OJ L 250, 27.9.2011, p. 25.
([2]) OJ L 313, 26.11.2011, p. 13.

14. Reiterates that the Parliament is still waiting for the reply of the Council on the actions and request for documents set out in the two above mentioned resolutions; calls on the Secretary-General of the Council to provide Parliament's committee responsible for the discharge procedure with comprehensive written answers to the following questions:

(a) with regard to previous Council discharge debates in Parliament's committee responsible for the discharge procedure, the Council did not attend these meetings regularly, however, it is considered of utmost importance that the Council attends in order to reply to committee members' questions referring to the Council discharge. Does the Council agree to attend future debates on the Council discharge in Parliament's committee responsible for the discharge procedure?

(b) why does the Council change the presentation/the format of the internal audit every year? Why is the internal audit so short, generic and unclear every year? Will the Council for the 2010 discharge onwards please present the internal audit in (a) language(s) other than French?

(c) has an external audit been carried out? If so, may Parliament's committee responsible for the discharge procedure see it? If an external audit does not exist, why has the Council chosen not to make one?

(d) until now, the activity of the Council implied co-financing with the Commission, which has experienced an increase after the entry into force of the Treaty of Lisbon. What audit and control systems have been put in place to ensure full transparency? Given that the Treaty of Lisbon increased the co-financing with the Commission, what is the Council's understanding of 'respond to the appropriate enquiries'?

(e) the Court of Auditors, in its annual report 2009, found that in two out of six procurement procedures audited, the Council did not respect the rules of the Financial Regulation for the publication of the outcome of the procedure. Has the Council scrutinised more samples of similar procurements? Has the internal procedure been streamlined in order to avoid similar cases in the future?

(f) staff of European Union Special Representatives (EUSRs): Please indicate the staff (all staff, establishment plan and others) — number of posts, grade — for the EUSRs in the Council for 2009. In which way and when will the EUSRs-staff posts be allocated between the Council and the European External Action Service (EEAS)? What was the travel budget for each of the EUSRs? How many of the EUSRs' staff were transferred on 1 January 2011 to the EEAS? How many will remain with the Council and why?

(g) the Council highlights budgetary questions concerning the consequences of the Treaty of Lisbon in point 2.2 in the financial activity report (11327/2010, FIN 278). Has the Council solved the problems concerning Mr Solana's expenditures? What part of the expenditures falls under the Council budget and what part falls under the Commission budget?

(h) what were the operational expenditures, administrative expenditures, staff, buildings, etc. envisaged by the Council for 2009 in order to set up the High Representative/Vice President of the Commission (HR/VP)?

(i) the HR/VP came into office on 1 December 2009. How was the cost distributed between the Council and the Commission (for staff, travel, etc.)? How did the Council prepare the budget for the HR/VP for 2010? Which budget lines and sums were reserved for her activities?

(j) how will office space released in the process of staff transfer to the EEAS influence Council's plans on buildings? Have arrangements been made for the subsequent use of such office space? What is the anticipated cost for the removals? When were calls for tenders for the removals (if any) published?

(k) what was the administrative and operational expenditure related to the Common Foreign and Security Policy (CFSP)/Common Security and Defence Policy (CSDP) tasks, which were at least part-financed from the Union budget in 2009? What was the total amount of CFSP expenditure in 2009? Could the Council identify at least the main missions and their cost in 2009?

(l) what was the cost of meetings for Council working groups on CFSP/CSDP in Brussels and elsewhere and where did these meetings take place?

(m) what was the administrative expenditure relating to the implementation of the European Security and Defence Policy (ESDP)/CSDP military operations? What share of the total amount of expenditures arising from military operations has been charged to the Union budget?

(n) what was the administrative expenditure implemented for the operation of the 'ATHENA' mechanism, how many posts were needed for that mechanism, will any of the posts in question be transferred to the EEAS? To whom will the postholders report?

(o) there is a low occupation rate of posts in the Council's establishment plan (91 % in 2009, 90 % in 2008). Does this consistently low rate cause any repercussions on how the Council's General Secretariat (CGS) functions? Can the CGS perform all its functions with the current occupation rate? Are lower occupation rates specific to any particular services? What are the reasons for the persistent discrepancy?

(p) what is the total number of posts assigned to the task of 'policy coordination' and administrative support (as defined in the Commission's annual staff screening reports)? What percentage of the overall number of posts do these represent?

(q) to achieve the administrative objectives in 2009 the Council added teleworking to its working procedures. How does the Council prove the efficiency of this working procedure? In addition, the Council is asked to report on further measures taken in this respect and in particular those to improve the quality of financial management as well as their impact;

(r) the Council increased its posts by 15 (8 AD and 7 AST) to cover the staffing requirements of the Irish language unit. How many staff members deal with other languages (staff per language)? Are there already staff employed for and from the applicant countries? If the answer is in the affirmative — how many posts are concerned (separated per country and language)?

(s) the 'Reflection Group' was established on 14 December 2007, and its members appointed on 15-16 October 2008. What were the reasons why the necessary financing could not have been envisaged and included in Budget 2009? Is a transfer in Budget 2009 from the contingency reserve to a budget position financing a structure conceived in 2007 strictly budget neutral? The Council earmarked EUR 1 060 000 for the 'Reflection Group'. How many posts can be allocated to this group?

(t) the expenditures concerning travel delegations still seem to be problematic (cf. Council note 15 June 2010, SGS10 8254, II bullet, page 4). Why do these expenditures appear in so many different budget lines?

(u) why does the internal audit still find it necessary to add 'les frais de voyage des délégués et les frais d'interprétation' (delegates' travelling expenses and interpretation expenses) after strong criticism in the last two resolutions from Parliament on the Council discharge?

(v) the Council again has used underspending on interpretation to provide extra financing for delegations' travel expenses; as a result, actual 2009 commitments for travel expenses amounted to considerably less than the initial budget, and less than half of the amount available after the transfer (EUR 36 100 000 initial and EUR 48 100 000 available after transfer against EUR 22 700 000 committed).What were the reasons for this EUR 12 000 000 transfer (cf. the financial activity report — 11327/2010, FIN 278 -point 3.3.2-VI bullet)?? Why is the transfer from interpretation to delegates' travelling expenses estimated at EUR 12 000 000 by the Council at page 12 and at EUR 10 558 362 at page 13? What has the remaining amount transferred from interpretation been spent on (the total amount transferred from interpretation is EUR 17 798 362)? In addition, the Council is asked to explain the large amount of recovery orders made before 2009 and carried over to 2009 (EUR 12 300 000) as well as recoveries made from declarations relating to 2007 (EUR 6 300 000);

(w) in 2009 the Council, as it did in 2008, reallocated a considerable amount of its budget to buildings, in particular, more than doubling the initial allocations to the acquisition of the Residence Palace (reallocated EUR 17 800 000 in addition to EUR 15 000 000 earmarked in Budget 2009). What are the reasons for this? Can the CGS provide concrete figures of the savings achieved as a result of this? What was the initially projected cost of the Residence Palace Building? Does the Council think the initially projected cost will be accurate or could the cost be higher than estimated? What steps are envisaged to finance the building?

(x) implementation of the Council budget — appropriations carried over: Could the Council present the estimated amount and subject of the invoices which were not received by June 2010 for the year 2009 and therefore carried over?

(y) the carry-over to 2010 of the appropriations of assigned revenues accrued in 2009 amounted to EUR 31 800 000. This is about 70 % of the assigned revenue for 2009. What are the reasons for this high carry-over ratio? What will happen/has happened to this revenue in 2010?

(z) what does 'technical provision of EUR 25 000 000 for the launch of the European Council 2010' mean? (cf. the financial activity report — 11327/2010, FIN 278 — point 3.1, IV bullet);

(aa) what is the level of confidentiality of the Council budget specified by the different budget lines?

(ab) can the Council point out the specific measures taken to improve the quality of the Council's financial management, in particular as regards the points raised in paragraph 5 of Parliament's resolution of 25 November 2009 [1] accompanying its decision on discharge to the Council for the financial year 2007?

(ac) Calls on the Secretary-General of the Council to provide Parliament's Committee responsible for the discharge procedure with the following documents:

— the full list of budgetary transfers concerning the 2009 Council budget,

— a written statement on the Council's mission expenses as carried out by the EUSRs,

— the Members States' declaration for 2007 (cf. the financial activity report — 11327/2010, FIN 278 — point 3.2.2, II bullet), and

— the report of the 'Reflection Group' in order to understand why such a report costs EUR 1 060 000 (cf. the financial activity report — 11327/2010, FIN 278 — point 2;

15. Notes the Commission's reply of 25 November 2011 to the letter from the Chair of the Committee on Budgetary Control, in which the Commission says it is desirable for Parliament to continue to give, postpone or refuse discharge to the other institutions as has been the case up until now;

16. Points out that on 31 January 2012 the Chair of the Committee on Budgetary Control sent a letter to the Presidency-in-Office of the Council, stating his wish to establish political dialogue and forwarding supplementary questions from the Committee on Budgetary Control on discharge to the Council; hopes therefore that the Council will provide to the competent committee for the discharge procedure a reply to the questionnaire -attached to the Chair's letter- before the plenary debate;

[1] OJ L 19, 23.1.2010, p. 9.

17. Regrets, however, that the Council refused to attend any official meeting of the Committee on Budgetary Control related to its discharge;

18. Emphasises the right of Parliament, on the Council's recommendation, to grant discharge in accordance with the procedure laid down in the Treaty on the Functioning of the European Union, which must be interpreted in the light of its context and purpose, which is to submit the implementation of the entire budget of the European Union to parliamentary control and scrutiny without exception, and to grant discharge autonomously, not only in respect of the section of the budget implemented by the Commission, but also in respect of the sections of the budget implemented by the other institutions, as referred to in Article 1 of the Financial Regulation;

19. Notes that the Council ought to be transparent and fully accountable to the European citizens for the funds entrusted to it as a Union institution; insists that this means the Council must participate fully and in good faith in the annual discharge process:

— by responding in detail to the annual questionnaire prepared by the relevant parliamentary Committee,

— by participating in any public hearing organised by the Committee as requested,

— by being represented at all relevant meetings of the Committee when the discharge is under discussion;

20. Believes the inter-institutional cooperation between Parliament and the Council to be of outmost importance in supervising the implementation of the Union budget; in this respect, asks the Council to provide the answers to the pending questionnaire submitted by Parliament;

21. Calls on the Council to discuss the annual discharge for the general budget of the Union in a public part of the Council meeting.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III — Commission

(2012/546/EU, Euratom)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0256/2011) ([2]),

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736), and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the Commission communication of 1 June 2011 entitled 'Synthesis of the Commission's management achievements in 2010' (COM(2011) 323),

— having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011) 643), and to the Commission staff working document accompanying that report (SEC(2011) 1189),

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]), and to the Court of Auditors' special reports,

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2010 (06081/1/2012 – C7-0053/2012),

— having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 ([5]), and in particular Articles 55, 145, 146 and 147 thereof,

— having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0098/2012),

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. Grants the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III — Commission and executive agencies, and in its resolution of 10 May 2012 on the Court of Auditors' special reports in the context of the 2010 Commission discharge [1];

3. Instructs its President to forward this Decision, and the resolutions that form an integral part of it, to the Council, the Commission, the Court of Justice of the European Union, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] Texts adopted, P7_TA(2012)0154 (see page 68 of this Official Journal).

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III — Commission and executive agencies

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0256/2011) ([2]),

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736), and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the Commission communication of 1 June 2011 entitled 'Synthesis of the Commission's management achievements in 2010' (COM(2011) 323),

— having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011) 643), and to the Commission staff working document accompanying that report (SEC(2011) 1189),

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]) (Annual Report), and to the Court of Auditors' special reports,

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2010 (06081/1/2012 – C7-0053/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend approving discharge,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend approving discharge,

— having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 ([5]), and in particular Articles 55, 145, 146 and 147 thereof,

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

— 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 [6], and in particular Article 14(2) and (3) thereof,

— having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0098/2012),

A. whereas Europe is faced with a severe budgetary and financial crisis which can lead to a crisis of confidence in the Union and whereas it is vitally important that the Union is a leading example for good public management, through the Commission, which implements the Union budget; whereas good public management is necessary in order for the Union to maintain its AAA rating, which is important, in particular if it is to honour its commitment to provide EUR 60 000 000 000 in guarantees for the European Financial Stabilisation Mechanism,

B. whereas 2010 was the first full financial year to come under the Lisbon Treaty provisions, with new budget procedures and the establishment of the European External Action Service (EEAS), together with the European Council Presidency alongside the rotating Council Presidency; whereas it was also the first year in the new Europe 2020 strategy,

C. whereas good governance implies that political goals are set before legal instruments reaching those goals are passed and whereas existing legal instruments not fully in harmony with the political goals should be modified,

D. whereas there shall be adequate arrangements for transparency, public accountability and public audit where public funds are at stake, whereas for the seventeenth consecutive year the Court of Auditors has not been able to issue a positive declaration of assurance on the Union budget,

E. whereas Article 287(1), second subparagraph of the Treaty on the Functioning of the European Union (TFEU) requires the Court of Auditors to provide Parliament and the Council with a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, and also provides that that statement may be supplemented by specific assessments for each major area of Union activity,

F. whereas more than 90 % of all errors are identified outside the Commission at the level of Member States' authorities and the level of final beneficiaries (Annual Report, point 1.22),

G. whereas in the majority of cases where errors were identified in the Cohesion area Member States' authorities had sufficient information to have detected and corrected errors prior to certifying the expenditure to the Commission (Annual Report, point 4.25),

H. whereas it is necessary to differentiate between national authorities having established well functioning supervisory and control systems and national authorities bearing responsibility for only partially effective systems in order to avoid additional burdens to all Member States,

I. whereas Member States' lack of serious interest in the discharge procedure could be due to the Commission's insufficient efforts in identifying publicly, clearly, unequivocally and in a substantiated way which Member States, regions and programmes are underperforming in managing Union funds,

J. whereas mandatory national management declarations issued and signed at ministerial level and duly audited by an independent auditor are a necessary mean to counter some national authorities' lack of responsibility as regards the use and management of Union money,

[6] OJ L 11, 16.1.2003, p. 1.

K. whereas the increased use of pre-financing by the Commission has implications for the Court of Auditors' audit approach and whereas the Court of Auditors could adapt its methodology to the new circumstances in order to ensure the usefulness of the Court of Auditors' information to the discharge authority,

L. whereas the Union more than ever needs a strong, independent and efficient truly external body of auditors, which naturally — and out of respect for taxpayers — means that the Members of the Court of Auditors should never be appointed on a political but only on a professional basis,

M. whereas the use of innovative and complex financial instruments must be counter balanced by full transparency, including the publication of comprehensive data of all final beneficiaries, and clear rules on reporting in order to avoid any risk to the Union's budget and reputation,

N. whereas the Member States shall cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management,

O. whereas Member States, even if their structure is federal, bear responsibility to the outside world and the Union,

P. whereas both compliance and performance issues must be better addressed in order to reinforce the legitimacy of the Union,

Q. whereas the continuous development of the Court of Auditors' statement of assurance over the years has been instrumental in identifying areas where Member States' and Commission's management needs to be improved,

R. whereas the Court of Auditors has yet again been unable to give a positive statement of assurance regarding the legality and regularity of the payments, which is deplorable,

Priority actions for the Commission

1. Invites the Commission to present to Parliament an Action Plan for the achievement of the following priority actions:

   — close monitoring of the use of Financial Engineering Instruments (FEIs), as described in point 21 of this resolution,

   — improvement and strengthening of the reliability of the accountability chain, as described in point 36 of this resolution,

   — reconsidering the increased use of pre-financing, as described in point 56 of this resolution,

   — creation of an effective sanctioning mechanism in the area of Cohesion policy, as described in point 124 of this resolution;

The Court of Auditors' statement of assurance

Accounts — clean opinion

2. Notes that the annual accounts of the Union for the financial year 2010 present fairly in all material respects the position of the Union as of 31 December 2010, and the results of its operations and its cash flows for the then completed year;

3. Notes the emphasis of matter in relation to a change in the Commission's accounting policy with regard to financial engineering instruments (FEIs), which shows that risks of material misstatements remain, although the accounts have received an unmodified opinion since 2007; calls on the Commission to review annually whether the new treatment adopted reflects fairly the underlying reality;

Legality and regularity of revenue — clean opinion

4. Notes with satisfaction that revenue underlying the accounts for the year ended 31 December 2010 is legal and regular in all material respects;

Legality and regularity of commitments — clean opinion

5. Notes with satisfaction that commitments underlying the accounts for the year ended 31 December 2010 are legal and regular in all material respects;

Legality and regularity of payments — adverse opinion

6. Regrets deeply that payments remain materially affected by error;

7. Understands that the basis for the adverse opinion of the Court of Auditors is the observation that supervisory and control systems are only partially effective and — as a result — payments are affected by an error rate which is estimated to be most likely 3,7 %;

8. Recalls that the most likely error rate for payments in the financial year 2009 was estimated to be 3,3 %;

9. Is worried about this increase because it reverses the positive trend observed in the past few years; calls on the Commission to achieve a trend that shows a consistent decrease in the error rate as demanded in previous discharge reports;

10. Attributes this development mainly to the increase of the most likely error rate in the area of Cohesion, Energy and Transport, which marked a significant increase to 7,7 %;

Horizontal issues

Financial Engineering Instruments (FEIs)

11. Recalls that the Commission promotes an increased use of FEIs for the next multiannual financial framework ([7]) despite the fact that the Commission itself considers FEIs to be of high risk ([8]); understands that FEIs complement rather than replace existing grant funding and have the potential benefit of being able to be used more than once;

12. Is deeply concerned about the lack of information on the implementation of current FEIs which appears to affect all policy areas (Annual Report, points 1.31 and 1.33);

13. Deplores the absence of formal reporting requirements and acknowledges the Commission's efforts in receiving information on the current use of FEIs from the Member States in the context of the European Regional Development Fund (ERDF); welcomes the synthesis report of the information gathered by the Commission on 'Financial Engineering Instruments Implemented by Member States with ERDF Contributions — situation as at 31 December 2010' (Synthesis Report on FEIs) as submitted to Parliament's Committee on Budgetary Control; notes that FEIs with a total commitment of approximately EUR 8 100 000 000 have been created and have received payments of approximately EUR 5 200 000 000 from 2007-2013 operational programmes by the end of 2010 (Annual Report, point 4.32);

14. Deplores the fact that the Commission received information only on approximately 75 % of the total contributions committed to FEIs for enterprises ([9]); is worried that the information received from Member States differed in terms of completeness and accuracy and that a limited number of Member States or regions did not provide feedback or did not complete the monitoring reporting templates; understands that this makes it impossible for the Commission to cover all FEIs as at 31 December 2010;

([7]) COM(2011) 662.
([8]) SEC(2011) 1179, p. 24.
([9]) Synthesis Report on FEIs, p. 6.

15. Underlines that:

— the exact number and size of specific funds established

(the Commission estimates that some 92 specific funds in France and Italy, for which no monitoring reports were received or only insufficient information was available, are implemented in addition to almost 300 specific funds for which information was available ([10])),

— indicators with target levels on the effectiveness of FEIs

(for example, number of investments in small and medium enterprises, jobs created or safeguarded, additional resources mobilised at enterprise level or specific fund level ([11])), and

— indicators on the efficiency and economy of FEIs

(for example, management costs and whether they provide incentives to make best use of the money, information on exits and returns to funds, information on the legacy of the funds after the programming period ([12])),

are important and indispensable elements for an evaluation of the use of FEIs and regrets deeply that this information is not yet fully available;

16. Notes and deplores the Court of Auditors' observations mainly in the Cohesion area such as excessive endowments to FEIs resulting in circumventing the n + 2 rule (Annual Report, example 4.4(a)), delays and slow implementation of the FEIs (Annual Report, example 4.4(b)), irregular winding-up requirements (Annual Report, example 4.4(c)), financial contributions paid as advances as soon as the legal structure of the FEI has been set up (Annual Report, point 4.34) and problems in performing adequate audits on FEIs (Annual Report, points 4.35 and 4.36);

17. Believes that those observations are rooted in a deficient legal basis for FEIs; is concerned that the rules applicable to FEIs do not set appropriate incentives to make effective use of FEIs; is also worried that they leave too much room for flexibility for Member States; welcomes, however, recent improvements in developing a legal basis for FEIs; highlights the following most important deficiencies of the legal basis which was at the time a Council Regulation ([13]):

— insufficient provisions to stimulate rapid implementation of FEIs,

— insufficient provisions on leverage and revolving requirements for FEIs,

— insufficient provisions to prevent excessive endowments,

— insufficient provisions to put in place management fee structures giving incentives to make use of FEIs in the most efficient way,

— insufficient provisions on the legacy of the funds at the end of the programming period,

— unclear eligibility conditions for working capital,

— possibility for unjustified recourse to preferential private sector treatment;

([10]) Synthesis Report on FEIs, p. 10.
([11]) Synthesis Report on FEIs, p. 9.
([12]) Synthesis Report on FEIs, pp. 21 and 26.
([13]) 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 (OJ L 210, 31.7.2006, p. 25).

18. Agrees with the Court of Auditors' opinion that resources returned to and revenues earned by the financial instruments should not be re-directed elsewhere before the closure of the operational programme, but should return to the relevant financial instruments (Court of Auditors, Opinion No 7/2011 ([14]), page 11); expects that this recommendation will be seriously considered during the legislative procedure concerning the proposal for a regulation of the European Parliament and of the Council laying down common provisions on the structural instruments COM(2011) 615 – 2011/0276(COD));

19. Is pleased that Articles 130 and 131 of the proposal for a regulation of the European Parliament and of the Council on the financial rules applicable to the annual budget of the Union (COM(2010) 815 - 2010/0395(COD)) will make it possible to stipulate the duration of financial instruments; asks the Commission for a summary of the measures which might prevent risks to the Union budget arising from the FEIs;

20. Notes that FEIs are present in other policy areas, too; sees the risk of overlapping and inconsistent implementation of these instruments without adequate coordination; invites the Court of Auditors, therefore, to audit FEIs horizontally over all policy areas;

21. Invites the Commission to consider it a priority action to closely monitor the use of FEIs, inter alia, by:

— evaluating objectively and critically the experiences with FEIs in the Cohesion policy for the programming period 2007-2013 so far, in particular with regard to the Court of Auditors' observations, including lessons learned and consequences drawn and to report to Parliament on the results of the evaluation,

— providing a risk assessment considering different FEIs separately as well as taking into account the risk structure of the beneficiary of the FEIs,

— completing the process of gathering information from Member States on issues not yet fully covered, such as the exact number and size of specific funds and relevant indicators on the effectiveness, efficiency and economy of FEIs; developing mechanisms to enforce the reporting obligations by Member States,

— reporting annually to Parliament, in the context of the discharge procedure, on the use of FEIs in Member States, including indicators on the effectiveness, the efficiency and the economy of FEIs as well as on how the Commission coordinates, ensures consistency and mitigates the risk of overlaps across policy areas;

Responsibility of the Commission and its management representations

22. Recalls that, pursuant to Article 317 of the TFEU, the Commission implements the Union's budget on its own responsibility; underlines that where the Commission implements the budget by shared management, implementation tasks are to be delegated to Member States, in accordance with Article 53b of the Financial Regulation;

23. Stresses once again ([15]) that the Commission therefore has the *primary* responsibility in the management of the Union funds concerned and that, as a consequence, the Commission has the obligation to take measures that are aimed at ensuring legality and regularity as well as sound financial management;

24. Stresses that it is not possible for the Commission to transfer its financial responsibility to the Member States, even in cases where a managerial weakness or irregularity has been identified at the level of a Member State;

([14]) OJ C 47, 17.2.2012, p. 1.
([15]) European Parliament resolution of 21 April 2004 on discharge to the Commission for the financial year 2002 (OJ L 330, 4.11.2004, p. 82).

25. Considers that meaningful use of the term 'shared management' must be based on the fundamental principle that the Union delegates some of its powers to the Member States and that the Member States are obliged to carry out their part of the work in accordance with the legal acts of the Union; calls on the full implementation of point 44 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management ([16]); believes that annual summaries of the audits and declarations available, must be public so as to make a contribution towards improving management of the Union budget;

26. Notes the close link between the Commission's ultimate responsibility for implementing the budget and the significance of the discharge procedure; stresses that the Commission's final responsibility regarding the implementation of the budget also covers weaknesses in Member States' management and control systems;

27. Stresses that financial responsibility is and shall remain indivisible and recalls Article 53b(4) of the Financial Regulation, which provides that 'in order to ensure that the funds are used in accordance with the applicable rules, the Commission shall apply clearance-of-accounts procedures or financial correction mechanisms *which enable it to assume final responsibility for the implementation of the budget*' (emphasis added);

28. Underlines in this context the importance of the Commission's management representations; notes, however, the Court of Auditors' general observations on the Commission's Annual Activity Reports (AARs) that there was no guidance on the calculation of the residual error rate or residual risk; notes further that these elements have gained importance for the question whether a reservation is necessary (Annual Report, points 1.19 and 1.20); is worried that this results in inconsistencies in application between the Directorates-General;

29. Notes furthermore, the Court of Auditors' observations on the following individual AARs:

— the reservation regarding rural development measures under axis 2 should not have been lifted (Annual Report, point 3.53), the calculation of the residual error rates for aid schemes is affected by various deficiencies (Annual Report, point 3.54),

— the estimated amount at risk as presented in the AARs of Directorate-General for Regional Policy (DG REGIO) and Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) may be underestimated (Annual Report, Annex 4.3),

— the calculation of the residual error rate presented in the AAR of Directorate-General for Enlargement is limited to 30 % of the payments carried out (Annual Report, point 5.33),

— the AAR of EuropeAid gives only a partially fair assessment of financial management in relation to regularity (Annual Report, point 5.34),

— the reservation regarding Framework Programme 6 in the AAR of Directorate-General for Information Society and Media should have been maintained (Annual Report, point 6.47);

30. Reminds the Commission that all reservations are included as an annex to the Commission's Synthesis Report and underlines that by adopting the Synthesis Report the Commission 'takes overall political responsibility for the management by its Directors-General and Heads of Service, on the basis of the assurances and reservations made by them in their Annual Activity Reports (AAR)' ([17]);

31. Underlines that the College and the Commissioners thereby take the final responsibility for the reliability and completeness of the reservations made by the Directors-General and Heads of Units acting as 'Authorising Officers by Delegation' and stresses that the act of delegation in no way takes away final responsibility from the College and the Commissioners;

([16]) OJ C 139, 14.6.2006, p. 1.
([17]) Synthesis of the Commission's management achievements in 2010 (COM(2011) 323), p. 2.

32. Notes the observations made by the Court of Auditors concerning the Internal Auditor's overall opinion; believes that without a substantial revisit addressing the Court of Auditors' concerns, the usefulness of the overall opinion will remain limited;

33. Is worried about the Court of Auditors' observations with regard to the AARs and the Synthesis Report (Annual Report, points 1.17-1.25); believes that those observations need to be addressed without delay in order to safeguard the value of those documents as accountability instruments; recognises, however, that the calculation of a residual error rate is only one of the methods used by the Commission for estimating the amount at risk; calls on the Commission to provide consistent guidelines to be implemented by all Directorates-General;

34. Notes the Commission's Green Paper on the EU corporate governance framework ([18]) for the private sector; further notes that the Commission has made great progress as regards adequate corporate governance within the Commission following the events leading to the resignation of the Santer Commission in 1999;

35. Notes the Commission's Governance statement adopted on 30 May 2007, which covers the internal functioning of the Commission and explains the way it is directed and controlled and the way it relates with its stakeholders; encourages the Commission to further improve its corporate governance and to inform the discharge authority of actions and measures taken by:

— incorporating those elements of corporate governance required or proposed by Union company law relevant for Union institutions,

— taking measures allowing the President to sign the accounts and to present together with the accounts:

(i) a description of the risks and uncertainties which could affect the achievement of the policy objectives as well as a statement in which the President, together with the College of Commissioners, accepts responsibility for risk management; and

(ii) a formal Corporate Governance declaration clearly showing which international standards for corporate governance the Commission is adhering to as well as objective and complete explanations if there is a need to depart from the corporate governance code's recommendation (the 'comply or explain' principle);

36. Invites the Commission to consider it a priority action to improve and strengthen the accountability chain, inter alia, by:

— providing the Committee on Budgetary Control full insight into the Member States annual summaries; deplores the fact that the Commission until now has not given any information on the annual summaries, as without any knowledge of the content of annual summaries they cannot be regarded as national management declarations,

— delivering a political declaration in which it accepts its final and overall responsibility for the implementation of the budget, including the part of the budget which is implemented under shared management,

— adding the responsible Commissioner's signature to the AAR,

— establishing the AARs in accordance with the principle of objectivity, avoiding optimistic estimations,

([18]) COM(2011) 164.

— providing mandatory, complete and relevant guidance to the Directorates-General, in particular regarding the way residual error rates and residual risks are estimated in accordance with the principle of prudence,

— providing in each AAR a complete and reliable explanation of the relationship between the residual risk or the residual error rate and the Court of Auditors' error rate; calls on the Commission, in close cooperation with the Court of Auditors, to explore possibilities to align its methodology of calculating the residual error rate with the Court of Auditors' most likely error rate methodology,

— revisiting the methodology for the overall audit opinion of the Internal Auditor and addressing the weaknesses identified by the Court of Auditors,

— analysing whether the Commission's corporate governance arrangements could be further improved taking into account the abovementioned Commission Green Paper on the EU corporate governance framework for the private sector;

European Schools

37. Regrets that, despite the considerable budgetary means foreseen for the European schools, the latter continue to fail in the fulfilment of their main task, which is to provide for sufficient places in the required languages and in the vicinity of officials' places of work and residence, but instead have expanded their activities to include other fields of education;

38. Recognises that an essential problem lies within the decision-making and financing structures of the Convention on the European Schools; therefore demands the Commission to explore with the Member States a revision of that Convention and to report by 31 December 2012 on the progress made; in the meantime, calls on the Commission to push for more efforts to achieve the aforementioned targets, by way of more appropriate use of the budgetary means provided;

Commission's administration

39. Calls on the Commission to clarify its relocation plans, the costs this will entail, how much office space will become available and how much will be added, and the number of staff in each Directorate-General who will be affected;

40. Calls on the Commission to complete, without delay, the reclassification scheme for all the temporary staff of the European Anti-Fraud Office on open-ended contracts, as announced by Commissioner Šefčovič in reply to written questions in preparation for this discharge ([19]);

41. Points out that in 2010, during the procedure to approve flexitime and compensatory leave as a voluntary benefit, the Commission approved around 90 000 additional days of leave for its staff, which is the equivalent of some 445 posts — even though Article 56 of the Staff Regulations states that overtime worked by AD 5/AST 5 staff shall not be compensated; asks for clarification of the total cost to the taxpayer of compensatory leave;

Responsibility of Member States

42. Recalls that pursuant to Article 317 of the TFEU the Commission implements the Union budget on its own responsibility but also in cooperation with Member States;

43. Underlines that the two policy areas prone to the highest error rates ('Cohesion, transport and energy' and 'Agriculture and natural resources') are implemented under shared management, and deplores the fact that the estimated most likely error rates amount to 7,7 % and 2,3 %, respectively;

([19]) Commissioner Šefčovič's reply to written question No 12 for the hearing of 8 December 2011 before Parliament's Committee on Budgetary Control.

44. Welcomes in this context the Commission's analysis of the errors reported by the Court of Auditors for the financial years 2006-2009, which highlights for the first time the fact that, for ERDF and Cohesion Fund, three Member States (Spain, Italy and the UK) have contributed 59 % to the cumulative quantifiable errors identified during this period and that for the ESF four Member States (Spain, Portugal, the UK and Germany) have contributed 68 % to the cumulative quantifiable errors identified during this period in the area of Cohesion policy ([20]); notes that, for ERDF and Cohesion Fund, most errors found in Italy came from the regions Calabria, Campania and Puglia and that in Spain a small number of operational programmes in the regions Andalucía, Valencia and Castilla-La Mancha contributed 75 % to the errors detected in Spain ([21]); understands, furthermore, that Spain and Italy have also contributed significantly to the error rate for the financial year 2010;

45. Notes that problems in Italy with regard to the ERDF 'relate to systemic weaknesses identified at the level of audit and managing authorities', and to 'the application of public procurement rules and selection of projects, including the eligibility of retrospective projects' ([22]); notes further that in Spain the source of the problems is rooted in a complex management and control system which 'may lead in practice to an unclear division of responsibilities as well as a lack of effective supervision on the part of the managing authority' ([23]);

46. Recalls that the finance ministers of Greece, Italy and Spain were invited to an exchange of views in Parliament's Committee on Budgetary Control; regrets that none of the invited finance ministers appeared to discuss with members of that committee the Court of Auditors' results with a view to improving the management of Structural Funds and eventually the legal basis; calls on its President to address, at the next meeting of the Heads of State, the refusal by those finance ministers to discuss these important matters in public with Parliament's responsible committee;

47. Recalls its repeated invitations to the Commission to present a proposal for the introduction of mandatory national management declarations (NMDs) issued, made public and duly audited by the responsible audit authority, as part of the Commission's final and overall responsibility for the implementation of the Union budget; notes that NMDs should contain full information about the use of Union funds;

48. Proposes that the substance of national declarations signed at Directorate-General level should comply with international auditing standards and that those declarations should be used by the Court of Auditors in its audit work and based on, among other things, the declarations by authorities to which management power is delegated;

49. Points to the existence of significant differences in Member States' administrative performance in the field of revenue and expenditure in shared management, especially related to detecting irregularities, fraud and errors and financial follow-up in both the customs field and spending of Union funds; is of the opinion that if all Member States would show a correct performance, in the customs field alone, an additional (net) revenue of at least EUR 100 000 000 could be envisaged by the Union budget; notes that the Commission so far monitors administrative performance in a reactive way and on case level and thus not performs sufficient trend analysis to identify fields of risk; calls on the Commission to apply the method of trend analysis to identify financial risks and to take measures to improve Member States' administrative performance;

Bulgaria and Romania

50. Notes with great concern the Commission's interim report on the progress made by Bulgaria under the Cooperation and Verification Mechanism; is concerned at the continuing parlous state of the Bulgarian legal system; notes that 27 criminal proceedings are under way against 28 judges; asks for clarification regarding a series of cases of alleged fraud in connection with Union funds in Bulgaria, causing a suspension of payments in 2008 in which the public prosecutor's office suspended the investigations, even though the investigations into similar cases based on the same facts continued in

([20]) SEC(2011) 1179, p. 13.
([21]) Reply of Commissioner Johannes Hahn to written question No 4 for the hearing on 19 December 2011 in the European Parliament's Committee on Budgetary Control.
([22]) SEC(2011) 1179, p. 20.
([23]) SEC(2011) 1179, p. 21.

another Member State; is astonished that, in all cases of fraud involving Union funds which were brought before the courts, criminal prosecution was replaced by administrative fines, and that an important case of fraud involving Union funds has been delayed in appeal in court for over 18 months; deplores, furthermore, the disregard of the Commission's recommendation in not authorising the National Commission for the Identification and Forfeiture of Criminal Assets (CEPACA) to undertake pro-active asset verification of senior officials and politicians; is concerned that the unified, prompt, systematic publication of substantiated judgments is not the norm in Bulgaria; calls on the Commission to put pressure on the judicial authorities to increase their efforts to reform and to implement the Commission's recommendations as soon as possible; calls on the Commission in this context to disclose how much funding has been allocated to supporting Bulgaria's efforts to reform and to assess the extent to which the payments have achieved the promised results; expects to see serious improvements over the coming year, with further considerations and a series of measures drawn up by the Commission in cooperation with the Bulgarian government for re-establishing the integrity of Bulgaria's legal system;

51. Notes with concern the Commission's interim report on the progress made by Romania under the Cooperation and Verification Mechanism; is pleased, however, to note the positive upward trend in the record of the National Integrity Agency (ANI) in pursuing cases of unjust enrichment and identifying conflicts of interest; notes that the ANI's funding was increased with Union money; is, however, concerned that there is no uniform follow-up to ANI cases and that the follow-up is often delayed; welcomes the fact that the National Anticorruption Directorate (DNA) continued to act as an effective prosecution service in high-level corruption cases; notes the increase in 2011 in the number of indictments, court decisions and convictions and the acceleration of cases in the High Court of Cassation and Justice, which is reflected in the 85 % increase in final court decisions in DNA cases compared to 2011 ([24]); is concerned at the results of an analysis of court judgments in cases of high-level corruption, which shows that 60 % of sentences are suspended and the sentences are often the minimum provided by law; is surprised at the unsatisfactory practice in relation to the prompt publication of substantiated judgments, which encourages the risk of statute-barring in some cases of high-level corruption as a result of protracted substantiation caused by the long-delayed possibility of redress; calls on the Commission to disclose how much funding has been allocated to supporting Romania's efforts to achieve judicial reform; expects to see further improvements within the coming year; calls on the Commission to increase pressure on the Romanian government to implement the Commission's recommendations; expects the Commission to call on the Romanian government, without fail, to ensure that the Romanian government's efforts to develop a consistent jurisprudence in public procurement trials are increased; calls on the Commission steadfastly and determinedly to insist vis-à-vis the Romanian government that the Commission's recommendations are complied with and a clearer, more comprehensive implementation plan to prepare for implementation of the provisions of the Criminal Code and the Criminal Procedure Code is drawn up; expects increased efforts with regard to the confiscation of assets resulting from criminal activities in Romania; also expects a series of measures from the Commission, in cooperation with the Romanian government, for improving the integrity of the Romanian legal system;

Pre-financings

52. Notes that pre-financings are considered necessary in order for beneficiaries to start the agreed action;

53. Notes the Court of Auditors' observations that the Commission has substantially increased the use of pre-financings between 2005 and 2010 (Annual Report, point 1.28); is concerned that there is a lack of clearing of pre-financings (Annual Report, point 1.29 and point 86 of Opinion No 6/2010 of the Court of Auditors);

54. Is concerned about the influence pre-financings have had mainly in the policy areas 'External aid, Development and Enlargement' and 'Research and Internal Policies'; notes an increased use of pre-financings and an overall error rate below 2 % in these two policy areas; notes, furthermore, the Court of Auditor's conclusions that pre-financings were free from material error but interim and final payments remain affected by a material level of error (Annual Report, points 5.35 and 6.48);

([24]) Commission Report on progress in Romania under Cooperation and Verification Mechanism, COM(2012) 56, page 4.

55. Believes that by paying high volumes of pre-financings, the Commission takes on an increased financial risk, for example in cases of insolvency of beneficiaries, as well as an increased risk to legality and regularity as acceptance of the cost declared by beneficiaries is postponed to a later date;

56. Believes that it is more efficient to prevent irregularities than to correct undue payment *ex-post* through recoveries; therefore invites the Commission to make it a *priority action* to reconsider the increased use of pre-financing as well as control and audit mechanisms by:

— informing Parliament about the reasons why the Commission has made an increased use of pre-financings between 2005-2010,

— adapting the level of pre-financings in the various programmes to a level that will ensure the necessary float for the beneficiary to start the project, while also safeguarding the financial interest of the Union and informing Parliament accordingly;

Outstanding budgetary commitments

57. Recalls that outstanding budgetary commitments are commitment appropriations made, but not used (i.e. paid) and that they derive mainly from multiannual programmes (e.g. Cohesion) where commitments are made in the earlier years of the programming period while the corresponding payments are made gradually during the whole programming period;

58. Notes that a high level of outstanding commitments might indicate difficulties experienced by Member States in absorbing the amounts allocated;

59. Notes that in 2010, the Court of Auditors found that those outstanding commitments increased by nearly 10 % to approximately EUR 194 000 000 000 (Annual Report, point 1.43 and Graph 1.2) which represents nearly three years of spending at the current rate;

60. Believes that, as regards the 2007-2013 programming period, there is a risk that:

— the committed funds will have to be spent quicker than usual, thereby increasing the risk of error,

— at the end of the 2007-2013 programming period, Member States might try to absorb all funds committed whereby they might co-finance projects already implemented and financed from national funds (so called 'retrospective' projects which have not passed through the Union management and control system and are as a result more prone to error);

61. Invites the Commission to provide information on the size of outstanding commitments per Member State as well as on its cooperation with the Member States to identify and address risk areas in relation to absorption and regularity;

Budgetary contribution to decentralised agencies and joint undertakings

62. Notes that the Union contribution for the financial year 2010 amounted to over EUR 620 000 000 to the decentralised Agencies and to over EUR 500 000 000 for the Joint Undertakings; notes some difficulties in finding information on the Union contribution for agencies; calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Agency/Joint Undertaking made from the general budget of the Union, such as:

— the initial contribution of the Union entered in the budget for the Agency/Joint Undertaking,

— the amount of funds coming from the recovery of surplus,

— the overall contribution of the Union for the Agency/Joint Undertaking,

— the amount of the European Free Trade Association (EFTA)'s contribution where this applies;

63. Expects the Commission, in such time of financial crisis, to avoid increases in the Agencies' budgets and to even consider reducing the Union contribution to their budgets based on an assessment of its priorities;

64. Invites the Commission to draw up guidelines for templates that could be used by all Agencies/Joint Undertakings to establish their Annual Working Programmes and Annual Activity Reports, in order to ensure meaningful comparison of results against planned objectives;

65. Calls on the Commission to provide Parliament with a detailed overview of the criteria and verification mechanisms applied to avoid conflicts of interest and 'revolving door' cases for Agencies/Joint Undertakings;

Union budget and the financial and budgetary crisis

66. Is concerned about the continuing financial and budgetary crisis in Member States; takes the view that this crisis also entails different types of risks for the Union budget in the following ways:

— financial risks in relation to loans granted to Member States,

— financial risks in relation to revenue;

67. Recalls that six Member States (Greece, Hungary, Ireland, Latvia, Portugal and Romania) are currently considered to be 'Member States in difficulties' as they are receiving assistance in the form of balance of payments (BOP) facility loans, loans granted under the European Financial Stabilisation Mechanism (EFSM) or assistance under the Greek loan facility;

68. Notes that the Union budget guarantees loans granted under the BOP facility (loans disbursed as at 31 December 2010 amounting to approximately EUR 12 000 000 000) and the EFSM (no disbursements as at 31 December 2010) ([25]); notes furthermore that the maximum outstanding amount of loans possibly granted under the BOP facility and the EFSM is EUR 50 000 000 000 (Article 1(1) second subparagraph of Council Regulation (EC) No 332/2002 ([26])) and EUR 60 000 000 000 ([27]), respectively; highlights that the total (EUR 110 000 000 000) is almost equal to an annual Union budget as total payments from the Union budget amounted to approximately EUR 122 000 000 000 in 2010 ([28]);

69. Is concerned about the fact that the Court of Auditors did not pay sufficient attention to these new challenges in the Union in its annual report on 2010; especially deplores the fact that the Court of Auditors did not mention these risks for the Union budget in a sufficient way; underlines that the Court of Auditors has to give the new European Stability Mechanism a prominent role in its further work;

70. Recalls that there is no guarantee fund established to protect the budget from calls on those guarantees; invites the Commission, therefore, to evaluate the potential need to set up a guarantee fund to cover for potential losses similarly to the Guarantee Fund for External Actions with the aim to protect the Union budget;

([25]) Annual Accounts of the European Union (COM(2011) 473), pp. 32 and 90.
([26]) Council Regulation (EC) No 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (OJ L 53, 23.2.2002, p. 1) as last amended by Regulation (EC) No 431/2009 (OJ L 128, 27.5.2009, p. 1).
([27]) Article 2(2) of Council Regulation (EU) No 407/2010 of 11 May 2010 establishing a European financial stabilisation mechanism (OJ L 118, 12.5.2010, p. 1) sets a ceiling of 1,23 % for which the Commission estimates that a total of EUR 60 000 000 000 would be possible to activate (COM(2010) 713, p. 4).
([28]) *Source:* Diagram IV of the Annex to the Court of Auditor's Annual Report 2010.

71. Stresses that the EFSM facility signed loans for EUR 48 500 000 000 of a total of EUR 60 000 000 000 as at 30 September 2011; encourages the Court of Auditors to provide a report on the EFSM operations and in particular of the control mechanisms, established by the Commission, by the end of 2012;

72. Recalls that the revenue of the Union budget consists of different sources; reiterates that without prejudice to other revenue, the budget shall be financed wholly from own resources; notes that, in particular gross national income (GNI) resources accounting for 73 % of total revenue derive from the national budgets of the Member States ([29]);

73. Is of the opinion that the more severe the financial situation in certain Member States becomes, the more difficult it will be for those Member States to contribute to the Union budget; believes that this puts at risk the revenue of the Union budget stemming from 'Member States in difficulties' which might even be prompted to take on additional government debt to finance the Union budget or national co-financing of certain aid schemes;

74. Notes that GNI resources coming from 'Member States in difficulties' account for roughly 6 % of total GNI resources for the financial year 2010 ([30]);

75. Notes, furthermore, that the co-financing rates for Member States in difficulties were increased for the European Agricultural Fund for Rural Development (EAFRD), the Structural Funds, the Cohesion Fund and the European Fisheries Fund; expects higher co-financing rates to allow higher investments particularly in Member States in difficulties; emphasises in this context the Commission's increased control and supervisory responsibility;

European Financial Stability Facility (EFSF) and European Stability Mechanism (ESM)

76. Criticises the fact that the Council used Article 122 of the TFEU in 2010 for setting up the European Stability Facility (EFSF) because that Article is only applicable for natural disasters and not for economic catastrophes; is concerned that the EFSF neither contains an element of democratic control by Parliament nor gives the Court of Auditors any audit rights; strongly criticises the fact that the EFSF has not even any provision on external public audit;

77. Notes the recent signature of the ESM Treaty by the Member States; underlines its resolution of 23 March 2011 ([31]), in which it warns against establishing the permanent European Stability Mechanism (ESM) outside the Union's institutional framework as this decision entails problems for the control mechanism of the institutions of the Union; shares the concerns of some Supreme Audit Institutions that the Treaty lacks sufficient provisions for ensuring effective external audit;

78. Reiterates its invitation to the Council and Member States to give due consideration to the following issues concerning the implementation of the ESM:

— to ensure in the by-laws of the ESM appropriate arrangements for public external audit of legality, regularity as well as performance in line with internationally accepted auditing standards taking into account the following documents:

(i) Resolution of the Contact Committee of the Supreme Audit Institutions (SAIs) of the European Union from 14 October 2011 on the Statement of SAIs of the euro area on the external audit of the ESM (CC-R-2011-01) ([32]);

([29]) *Source:* Diagram I of the Annex to the Court of Auditor's Annual Report 2010.
([30]) *Source:* Diagram V of the Annex to the Court of Auditor's Annual Report 2010.
([31]) European Parliament resolution of 23 March 2011 on the draft European Council decision amending Article 136 of the Treaty on the Functioning of the European Union with regard to a stability mechanism for Member States whose currency is the euro (P7_TA(2011)0103).
([32]) http://eca.europa.eu/portal/pls/portal/docs/1/9406723.PDF

(ii) Statement of the Contact Committee of the SAIs of the European Union addressed to the European Parliament, the European Council, the European Commission and parliaments and governments of EU Member States from 14 October 2011 on the Impact of the European Semester and other recent developments in EU economic governance on the Supreme Audit Institutions of the Member States of the European Union and the European Court of Auditors ([33]);

(iii) Letter from the President of the Dutch Court of Audit ([34]) on issues to be addressed in the by-laws of the ESM with regard to Article 30 of the ESM Treaty,

— to establish appropriate arrangements for accountability and full transparency of the ESM,

— to ensure the reliability of data and statistics,

— to clarify the responsibility and reporting arrangements of all actors whose liabilities will be involved in the establishment of the mechanism,

— to urge the Commission to report to Parliament and the Council twice a year on the risk that is incurred on the Union's budget by its guarantee to the EFSM and to ask the Commission how in case of a default this money would be transferred into the Union budget and then to the EFSM;

79. Invites the Council and the Member States to define Parliament's political scrutiny over any euro-bond issue, in general, and of the permanent crisis mechanism in particular; shares the view that Parliament should be involved at an equal basis in the mechanism;

Transparency

80. Emphasises the vital role transparency plays in ensuring accountability for the use of public funds and recalls that it is one of the main instruments in achieving legal and regular expenditure; reiterates its call for all grant payments from Union funds to be recorded in a user-friendly online database paying due regard to data protection law; believes that the payment of Union funds should be explicitly conditional on the acceptance by the beneficiaries that the basic details — including the amount, recipient's name, and purpose — be a matter of public record;

81. Notes that the current system in the policy area Cohesion does not ensure full transparency of beneficiaries of ERDF and Cohesion Fund; notes that in the current framework, the Commission provides a portal with access to lists of beneficiaries available on national websites, which are only accessible in the respective national languages and do not follow common criteria; expects the future regulation laying down common provisions on the structural instruments (COM(2011) 615 – 2011/0276 (COD)) to ensure that Member States provide the data on final beneficiaries of ERDF and Cohesion Fund to be published on the Commission's official website in one of the three working languages of the Commission and based on a set of common criteria to allow comparison and detection of errors; recalls its invitation to the Commission to seek inspiration from the American Recovery Accountability and Transparency Board and its website (www.recovery.gov);

82. Reiterates the judgment of the Court of Justice of 9 November 2010 in Joined Cases C-92/09 *Volker and Markus Schecke GbR* and C-93/09 *Hartmut Eifert*, which is relevant for the policy area Agriculture and Natural Resources; calls on the Commission to submit as soon as possible a proposal for a new regulation requiring Member States to publish information on legal and natural persons receiving European agricultural funds, taking that judgment into account; takes the view that information on beneficiaries should be available on the Commission's official website in one of the three working languages of the Commission and based on a set of common criteria to allow comparison and detection of errors;

([33]) http://eca.europa.eu/portal/pls/portal/docs/1/9504723.PDF
([34]) Available on the website of the Netherlands Court of Audit http://www.courtofaudit.com/english/News/2012/02/Letter_of_president_Netherlands_Court_of_Audit_on_ESM_Board_of_Auditors

Statement of assurance methodology

83. Is aware that the Court of Auditors intends to provide Parliament with more information on the policy areas 'agriculture and natural resources' and 'cohesion, energy and transport'; welcomes that intention as it would lead to greater transparency and more precise identification of problematic areas of the budget; is of the opinion that this allows the Commission, the Court of Auditors, Parliament and other stakeholders to better focus their attention and make recommendations concerning those areas in which management needs to improve; wishes, however, to highlight that it is important to ensure comparability from one year to the next;

84. Welcomes the Court of Auditors' more in-depth assessment of the reliability of the Commission's management representations both in Chapter 1 but also in the individual Chapters of the Annual Report 2010; recalls that management representation needs a strong second opinion by the Court of Auditors; encourages the Court of Auditors to continue strengthening its analysis of the Commission's management representation and to report on it in a descriptive way;

85. Notes the increased use of pre-financings; believes that pre-financings are exposed to a lower level of risk to legality and regularity than interim or final payments as no justification of cost is necessary for a pre-financing; invites the Court of Auditors to consider adapting its audit approach to take into account the increased use of pre-financings in order to provide Parliament with even more useful information focussing on those transactions involving the highest risk;

86. Notes that the Court of Auditors applies a common methodology to quantify public procurement errors in the two policy areas Agriculture and natural resources and Cohesion, Energy and Transport; deplores the fact that the Commission follows different methodologies in these two areas both of which are furthermore not in line with the Court of Auditor's methodology; is worried that different approaches in these areas could undermine the credibility of the control and audit of shared management expenditure; calls therefore on the Commission and the Court of Auditors to harmonise the treatment of public procurement errors in these two policy areas urgently and to report back to the Parliament's competent committee on the progress made by the end of 2012;

Specific issues

The role of the Commissioner responsible for budgetary control issues

87. Notes that, in the 2004-2009 Commission, a Commissioner had full-time responsibility for budgetary control as had previously been called for by Parliament; regrets the fact that within the current Commission budgetary control issues have been merged with other responsibilities ('taxation and customs union'); proposes that in the 2014-2019 Commission a full-time Commissioner for Budgetary Control be re-established with responsibility for matters related, inter alia, to the following areas:

— internal audit,

— anti-fraud,

— liaison with the Court of Auditors and the relevant committee of Parliament,

— contact with the relevant budgetary and audit authorities in the Member States, and the development of a comprehensive internal control framework,

— overseeing and improving the utility of the annual synthesis report, including a review of the Member States' management and control systems,

— commissioning and assessing independent programme evaluations, and developing the Evaluation Report, provided for by Article 318 of the TFEU, into a valuable tool for performance improvement;

Performance: Getting results from the Union budget

88. Welcomes the new Chapter 8 on 'Getting results from the EU budget' in the Annual Report including the Court of Auditors' observations on the Commission's self-assessment of performance in its AARs;

89. Notes the Court of Auditors' findings concerning the quality of the Commission's reporting on performance, such as:

— 'Currently the Management Plan does not foresee objectives and indicators to measure economy and efficiency' (Annual Report, title before point 8.17)

— 'In some areas targets [are] not sufficiently quantified or specific' (Annual Report, title before point 8.18)

— 'Interim milestones for multiannual targets [are] not defined in some areas' (Annual Report, title before point 8.20)

— 'Description of policy achievements provided limited information on results and impacts' (Annual report, title before point 8.22);

90. Takes the view that those important findings illustrate that Parliament cannot fully rely on the Commission's reporting on performance; believes that reliable data is the basis for good management, policy development and parliamentary oversight; would appreciate it if the Court of Auditors could further develop its activities in this area to include 'certification' of the performance data reported by the Commission on a regular basis;

91. Believes that performance is as important as legality and regularity, and invites the Court of Auditors to consider whether it would be possible to include the new insight on performance on the different policy groups in the related chapters of the Annual Report;

92. Notes that objectives, indicators and targets presented in the Management Plans are mainly focussed on effectiveness (Annual Report, point 8.15); invites the Commission to improve its reporting on performance, including indicators relating to economy and efficiency and to set appropriate targets for assessing progress towards achieving multiannual objectives;

93. Further invites the Commission in areas of shared management to define, together with the Member States, appropriate performance indicators to be applied consistently, and to verify that Member States' reporting of achieved results is mandatory, complete, accurate and public;

94. Notes the repeated opinions of both the Court of Auditors and the Commission that the quality of management and control systems differs widely between Member States and between different programmes;

95. Calls on the Commission to systematically account for those differences in the effectiveness of control systems and to make available clear evaluations of efforts — or lack of effort — by Member States in detecting and correcting irregularities to make sure that Member States with well-functioning supervisory and control systems are not at risk of being discredited;

96. Invites the Commission to present the Evaluation Report provided for in Article 318 of the TFEU in its competent committee and Plenary at the same time as the Court of Auditors' Annual Report is presented and invites the Court of Auditors to present its observations on the Evaluation Report at these occasions; underlines that the Evaluation Report should be published at a moment of time allowing both the Parliament and the Court of Auditors to adequately assess it;

97. Recalls that Article 318 of the TFEU requires the Commission to submit 'an evaluation report on the Union's finances based on the results achieved'; notes that the Commission on 17 February 2012 adopted the first Evaluation Report under Article 318 of the TFEU, relating to the financial year 2010;

98. Further recalls that Parliament, in its resolution on discharge to Commission for the financial year 2009 ([35]), suggested that:

— the Commission should appoint a 'performance evaluator' in order to establish clear ownership of the evaluation report (point 199),

— a clear and transparent relationship should be established between performance indicators, legal/political basis, amount of expenditure and results (point 200),

— the Internal Audit Service should audit the methodology used for the production of the report as well as assess the work done (point 200),

— key performance indicators used by Commission departments should be publicly available (point 200);

99. Regrets that the Commission has not been able to fully address these suggestions in the first Evaluation Report under Article 318 of the TFEU; further notes that the first Evaluation Report is a summary of existing evaluation reports in two policy areas (Education and Culture and Research); believes that the coverage and contents of the first Evaluation Report do not live up to what could be expected of an evaluation report required by the TFEU;

100. Invites the Commission to further develop the content of the Evaluation Report under Article 318 of the TFEU and, in particular, to identify the added value of this Evaluation Report compared to 'normal' evaluations carried out under the Financial Regulation (Article 27) and its implementing rules (Commission Regulation (EC, Euratom) No 2342/2002 ([36]), Article 21);

101. Fully supports the Commission's intention to 'work to ensure that there is increased coordination, exchange of information and coherence both within the Commission and with Member States on the programming, organisation and use of monitoring and evaluation in the next financial framework' ([37]);

102. Welcomes the fact that the Court of Auditors is planning to make observations on the first Evaluation Report produced under Article 318 of the TFEU ([38]);

103. Reiterates its call for the Commission to review the briefing and training given to staff regarding 'Title II: Rights and Obligations of officials' of the Staff Regulations so as to ensure that all staff are fully conversant with its terms and particularly with the obligations under Article 22a of the Staff Regulations; requests that the Commission submit to Parliament's competent committee by September 2012 a report on its activities in this field;

104. Requests that the Commission submit to Parliament's competent committee by September 2012 a report on its activities to encourage whistle-blowing by the wider public;

Cohesion, energy and transport — adverse conclusion

105. Deplores the increase of the error rate to 7,7 % in the policy area 'Cohesion, energy and transport' despite an increased use of interruptions of payment deadlines; is deeply worried that some of the errors could have been detected and corrected for 58 % of the transactions affected by errors (Annual Report, point 4.25); is concerned that talk of a 'stable' situation regarding error rates betrays a growing sense of complacency;

106. Calls on the Court of Auditors to present error rates for the European Regional Development Fund, the Cohesion Fund, the European Social Fund, energy and transport separately and not on an aggregate basis;

([35]) OJ L 250, 27.9.2011, p. 33.
([36]) OJ L 357, 31.12.2002, p. 1.
([37]) COM(2012) 40, p. 16.
([38]) European Court of Auditors' Work Programme 2012, p. 6.

107. Deplores the fact that, year after year, non-respect of public procurement rules accounts for a large proportion of the errors; sees the wider implications and considers this to be an indication that the functioning of the internal market is at stake; calls on the Commission to pursue the ongoing reform of public procurement taking due account of these worrying results and to follow up on infringements rigorously as the Court of Auditors has also identified cases of incorrect transposition of Union Directives into national public procurement law (Annual Report, point 4.27);

108. Reads with great concern that audit authorities are only partially effective; is deeply concerned about the fact that audit approaches of the audit authorities differ to such an extent that their results cannot be aggregated to reach an overall opinion by Fund at national level (Annual Report, point 4.41); invites the Commission to disclose how it consolidates the information received from audit authorities and how the Commission ensures consistency in order to provide reliable information to Parliament in its AARs;

109. Calls on the Court of Auditors, pursuant to the second subparagraph of Article 287(4) of the TFEU, to deliver an opinion on the independence of the national audit authorities with regard to shared management;

110. Asks the Commission to inform Parliament when it intends to rely on selected audit authorities in accordance with Article 73 of Council Regulation (EC) No 1083/2006 ([39]) and thereby reduce its own on-the-spot audits; invites the Court of Auditors to follow this development closely and to perform an audit on it;

111. Encourages the Court of Auditors to examine the possibility of responding to the ongoing problem of multiannuality of the implementation of funds and the annuality of the Court's audits; stresses that during the implementation period the error rate tends to be higher than at the closure when the expenditure has undergone all levels of control;

Supervisory role of the Commission in the Cohesion policy area

112. Understands that the Commission has the option (but not the obligation) to sanction non-conforming Member States with different tools:

	Interruption	Suspension	Financial corrections accepted by Member States	Financial corrections disagreed by Member States
Effect	Payment deadline is delayed for a maximum period of six months by the authorising officer	Payment is suspended for an indefinite time by the College of Commissioners	Member States are allowed to re-use the funds 'released' not resulting in a loss of funds for the Member State	All or part of the Union contribution is cancelled (net reduction)
Conditions	Evidence suggests a significant deficiency in the management and control system	Serious deficiency in the management and control system or expenditure declared is subject to a serious irregularity	Member State accepts financial corrections stemming from audits of the Commission, the Court of Auditors or any other Union auditor	Member State disagrees with financial corrections stemming from audits of the Commission, the Court of Auditors or any other Union auditor
Legal basis (Regulation (EC) No 1083/2006)	Article 91	Article 92	Article 98	Article 99

([39]) OJ L 210, 31.7.2006, p. 25.

113. Welcomes the clarification brought by the Commission ([40]) regarding the distinction between 'significant deficiency' and 'serious deficiency'; takes note that the assessment which leads to such qualification is based on the guidance note COCOF 08/0019/01-EN, using the key requirements provided therewith;

114. Deplores the fact that the Commission has no power to impose penalties on Member States or regions which have repeatedly failed to implement Structural Funds and the Cohesion Fund correctly;

Effectiveness of interruptions and suspensions

115. Recalls that Parliament has called for systematic activation of interruptions and suspensions independent from any political considerations (discharge resolution 2009 ([41]), points 194-196);

116. Notes that for 2010 the Commission has made more use of interruptions as DG REGIO has interrupted 49 payment deadlines (see AAR of DG REGIO, page 42-44) and DG EMPL has interrupted 14 payment deadlines (see AAR of DG EMPL, page 50); notes furthermore that the Commission did not suspend any payments either for the ERDF or for the Cohesion Fund in 2010, while suspending six payments of the ESF;

117. Deplores the fact that the error rate in Cohesion, and in particular in Regional Policy, has increased despite the increased use of interruptions and despite the fact that the Commission has identified the Member States and the regions which contribute most to the error rate; reminds the Commission of its action plan to strengthen the Commission's supervisory role under shared management of structural actions ([42]); calls on the Commission to analyse the weaknesses in the Member States and regions affected most by high error rates and to comply with its supervisory role by enforcing measures as stated in the action plan;

118. Calls on the Commission to resume payments only if sufficient appropriate audit evidence gathered on the spot proves that weaknesses were remedied in order to make this power of sanction more effective and with a view to avoiding any risk that payments are resumed too quickly;

119. Notes that DG REGIO resumed 24 % (12 out of the 49 payments interrupted in 2010, all of which had been interrupted in October 2010 ([43])) of the interrupted payments in December 2010; believes that resuming payments in December aggravates the imbalance of payments throughout the year which increases the risk of error in managing the payments and limits the time for the Court of Auditors to audit those payments; invites the Commission to inform Parliament for which of these 12 cases funding would have been lost according to the n + 2/n + 3 rule if payments had been resumed in 2011;

Effectiveness of financial corrections

120. Wishes to highlight the important difference between a financial correction implemented by a Member States which does not result in a net reduction and financial corrections implemented by the Commission by means of recovery orders which result in a net reduction; believes that financial corrections implemented by a Member State have a 'virtual character' with little sanctioning effect; welcomes the improvements made to Note 6 of the annual accounts of the European Union and invites the Commission to continue to improve the information provided, for example by comparing the financial corrections and recoveries to the corresponding amounts of payments;

([40]) Reply to question 21, document 'Annex: questions to Commissioner Šemeta' made available by the Budgetary Control Secretariat on 16 December 2011, after the hearing of Commissioner Šemeta on 8 December 2011 in the Committee on Budgetary Control.
([41]) See footnote 35.
([42]) COM(2008) 97.
([43]) Annex to the replies to the written questions to Commissioner Johannes Hahn for the hearing on 19 December 2011 in Parliament's Committee on Budgetary Control.

121. Is deeply worried about the following facts:

— financial corrections in 2010 resulted in a net reduction in only around 20 % of all cases (see annual accounts of the European Union, page 68) since projects identified as being ineligible may be replaced by other projects, possibly also 'retrospective projects' although they represent an increased risk in terms of legality and regularity and have no Union added value,

— in most cases, financial corrections address weaknesses in Member States' control systems and not individual projects, which means that the financial consequences of system weaknesses are usually borne by the national taxpayer who has already contributed to the Union budget,

— the implementation rate of financial corrections for the 2000-2006 programming period has dropped from 62 % to 58 % (see annual accounts of the European Union, page 71), mainly as a result of low implementation rates in the ERDF and Cohesion Fund;

122. Is of the opinion that these facts seriously undermine the effectiveness of financial corrections; fears that the possibility of replacing ineligible expenditure puts pressure on Member States to present other, possibly retrospective projects, which could even lead to the adverse effect of increasing the risk in terms of legality and regularity to the Union budget;

Conclusions on the supervisory role of the Commission

123. Calls on the Commission, in particular DG REGIO, to make full use of existing sanctioning tools; is, however, of the opinion that the 2007-2013 legislative framework does not provide sufficient incentives for Member States to comply with the rules, nor does it provide the Commission with sufficiently effective tools to reward compliance or to sanction non-compliance;

124. Invites the Commission, therefore, to consider it a priority action to support Parliament in its efforts in the ordinary legislative procedure concerning the proposal for a regulation laying down common provisions on the structural instruments (COM(2011) 615 – 2011/0276(COD)) to create an effective sanctioning mechanisms so that the Commission can fully assume its final and overall responsibility for the implementation of the budget which should, inter alia, include the following elements:

— making net reductions the rule for financial corrections imposed by the Commission and abolishing the possibility to declare retrospective projects,

— obliging Member States to recover ineligible expenditure from final beneficiaries as far as possible so that final beneficiaries bear the consequences of ineligible expenditure and not the national taxpayer and forwarding to Parliament information on those recoveries by the Commission if possible,

— allowing the Commission to give Member States incentives not only to comply with the rules but also to implement Cohesion policy effectively, efficiently and economically,

— ensuring that a full range of sanctions (interruptions, suspensions, financial corrections, and penalties) are available for all funds with minimal scope for discretion when breaches of the rules are discovered,

— allowing the Commission to impose penalties on Member States or to discontinue operational programmes in Member States or regions which have repeatedly failed to implement Structural Funds and the Cohesion Fund correctly,

— bringing legal actions if Member States persistently fail to respect their obligations under Article 258 TFEU,

— transmitting to the Commission all relevant data and information the Commission needs in exercising its supervisory role as regards the implementation of the funds by Member States;

Agriculture and natural resources — qualified conclusion

125. Welcomes the fact that direct payments covered by the Integrated Administrative and Control System (IACS) — which in 2010 accounted for 77 % of total expenditure under the CAP — were free from material error (Annual Report, point 3.55 and Commission's reply to this point);

126. Welcomes the fact that the Commission has managed to keep the most likely error rate at 2,3 % (Annual Report, Annex 3.1) and encourages the Commission to continue the efforts to bring the error rate further down;

127. Recalls that IACS must ensure that correct and traceable payments are made to farmers; notes, however, that the effectiveness of IACS is adversely affected by inaccurate data in the databases, incomplete cross checks or incorrect or incomplete follow up of anomalies (Court of Auditors Annual Report, point 3.29); calls on the Commission to ensure that all databases are up to date and all anomalies are properly followed up;

128. Notes the Court of Auditors' example of an eligibility error under the European Agricultural Guarantee Fund (EAGF) ([44]) in connection with a bartering arrangement using intervention stocks; further notes that the total amount borne by the Union budget for transporting the 9 894 tonnes of butter involved in the arrangement is approximately EUR 900 000 ([45]); is highly concerned about the sound financial management of those operations; invites the Commission to take the necessary measures to ensure that bartering arrangements if to be continued at all are transparent and cost effective;

129. Notes that rural development expenditure (approximately EUR 11 483 000 000 ([46])) is particularly prone to error inasmuch as, out of 80 transactions sampled, 40 (50 %) were affected by errors and that 21 (52 %) of those transactions were affected by quantifiable errors (Annual Report, point 3.19);

130. Notes that the clearance of accounts procedure has proven generally effective in protecting the financial interests of the Union budget by excluding expenditure which has not been effected in compliance with Union rules;

131. Encourages the Commission to further reduce the duration of the conformity clearance procedure while ensuring that Member States' right of defence is preserved; calls on the Commission to improve the link between the financial corrections imposed and the real amount of irregular payments; calls on the Member States to cooperate with the Commission by providing all necessary information in due time;

132. Welcomes the Court of Auditors' findings in its Special Report No 8/2011 on 'Recovery of undue payments made under the common agricultural policy' that systems related to recoveries and financial corrections have improved in recent years; reiterates its belief that agricultural funds unduly paid have to be recovered from the final beneficiaries as much as possible to avoid the taxpayer being hit twice; invites the Commission to take further measures to eliminate the scope for interpretation and diverging practices by the Member States and to rigorously control Member States' systems for recoveries;

133. Strongly believes that tripartite meetings between the Court of Auditors, the Commission and national authorities, should be extended to the policy area of agriculture and natural resources in order to facilitate a harmonised interpretation and application of the rules regarding the management and control of expenditure avoiding misunderstandings as much as possible;

([44]) Annual Report, Example 3.1, p. 79.
([45]) Annual Report, Footnote 23, p. 79.
([46]) Annual Report, Table 3.1, p. 72.

External aid, development and enlargement — qualified conclusion

134. Notes the Court of Auditors' conclusion that the supervisory and control systems for External aid, Development and Enlargement were only partially effective in ensuring the regularity of payments (Annual Report, point 5.36);

135. Notes that the overall most likely error estimated by the Court of Auditors is 1,7 % (Annual Report, point 5.13); regrets, however, that a material level of error was found in interim and final payments which according to Commissioner Andris Piebalgs is around 5 % ([47]) and would be even higher if budget support were excluded from the calculation; notes further that all quantifiable errors were found in the interim and final payments (Annual Report, point 5.13); deplores the fact that two thirds of the errors found in final payments had not been detected by Commission controls (Annual Report, point 5.16);

136. Believes that the overall most likely error rate is below the materiality threshold of 2 % due to the proportion of pre-financings and budget support within total operational expenditure; notes that this proportion has increased from 66 % in the financial year 2008 to 75 % in the financial year 2010 ([48]);

137. Recalls that pre-financings have a different risk profile which does not materialise in the statement of assurance audit; believes that it is more efficient to prevent irregularities than to correct undue payment *ex-post* through recoveries;

138. Recalls that the main risks linked to budget support (risk to effectiveness of the aid as well as risks of fraud and corruption) also do not materialise in the statement of assurance audit; invites the Commission to rigorously monitor those risks; however, considers sectoral budget support an effective measure for long-term capacity building; calls on the Commission to introduce budget support only under rigorous and well-defined conditions;

139. Welcomes the Court of Auditors' statement that 'EuropeAid has set up a comprehensive control strategy and continued to bring significant improvements to the design and implementation of its supervisory and control systems.' (Annual Report, Annex 5.3);

140. Notes that the Court of Auditors considers that 'the Director-General's declaration and annual activity report only give a *partially fair* assessment of financial management in relation to regularity for the EDFs and the General Budget of the European Union' (Annual Report, point 5.34, emphasis added);

141. Invites the Commission to encourage EuropeAid to complete as soon as possible the work on a methodology to calculate the level of 'residual error' which might remain after all controls have been executed and to share the results with the other external relations Directorates-General in view of achieving the necessary improvement of the Commission's management representations for external aid, development and enlargement;

142. Calls on the Commission to allow a Deputy Head of Delegation, usually coming from a Member State, where one exists, to deputise for the Head of Delegation in his absence for all matters except the implementation of operational expenditure managed by the Union Delegation, which can only be sub-delegated to Commission staff;

([47]) Reply to an oral question to Commissioner Andris Piebalgs at the hearing on 12 January 2012 in the European Parliament's Committee on Budgetary Control.

([48]) Calculation on the basis of the reply to written question No 2 to Commissioner Andris Piebalgs for the hearing on 12 January 2012.

143. Notes the Court of Auditors' observations presented in example 5.3 of the Annual Report; is highly concerned about the 'flexible interpretation of eligibility for co-financed actions' or 'notional approach' with United Nations organisations which bears the risk of double financing of the same cost; believes that this also has a reducing effect on the Court of Auditors' error rate; is also deeply worried about the 'extended eligibility criteria' applicable under the Financial and Administrative Framework Agreement with the United Nations Agencies (FAFA) and the Framework Partnership Agreements with the Commission's implementing partners which also bear the risk of financing the same cost twice; calls strongly on the Commission to discontinue both practices; expects UN agencies to grant intergovernmental donor organisations similar rights to access internal audit reports as are granted to UN Member States; notes in this context that further progress is needed in order to improve reporting on the use of Union funds by providing information about results rather than actions;

144. Welcomes the revised mandate, granted by the Commission, providing budgetary guarantee to the EIB covering risks against losses under loans and guarantees for projects outside the Union; underlines the fact that the Union guarantee provided to the EIB falls undoubtedly under the scrutiny of the Court of Auditors;

145. Notes that the information on contracts awarded by EuropeAid ([49]) and DG ECHO ([50]) is not following the same template; encourages the Commission to implement a common template for the databases containing the contracts awarded by these two DGs, where the minimum information provided should be: contract number/reference, title of the contract, theme/sector of intervention, contractor's name and nationality, country of intervention, amount, type of the contract and the duration (providing both the beginning date and the end date);

146. Calls for a detailed report from the Commission on the total cost of advertising for EU enlargement (spots in cinemas, on television, the internet and other media), a breakdown of costs by the individual media and the countries in which the spots appeared, and detailed information on the implementing companies, from production to broadcasting; also expects a report on all other advertising activities of the Commission concerned with enlargement, together with a correspondingly detailed report and breakdown of costs;

Union's aid to Haiti

147. Recalls the earthquake in Haiti and its disastrous consequences; regrets the insufficient level of coordination of humanitarian aid and development aid (linking relief, rehabilitation and development); takes the view that provision of humanitarian aid should be based on an exit strategy; considers that the Commission should direct its efforts and funding to rehabilitation and development;

148. Regrets the insufficient coordination between the Union Delegation and the ECHO representation; supports a reinforced coordination between all Union actors in the country; therefore urges the Commission to ensure better coherence and complementarity between humanitarian aid and development aid, both at a policy level and in practice;

149. Deplores the lack of sustainability of some projects and stresses that projects should principally aim at creating employment and sustainable growth which would allow the Haitian State to increase its own revenues in order to depend less on foreign assistance; therefore requests the Commission to provide Parliament with a list of projects which have been carried out during the last 15 years in Haiti with a detailed assessment of their current situation in order to see how sustainable they are since;

150. Points to the lack of visibility of the Union aid in Haiti; takes the view that, in order to enhance visibility, not only the flag but also the name of the European Union should appear in PR documents rather than simply that of the Commission or of DG ECHO, which are much less identifiable to average Haitian citizens;

([49]) http://ec.europa.eu/europeaid/work/funding/beneficiaries/index.cfm?lang = en&mode = SM&type = contract
([50]) http://ec.europa.eu/echo/files/funding/agreements/agreements_2010.pdf

Research and other internal policies — qualified conclusion

151. Notes the Court of Auditors' conclusion that the supervisory and control systems for Research and other Internal Policies were only *partially effective* in ensuring the regularity of payments (Annual Report, point 6.49);

152. Notes as a specific characteristic of this policy group that most of the operational expenditure (72 %, Annual Report, Table 6.1) is implemented by way of pre-financing — which only requires compliance with a limited number of conditions as opposed to interim and final payments — and that this specificity has a positive influence on the overall error rate;

153. Is worried, in particular, about the level of pre-financings in the lifelong learning programme which allows for pre-financings of up to 100 % of the budgeted project cost (Annual Report, point 6.9) and for which 93 % of all payments made in 2010 were pre-financings (Annual Report, Table 6.1);

154. Notes that a material level of error was found in interim and final payments to beneficiaries and that the most likely error estimated by the Court of Auditors is 1,4 % (Annual Report, point 6.12) due to the influence of pre-financing; further notes that the Court of Auditors does not publish a specific error rate for interim and final payments;

155. Understands that the Commission ([51]) estimates the representative error rate without pre-financings on a multiannual basis to be 3,4 % for Framework Programme 6 and the provisional representative error rate for Framework Programme 7 to be a little above 4 % on a multiannual basis; understands further that the residual error rate on a multiannual basis, which is the level of error remaining after the corrections and recoveries by the Commission services following their audits have been made, amounts to around 2,4 % for Framework Programme 6 while for Framework Programme 7 the Commission has not yet had enough time to see the full effects of recoveries and corrections on a multiannual basis;

156. Underlines the important role of the Risk-Sharing Finance Facility in the light of the current financial crisis; calls on the Commission to increase the support granted by the facility to universities and research organisations for their investments in PPP and research infrastructure projects of European interest with regards to the fulfilment of the smart public policy objectives of Europe 2020;

157. Notes that the Commission is simplifying *ex ante* control procedures as far as possible with a view to facilitate the processing of payments with the consequence that only administrative requirements and arithmetical checks can be made; is worried that even in the case of doubt about the eligibility of cost declared, only limited *ex ante* checks were carried out (Annual Report, point 6.17 and example 6.2); insists that action be taken to remedy this situation;

158. Believes that a balance has to be struck between facilitating payments and controlling the eligibility of cost declared; calls on the Commission to modify its *ex ante* control strategy and to apply a risk-based approach to address better specific risks of the cost statement and — in the case of a high risk — to extend the *ex-ante* control procedures to checks carried out on the spot;

159. Is deeply worried that audit certificates still continue to be only partially effective (Annual Report, point 6.22); recalls that audit certificates are one of the most important elements of the Commission's *ex-ante* control; calls on the Commission to make it common practice to formally communicate with the external auditors by providing feedback and requesting explanations in cases of unreliable audit certificates;

160. Welcomes the fact that the Commission's *ex-post* audit strategy is judged to be effective in detecting and correcting errors (Annual Report, point 6.30); welcomes, moreover, the fact that the Commission's procedures to recover the funds unduly spent are adequate and that the Commission has made more use of the corrective measures such as early termination of the contracts and penalties;

([51]) Follow-up replies to questions to Commissioner Máire Geoghegan-Quinn for the hearing on 23 January 2012 in the European Parliament's Committee on Budgetary Control.

161. Is deeply worried that the calculation of the residual error rate is based on assumptions which do not always hold true in reality such as the 'extrapolation' of errors found in one cost statement to other cost statements of the same beneficiary; shares the Court of Auditors' view that limited reliance can be placed on the residual error rate (Annual Report, point 6.32); believes that this also calls into question the reliability of reservations made by the Director-Generals, as one of the main indicators used for deciding whether to make a reservation is the residual error rate;

Views from specific policy perspectives

Views from a Development Policy perspective

162. Takes the view that the ongoing budgetary and economic crisis which many Member States are facing requires the Union, more than ever, to maximise the efficiency and impact of its aid; against this backdrop, is concerned that the Court of Auditors found in its Annual Report on the implementation of the 2010 budget that in 2010 the Commission's supervisory and control systems for external aid and development were again only partially effective in ensuring the regularity of payments and that two-thirds of the quantifiable errors were found in final payments and that those errors had not been detected by Commission controls;

163. Acknowledges, none the less, the Commission's ongoing efforts to improve the design and implementation of its supervisory and control systems and to raise the quality of data entered in the CRIS management information system; welcomes the fact that, overall, payments for external aid and development in 2010 were free from material error, with a lower estimated error rate than in 2009; encourages the Commission to develop a coherent methodology for the external relations' directorates to calculate the residual error rate, to further improve its external audit framework and to uphold the highest control standards possible;

164. Encourages the Commission, in particular, to improve the quality of the *ex-ante* control, monitoring and reporting, supervision and risk-based audit functions of Union Delegations, where most of the errors were detected, to strengthen the capacity of the Delegations' operational and financial sections, to increase the resources available to Delegations for key monitoring activities and to systematise the monitoring framework, which includes introducing multiannual monitoring and evaluation plans and strengthening monitoring guidance;

165. Calls on the Commission to find workable solutions to the organisational challenges caused by the merger of DG DEV and DG AIDCO at the end of 2010; urges the Commission and the EEAS, which was launched in December 2010, to finalise without delay working arrangements clarifying their respective roles and responsibilities in the programming and implementation cycle of external assistance, which includes the Delegations;

166. Takes the view that the new financing instruments under the next Multiannual Financial Framework 2014-2020 must fully reflect Parliament's enhanced legislative and scrutiny rights under the Lisbon Treaty, and that Parliament must be involved in the programming process on an equal footing with the Council;

167. Encourages the Commission to further improve the effectiveness of Union aid to the basic education sector in Sub-Saharan Africa and South Asia ([52]), in particular by establishing realistic indicators and targets to monitor results effectively, by ensuring that Delegations assign staff with sufficient expertise and seniority to maintain sector policy dialogue with partner governments and other donors, and by focusing more on the quality of education and the capacity of beneficiary governments to cope with increases in school enrolment;

([52]) EU Development Assistance for Basic Education in Sub-Saharan Africa and South Asia (Special report No 12/2010).

168. Is dismayed by the large-scale fraud cases uncovered in late 2010 by the Global Fund to Fight AIDS, Tuberculosis and Malaria in Mali, Mauritania, Djibouti and Zambia, and is worried about the potential misappropriation of substantial sums of money, such as from the EU 2010 contribution to the Global Fund; encourages the Commission to work more closely with the Global Fund to support and to monitor its country-level interventions in order to avoid the recurrence of such corruption cases and to improve the Global Fund's accountability and effectiveness;

169. Reiterates its call for the greater involvement of parliaments and consultation with civil society and local authorities in partner countries when drawing up and reviewing Development Cooperation Instrument (DCI) Country Strategy Papers and Multiannual Indicative Programmes;

Views from an Employment and Social Affairs Policy perspective

170. Notes that employment and social affairs account for 18 % of expenditure on the Union's Cohesion Policy, with a vast majority of expenditure in this policy area (94 %) funded from the European Social Fund (ESF);

171. Welcomes, therefore, the fact that, in the context of the resources allocated to the European Social Fund (ESF), the utilisation rate for commitment appropriations was 100 % (EUR 10,8 billion) and for payment appropriations 87,9 % (EUR 7,1 billion); recognises that the lower rate for payment appropriations arose because some commitments were not made until the last quarter of the year; acknowledges the Commission's efforts to improve financial management;

172. Takes note of the estimation by the Court of Auditors that the error rate in 2010 stood at 7,7 % with regard to spending in the fields of cohesion, energy and transport; is surprised at the Court of Auditors' observation that Union directives were not properly transposed into national public procurement legislation; expects therefore the Commission to improve its supervision of transposition into national law and audit the admissibility of projects that receive funding; considers public procurement applies less to the ESF;

173. Acknowledges the Commission's efforts to ensure, by means of bilateral and multilateral training exercises that the Member States provide the beneficiaries and the implementing bodies on a continuous basis with training, information, advice and guidance with a view to reducing the error rate of payments; regrets that the Member States are apparently unable to do so on their own;

174. Renews its call for the Member States to be required to report on the implementation of the funding instruments, and supports the Court of Auditors' call for regular scrutiny by the Commission of the use of the ESF;

175. Recalls that the proper usage of funds by Member States must be ensured and that payment interruptions and suspensions are effective tools for doing so;

176. Is concerned about the large number of errors detected by the Court of Auditors in relation to financial engineering instruments;

177. Regrets that the recommendations of the Court of Auditors on the contribution of the ESF to combating early school leaving have as yet been only partially implemented by the Commission;

178. Recalls that it is for the Directorate-General for Employment, Social Affairs and Inclusion, which administers the funds, to adopt appropriate measures to prevent fraud and corruption; welcomes the close cooperation with the European Anti-Fraud Office (OLAF); calls for assurances that national judicial authorities will also continue to investigate and punish instances of fraud in the ESF;

179. Welcomes the Commission's efforts to secure comprehensive accountability from all Member States by means of annual inspection reports from auditing bodies and annual summary reports, and considers that the Commission should extend its auditing to include a communication to Parliament on the added value of Union funding;

180. Underlines the specific needs of target groups and project leaders in the ESF; suggests that the co-financing of projects should also include voluntary activities in non-profit-making organisations and contributions in kind; calls on project leaders to furnish an updated survey by Member State and by project on the administrative costs of the ESF;

181. Highlights the fact that the Globalisation Fund has financed 21 projects so far with a total of EUR 105 million, while appropriations of up to EUR 500 million can be mobilised through transfers; welcomes the growing trend amongst Member States to develop and submit appropriate projects in this context; encourages the Commission to support Member States effectively in developing and submitting projects to the Globalisation Fund in order to help workers to find new jobs and to develop new skills when they have lost their jobs as a result of changing global trade patterns or the global financial and economic crisis;

182. Calls on the Court of Auditors to audit the other budget headings in the area of social and employment policy as well, and to determine why full use is not being made of the resources available;

183. Calls on the Court of Auditors to present error rates for the European Regional Development Fund and the ESF separately and not on an aggregate basis;

184. Expects the Commission to produce detailed reports on the pilot projects;

Views from an Internal Market and Consumer Protection Policy perspective

185. Notes with satisfaction the increase in the execution rate for payment credits in Title 12; points out, however, the low execution rate for budget line 17 02 04, which has had a negative impact on the average execution rate in the area of consumer policy; stresses the need for the Commission to rely on more efficient forecasting mechanisms for payment needs in order to improve the budget execution; welcomes the progress that the Commission has made in 2011 in this respect;

186. Stresses the need to promote consumer financial education in order to empower consumers in respect of financial services; therefore, despite the previously highlighted execution deficiencies and taking into account recent positive developments in this respect, reiterates its support for the Pilot project on Transparency and stability in the financial markets established in 2010; encourages the Commission to take steps towards identifying the best ways to spend the allocated means;

187. Welcomes the Commission's initiative to organise workshops in the Member States to address the problems that national administrations encounter in the implementation and enforcement of internal market legislation; believes that it will have a positive effect on the implementation record;

188. Once again calls on the Commission to analyse the effectiveness of the current financing programmes for SMEs and to explore the development of new joint financial instruments;

189. Welcomes the importance that the Commission attaches to the promotion of SOLVIT and EU Pilot as alternative problem-solving mechanisms, and calls on the Commission to strengthen its efforts in this respect; emphasises that SOLVIT has proved effective in resolving problems affecting citizens such as the recognition of professional qualifications and employment rights; recalls its support for a separate budget line and appropriate financial means for SOLVIT, Your Europe Portal and all other tools used to ensure that the internal market works on the ground; welcomes the revamped Your Europe Portal as a single-entry website giving access to information about rights in different sectors as well as to assistance services; takes the view that the provision of public information on the Your Europe Portal should be stepped up and that it should be more widely promoted among Union citizens and businesses;

190. Welcomes the continued financial support for the network of European Consumer Centres (ECC-Net), as well as the study commissioned to assess its efficiency; calls on the Commission to draw on the conclusions of that study and to take action in order both to improve the quality of the services offered and to ensure stable financing for the ECC-Net; stresses the importance of increasing consumer awareness about services offered by the ECC-Net; warmly welcomes the Commission's actions in this respect, such as media campaigns and search engine optimisation measures;

191. Calls on the Commission to strengthen its efforts to ensure that the Member States' account statements for the purposes of traditional own resources are accurate, and to enhance national customs supervision to avoid errors in amounts of traditional own resources collected, in line with the Court of Auditors' recommendation (point 2.21); encourages the Commission, therefore, to make further efforts to simplify the legal framework, notably in order to resolve remaining problems in some control systems;

192. Underlines the complexity of rules as a major source of errors in the 'Research and Other Policies' chapter; asks the Commission to explore different options to improve the balance between simplification and control in order to reduce the administrative burden for SMEs; highlights the complexity of public procurement rules and recommends, therefore, their simplification in order to reduce the overall incidence of errors;

193. Is concerned about the partial effectiveness of the Commission's supervisory and control systems; points out that some errors found by the Court of Auditors were not detected by the Commission and, therefore, underlines that efforts need to be made towards improving current control systems;

194. Acknowledges the efforts made by the Commission in the implementation of the Modernised Customs Code; notes the delays in the process and urges the Commission to set a more realistic deadline;

195. Repeats its demand to the Commission that it should forward to Parliament and to the Council, each year, a more detailed description of expenditure against each budget line compared with the remarks made in respect of the line;

196. Despite the Court of Auditors' justified criticism ([53]), considers the SME Guarantee Facility to be a key financial instrument for further boosting the potential of craft enterprises and retail shops; encourages the Commission to maximise the SME Guarantee Facility's added value and further promote Union innovation and entrepreneurship on a world scale;

197. Notes the Court of Auditors' special report No 13/2011 on whether the control of customs procedure 42 prevents and detects value added tax (VAT) evasion; to prevent significant losses to national budgets resulted from VAT evasion, calls on the Commission to further modify the Union regulatory framework; moreover, to ensure the uniform management of VAT exemption by customs authorities, calls on Members States to improve collaboration and exchange information more efficiently;

198. Recalls the accountability of Member States under Article 317 of the TFEU and their duty to reinforce control systems in respect of, firstly, management verifications before certifying expenditure to the Commission and, secondly, of its guidance on annual summaries, which are a valuable source of assurance;

199. With reference to 'A budget for Europe 2020', calls on the Commission to continue working with Parliament and the Council and to ensure that future programming activities in the Union respect the principles of simplification, sound financial management and accountability; calls on Member States and the Commission to focus on objectives that are SMART-specific, measurable, achievable, relevant and scheduled to coincide with the planning of Union spending programmes, and, at the same time, to take account of the eventual risks of implementation;

([53]) Court of Auditors' special report No 4/2011 on 'The audit of the SME Guarantee Facility'.

Views from a Transport and Tourism Policy perspective

200. Notes that in the 2010 budget, as finally adopted and amended during the course of the year, specifically for policies within the remit of the Committee on Transport and Tourism, a total of EUR 2 640 819 360 was included in commitment appropriations and EUR 1 895 014 386 was available in payment appropriations; notes further that, of these amounts:

— EUR 1 012 440 000 in commitment appropriations and EUR 890 594 000 in payment appropriations was available for Trans-European Networks for Transport (TEN-T),

— EUR 16 876 000 in commitment appropriations and EUR 15 375 000 in payment appropriations was available for transport safety,

— EUR 63 940 000 in commitment appropriations and EUR 30 257 000 in payment appropriations was available for the Marco Polo programme,

— EUR 165 788 360 in commitment appropriations and EUR 128 447 410 in payment appropriations was available for the transport agencies,

— EUR 896 035 000 in commitment appropriations and EUR 455 135 000 in payment appropriations was available for the Galileo programme,

— EUR 427 740 000 in commitment appropriations and EUR 346 880 476 in payment appropriations was available for transport, including a priority area dedicated to sustainable urban mobility, under the Seventh Framework Programme for Research and Development,

— EUR 4 600 000 in commitment appropriations and EUR 3 520 000 in payment appropriations was available for tourism;

201. Notes that, in considering the implementation of the budget for the 2010 financial year, the Court of Auditors has chosen to focus on cohesion and energy policies rather than on transport policy;

202. Welcomes the high utilisation rates for commitment appropriations for TEN-T projects; calls on the Member States to ensure that adequate funding is made available from national budgets to match this Union commitment; recalls that Parliament supported a higher level of Union funding; encourages the Member States, in connection with cross-border projects for the core network, to make every effort to reach balanced financial agreements that are in keeping with the Union's stated ambitions;

203. Calls on the Commission to present, on an annual basis, lists of tourism and transport infrastructure projects, co-financed by cohesion and regional funds, as is already the case for TEN-T funds, and, as a result, make information on Union co-funding easily accessible and transparent for other Institutions and the taxpayer;

204. Welcomes the mid-term review of the priority projects coming under the TEN-T 2007-2013 multi-annual programme that DG Mobility and Transport (MOVE) conducted in 2010 in order to assess the progress made in establishing the network; considers that review to have established the principle of tying funding to tangible progress with projects, with a view to making the best possible use of the financial resources available; calls on the Commission to extend this results-oriented review process to other Directorates-General and Union policies, and calls on Parliament's other committees to join it in doing so;

205. Welcomes the Commission's proposals in relation to the TEN-T and the relevant financial instrument (known as the 'Connecting Europe Facility'), stresses the European added-value of improved use of funding, and endorses its budgetary commitments, which are commensurate with the objectives of the new proposal; supports the development of innovative sources of funding with a view to ensuring that European transport infrastructure projects, which are of necessity long and costly, are brought in on time;

206. Welcomes the 'Project bonds' initiative, and calls on the Commission to monitor the effectiveness and multiplier effects of this new instrument; wholly endorses the proposal to earmark EUR 10 000 000 000 from the Cohesion Fund for transport infrastructure via the Connecting Europe Facility, with a view to making the structural and cohesion policies more effective and enhancing their added value; calls for the systems used to manage and control the use of Cohesion Fund appropriations to be improved, with a view to ensuring proper and effective take-up of the funding;

207. Is disappointed at the low uptake of payment appropriations for transport safety (65 %); notes that the amount specified in the 2010 budget was that proposed by the Commission in its preliminary draft budget; calls on the Commission to provide a detailed explanation this underspending and the measures it will take to ensure that the problem does not recur in future;

208. Welcomes the increase in the take-up rate for payment appropriations for transport safety, passengers' rights and the Marco Polo II programme; notes, however, that 14 % of the appropriations for the Marco Polo II programme were transferred to other budget headings; notes that some of the appropriations against the SESAR programme budget line have also been transferred, and draws attention to how important this programme is in terms of strengthening the Union's industrial policy;

209. Welcomes the take-up rate for payment appropriations for the Egnos and Galileo programmes, which consolidated the progress made in 2009; emphasises the importance of investment in this sector, which has a knock-on effect on all Union policies and, in particular, on logistics, sustainable transport and transport safety sectors; welcomes the successful launch of the first two Galileo operational satellites on 21 October 2011, which was an essential step towards successful implementation of the two programmes; calls for steps to ensure that the innovative applications and services supported by these transport programmes are properly funded, developed and implemented, and are viable, with a view to maximising the programmes' potential;

210. Takes note of the Special Report entitled 'Were ERDF co-financed tourism projects effective?', which states that tourism is the largest service industry in the Union; welcomes the Court of Auditors' conclusion that most projects had several results, either by creating or maintaining jobs or by creating tourism capacity or activity; calls on the Commission to follow the Court of Auditors' recommendations concerning the management and control of ERDF funding for tourism projects and to make use of the provisions of the Lisbon Treaty to propose a multiannual tourism programme; with appropriately funded budget lines;

211. Notes with satisfaction that the Court of Auditors has taken the view that the annual accounts of the Trans-European Transport Network Executive Agency are legal and regular in all significant aspects; is concerned about the proportion of commitment appropriations carried over (14,5 %); calls on the Commission to give a detailed explanation as to why these appropriations were carried over;

212. Requests that a report be attached to each year's budget on the unspent appropriations carried over from previous years, explaining why those monies have not been used and how and when they will be used;

Views from a Civil Liberties, Justice and Home Affairs Policy perspective

213. Regrets the decrease in the level of implementation of commitments in the budget for the Area of Freedom, Security and Justice (94,8 % in 2010 in comparison with 97,7 % in 2009), as well as the slight decrease in the level of implementation of payments (88,7 % in 2010 in comparison with 89,6 % in 2009);

214. Welcomes the fact that significant progress has been made in reducing the level of cancellations of payments (from 8,5 % in 2009 to 2,8 % in 2010); deplores the increase in the level of carryovers (from 1,9 % in 2009 to 8,5 % in 2010) mainly due to carryovers in the External Borders Fund, the European Return Fund and SIS II; encourages the Commission to reduce the level of carryover of payments in the budget for the Area of Freedom, Security and Justice;

215. Welcomes the high implementation rates of three of the four 'Solidarity and management of migration flows' Funds; takes note of the justification given by the Commission for the lower implementation rate of the External Borders Fund, namely that the annual programmes of the five countries participating for the first time in 2010 in that Fund were not adopted in 2010;

Views from a Culture and Education Policy perspective

216. Welcomes the efforts to further simplify procedures and enhance accessibility as regards education and culture programmes, and notes that in 2010, the Education, Audiovisual and Culture Executive Agency (EACEA) had e-forms available for most actions and programmes, in particular for the Lifelong Learning Programme (LLP), the Culture Programme and the Europe for Citizens Programme; is pleased with the extended use of lump sums and grant decisions; stresses the importance of a right balance between flexible procedures and necessary controls;

217. Regrets that the primary controls for the LLP were not fully implemented by national agencies, which has resulted in the insufficient absorption of funds by the programme, due to incoherent reporting data and the lack of timely performance of the minimum number of checks; calls on the Commission to continue its efforts in order to ensure that all national agencies take up their responsibilities;

218. Notes with satisfaction that the Commission has improved its control systems and that the policy area 'Culture and education', as part of the 'Research and Other Internal Policies' policy group, was free from material error;

219. Is pleased with the significant improvement in payment delays, and notes with satisfaction that the EACEA executed 94 % of its payments within the time limits; recalls that any delay in payments directly affects the beneficiaries' rights, in particular those of small and medium-sized enterprises, and consequently the success of the programmes; recalls, however, that the main part of a grant should be paid as soon as possible and, in any event, during the subvention period, in order not to increase organisations' dependence on banks approving loans, as the EACEA considers interests not 'eligible';

220. Notes that the Commission launched a call for tender on a pan-European TV-network, as envisaged in the budgets for 2009 and 2010; is thus very concerned that in 2010 the Commission decided to close down the project and redirect the money elsewhere, without consent from the Parliament and the Council; demands the disclosure of all contracts and recommendations relating to the TV-network and evaluations made by the selection committee;

Views from an Environment, Public Health and Food Safety policy perspective

221. Considers the overall implementation rates of the budgetary headings for environment, public health and food safety as satisfactory; recalls in this context that only 0,76 % of the Union budget is dedicated to those policy instruments falling under the responsibility of the Committee on the Environment, Public Health and Food Safety;

Environment and Climate Action

222. Underlines the overall rate of execution amounted to 99,26 % in the field of environment and climate action; notes, further, that the implementation of payments was at the level of 84,1 %;

223. Welcomes the achievement of 99,4 % of the implementation of the LIFE + operational budget; notes that in 2010 EUR 240 000 000 were dedicated to project grants, EUR 9 300 000 supported operational activities of NGOs, EUR 42 500 000 were used for measures intended to support the Commission's role of initiating and monitoring policy and legislation development and EUR 14 500 000 were used for administrative support;

224. Highlights the variation in indicative national and final allocation per Member State of LIFE + funds as well as the difference in the numbers of proposals received from different Member States; encourages further Commission's efforts to provide training annually to national authorities and to organise seminars in each Member State to provide general information on the objectives of LIFE + and on how to prepare a successful proposal;

225. Acknowledges the lack of a legal base to implement the EU Action programme to combat climate change; welcomes the transfer of the full amount of EUR 15 000 000 to the financial facility within the Sustainable Energy Financing Initiative, for the purpose of developing suitable funding instruments to give a major stimulus to energy-efficiency projects and projects for the exploitation of renewable energy sources;

226. Takes note of the observations by the Court of Auditors concerning *ex-post* audits which have been conducted by the Commission on risk-based criteria since 2006; welcomes the fact that DG ENV decided to change its sampling methodology in 2011 in order to have results also based on a random sample that could more easily be generalised to the whole project;

227. Welcomes the action plan designed by DG CLIMA to improve national security measures which was deemed necessary after a significant security weakness was identified in the national registries of the EU Emissions Trading System (ETS);

228. Notes that seven pilot projects and one preparatory action were implemented under the 2010 budget;

229. Underlines the fact that the implementation rate of contributions to international environmental activities, which are intended to cover obligatory and voluntary contributions to international conventions, protocols and agreements are subject to exchange-rate variations as most contributions are paid in US dollars;

Public Health and Food Safety

230. Welcomes the implementation rate of commitment appropriations in the field of public health of 99,7 % (excluding appropriations envisaged for the European Food Safety Authority, the European Centre for Disease Prevention and Control, and the European Medicines Agency); notes the commitment execution of 95,3 % in the field of food safety, animal health and welfare and plant health;

231. Underlines the importance of the public health programme; welcomes, therefore, the satisfactory implementation rate of nearly 100 % in commitment appropriations; is aware of a lower implementation rate in payment appropriations (95,1 %) due to late payment requests by grant beneficiaries or extended contract agreements;

232. Stresses the importance of continuing to raise public awareness about the harmful effects of tobacco consumption; considers the full implementation of the amount available in 2010 as a success of the HELP campaign;

233. Notes the observations by the Court of Auditors on the Executive Agency for Health and Consumers, an administrative entity of the Commission; calls on the Executive Agency to significantly reduce its carried forward amounts by revising its budget planning and reporting instruments in order to respect the annuality principle of the Union budget; has also taken note of Commission's annual report on internal audits carried out in 2010 and encourages the Executive Agency in cooperation with its partner DG to work on issues addressed such as IT governance and architecture;

234. Takes note of the implementation level of 95,3 % for budget chapter 17 04 — Food and feed safety, animal health, animal welfare and plant health; is aware that full implementation was not possible due to a low number of outbreaks of animal diseases, thus the emergency funds were not consumed fully, as anticipated, and, secondly, there was no need to purchase emergency vaccines;

235. Observes, in respect of the eradication measures that the final cost claims submitted for payments by the Member States were often lower than the initial estimation; notes further, that more audits have been necessary due to prior high error rates which also delay payment execution in this field;

236. Regrets the lower outturn on payments for plant health measures due to delays by the Member States in submitting the required documents or because the documentation was incomplete; calls on the Member States to improve procedures in this regard;

Views from a Foreign Affairs policy perspective

237. Notes that most non-quantifiable errors identified by the Court of Auditors concern faults in procurement procedures and in the extension of contracts; reiterates, in common with previous discharge procedures, its concerns about the significant vulnerability of these two sectors to fraud and mismanagement;

238. Takes note of the fact that the supervisory and control systems for External Action/Development/Enlargement policies are considered only partially effective, and calls on the Commission and the EEAS to take and implement all necessary measures to improve the regularity of payments;

239. Recalls that the main risks linked to budget support (namely the risk to how effective the aid is as well as the risks of fraud and corruption) do not appear in the statement of assurance audit; invites the Commission to rigorously monitor these risks;

240. Considers that, above and beyond the efforts required to improve the regularity of payments, the Commission should, for all interventions, carry out systematic evaluations through the prism of cost/benefit ratio, as recommended by the Court of Auditors in its Special report ([54]); insists that Parliament, as a branch of the budgetary authority, be informed about the findings of such evaluations, including the findings of evaluations covering CFSP activities;

241. Stresses, however, that the cost/benefit ratio cannot always be considered, in itself, as a sufficient criterion for assessing the appropriateness of the Union's assistance in a third country; is in fact of the conviction that the effectiveness of assistance in respect of the goals of Union Foreign Policy needs to be systematically evaluated and should include additional criteria — such as, for example, the strategic interests of the Union, the need for a Union presence on the ground, or the implementation of projects and actions fostering Union values and fundamental principles — should also be taken into consideration;

242. Agrees with the Court of Auditors' opinion that a variety of fields of Union assistance could, in some cases, be optimised and the impact of assistance could be increased by means of better coordination with Member States whose external action should not be considered competitive, but rather complementary; calls therefore for greater efforts in respect of donor coordination inside the Union, with third countries and international organisations;

Views from a Regional Development Policy perspective

243. Notes that the budgetary execution was good for Regional policy, with EUR 30 557 000 000 having been paid out, and that the bulk of the payments in 2010 related mainly, and for the first time, to the implementation of the 2007-2013 programmes (EUR 25 550 000 000 of interim payments, compared with EUR 9 420 000 000 in 2009);

([54]) Special Report of the Court of Auditors n° 1/2011 'Has the devolution of the Commission's management of external assistance from its headquarters to its delegations led to improved aid delivery?'

244. Regrets that Regional policy was part of an error-prone group, among the policy areas of Union expenditure, with 49 % of the 243 payments audited by the Court of Auditors affected by error; notes, however, that only some of the errors will have a financial impact and that the 49 % frequency is lower than in the 2000-2006 period; underlines that the rate of error has been decreasing as compared to the error rates detected in the 2000-2006 programming period; calls on the Commission and the Member States to ensure, under shared management, that the trend shows a consistent decrease in the error rate;

245. Recalls that an error occurs when a transaction is not carried out in accordance with the legal and regulatory provisions, therefore rendering declared (and reimbursed) expenditure irregular; also notes that an error does not necessarily mean that funds have disappeared, been lost or wasted or that fraud has been committed;

246. Notes that the non-compliance with both public procurement rules and eligibility rules accounts for a high proportion of the estimated error rate (31 % and 43 %, respectively); notes in this context the recommendation of the Court of Auditors to identify areas for further simplification; calls, therefore, for analysis of whether technical assistance should be stepped up and, at any rate, of the need to ensure that full operational capacity is maintained for financial oversight; underlines the need for the Commission to simplify the rules in order to ensure more user-friendly procedures and not to discourage potential beneficiaries from participating in projects; calls on the Member States to simplify their national provisions, which very often add an administrative burden not required by the Union rules; considers, therefore, that meticulous efforts should be made to further reduce this error rate;

247. Regrets the deficiencies in the financial engineering instruments' implementation, namely in respect of the lack of compliance with regulatory requirements in making the contribution from the operational programmes to the funds implementing such instruments, as well as deficient reporting and verification requirements in force; notes that the potential of the financial engineering instruments should be further developed to allow the development of qualitative strategic projects, the participation of private actors, especially SMEs, and the use of capital in Union projects; calls on the Commission to simplify these instruments' rules, as their current complexity limits their use; recommends more in-depth analysis to ascertain the real effect of these instruments and the guidelines on implementation; calls on the Member States to comply with their reporting obligations;

248. Notes that, in a great number of transactions affected by error, Member States' authorities had sufficient information to detect and apply corrective measures prior to certification; calls on the Commission to reinforce its assistance to Managing Authorities (MAs), through targeted workshops, guidance notes, circulation of best practices and training of officials responsible for management, given that the majority of errors occur at the first level control,; notes that a constant monitoring of the actual transfer of training measures targeted at the MAs should be established in order to check that knowledge is actually being passed on, giving special attention to what happens at the local level; calls for the establishment of corrective mechanisms, including the introduction of sanctions in clear cases of negligence;

249. Welcomes the explanation by the Commission which states, for the first time, that the large majority of errors are concentrated in only three Member States and only in several operational programmes;

Views from a Women's Rights and Gender Equality Policy perspective

250. Reminds the Court of Auditors and the Commission that pursuant to Article 8 of the TFEU, the promotion of equality between men and women is a fundamental principle of the European Union in all its activities; therefore, calls on the Court of Auditors to assess the implementation of the budget from the gender perspective, where applicable;

251. Regrets that the annual report contains no observations from the Court of Auditors, nor any replies from the Commission regarding gender-related spending;

252. Stresses that an audit of the budget which includes a gender perspective is a prerequisite to the preparation of a budget with a gender dimension, as it can reveal the effects of spending on gender equality, and, in particular, if men and women benefit from the expenditure proportionally and whether the budget has to be adjusted to better meet the different needs of men and women;

Views from an International Trade Policy perspective

253. Draws attention to the fact that ensuring efficient protection of the Union's financial interests is linked to macro-financial assistance; considers it necessary that the Commission provides for appropriate controls and that the Court of Auditors provides for appropriate audits in relation to this instrument;

254. Stresses that, as a result of the Aid for Trade strategy, Union funds must be used effectively and in accordance with the rules and regulations in force, with the objectives of ensuring better integration of beneficiaries into the rules-based world trading system and of promoting the eradication of poverty;

255. Stresses that the Union's business centres in China, Thailand and India should be supported; at the same time, is of the opinion that sufficient controls need to be put in place in order to guarantee the good and effective functioning of these centres;

Views from a Fisheries Policy perspective

256. Notes the communication from the Commission to the European Parliament, the Council and the Court of Auditors on the annual accounts of the European Union for the financial year 2010 ([55]), and the Annual Report of the Court of Auditors on the implementation of the budget ([56]); points out that neither text makes much reference to maritime affairs or fisheries;

257. Thanks DG MARE for the additional documentation it sent, and takes the view that the overall implementation rates for maritime affairs and fisheries budget headings were satisfactory in 2010;

258. Emphasises that the overall budget implementation rate was 97,2 % for commitment appropriations and the overall rate for payment appropriations was 79,23 %; notes, however, the very low implementation rate in chapter 11 02 (fisheries markets), and notes the Commission's explanations with specific reference to the implementation of fisheries programmes for the outermost regions;

259. Is pleased to note that DG MARE plans to improve the implementation of commitments made available for projects co-financed with the Member States and encourages the relevant departments within the Commission to continue in this vein;

260. Notes the efforts DG MARE has made in the area of internal auditing and calls on the Commission to continue to deal with all the projects and files as efficiently and quickly as possible;

261. Notes the retention of DG MARE's reserve for management and control systems relating to FIFG (Financial Instrument for Fisheries Guidance) operational programmes in Germany — packaging plant; notes that this is a long-standing, complex programme that began in 2001, and calls on the Commission to bring it to a close soon, at the same time safeguarding Union's interests;

262. Welcomes the action DG MARE has taken to increase effectiveness with regard to monitoring international agreements, and welcomes the agreement to decouple purely trade-related payments (EUR 104 017 795, i.e. 72 % of the total) from sectoral support payments (EUR 40 211 849, i.e. 28 % of the total);

([55]) OJ C 332, 14.11.2011, p. 1.
([56]) OJ C 326, 10.11.2011, p. 3.

263. Emphasises that there is a need for effective monitoring of Union-funded activities that provide sectoral support in the context of international agreements by using matrices that are as detailed as possible; emphasises, furthermore, that a call needs to be made for the proportion of sectoral support to be increased; firmly believes that the trade-related parts of agreements ought ultimately to be made conditional upon effective, sufficiently monitored, substantial sectoral support;

264. Given its legislative and budgetary role, asks to be more closely involved in fisheries policy, especially as regards international fisheries agreements and the various meetings at which they are discussed (e.g. joint committees and bilateral negotiations with non-EU countries);

265. Requests the Court of Auditors to draw up special reports on priority areas for the common fisheries policy following the series of legislative proposals and communications that have been brought forward as part of the common fisheries policy reform package, including matters relating to the external dimension of the policy.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the Court of Auditors' special reports in the context of the 2010 Commission discharge

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7 - 0256/2011) ([2]),

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]), and to the Court of Auditors' special reports,

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to its Decision of 10 May 2012 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III — Commission ([5]) and to its resolution with observations that forms an integral part of that Decision,

— having regard to the special reports of the Court of Auditors drawn up pursuant to the second subparagraph of Article 287(4) of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2010 (06081/1/2012 – C7-0053/2012),

— having regard to Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 55, 145, 146 and 147 thereof,

— having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0102/2012),

A. whereas, pursuant to Article 17(1) of the Treaty on European Union, the Commission shall execute the budget and manage programmes and shall do so, pursuant to Article 317 of the Treaty on the Functioning of the European Union, in cooperation with the Member States, on its own responsibility, having regard to the principle of sound financial management,

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) Texts adopted, P7_TA(2012)0153 (see page 31 of this Official Journal).
([6]) OJ L 248, 16.9.2002, p. 1.

B. whereas the special reports of the Court of Auditors provide information on issues of concern related to the implementation of funds, which are thus useful for Parliament in exercising its role of discharge authority,

C. whereas its observations on the special reports of the Court of Auditors form an integral part of Parliament's abovementioned Decision of 10 May 2012 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III — Commission,

Part I Special Report No 7/2010 of the Court of Auditors entitled 'Audit of the clearance of accounts procedure'

1. Welcomes Special Report No 7/2010 on the clearance of accounts procedure in agricultural policy on account of its fundamental significance for the quality of the information which the Commission provides to Parliament during the discharge procedure;

2. Regards the main conclusion of Special Report No 7/2010 as being its statements about the retrospective corrections made to annual accounts by conformity decisions despite Parliament's having in the meantime granted discharge and despite the consequent relativisation of the information provided during the discharge procedure;

3. Is aware that the only possible complete remedy would lie in a change to the monitoring system for agricultural policy, which would only be feasible at the expense of considerably greater burdens for recipients of funding and the administrative authorities;

4. Focuses its recommendations, therefore, mainly on ways of bringing about improvements within the existing system; also refers, in assessing the actual viability of this system, to Special Report No 8/2011 of the Court of Auditors entitled 'Recovery of undue payments made under the common agricultural policy', and stresses the Court of Auditors' criticism that the system as a whole does not make it possible to quantify undue farm payments made;

5. Endorses the Court of Auditors' call for a reform of the accounts clearance procedure, with the aim of:

— reducing the duration of financial correction procedures with precise time limits and with graduated objection procedures,

— establishing a clear relationship between sums recovered and the actual illegal payments, and excluding the possibility of 'negotiations' on the amount of financial corrections, as what is involved is genuine recovery of payments which have been made contrary to regulations, not a 'penalty';

6. Considers that, in order for the annual discharge procedure to be credible and to protect the financial interests of the Union, it is essential to improve the current system, and insists that, during the discharge procedure, the Commission provide the following information:

— what amounts, fields and years of expenditure might yet be audited and how many financial corrections (minimum and maximum figures) might be made in respect of which Member States,

— what conformity decisions actually relate to which financial years and how those decisions alter the figures for financial years in respect of which discharge has already been granted,

— a precise estimate as to how many necessary corrections are not made as part of the conformity procedure and how many corrections can no longer be made in conformity decisions due to the 24-months rule;

7. Acknowledges the measures taken by the Commission to improve the reliability of the information from Member States' inspection authorities which is used in the clearance of the accounts; draws attention to the Court of Auditors' dramatic conclusion that most of those authorities are however unable to carry out the Commission's measures; calls, therefore, for greater initiative from the Commission to train the administrative authorities of the Member States; calls on the Commission to provide structured back-up for, and to promote, the exchange of information by paying agencies and certification bodies using their networks and seminars, to communicate examples of best practice and to prepare joint solutions to legal problems by means of interpretation; regards risk-based audits as essential in relation to the certification bodies too;

8. Regards further improvements to the statements of assurance issued by directors of paying agencies and by certification bodies as an essential measure to promote accountability; calls for a system to reward correct statements and penalise incorrect ones, particularly where systematic errors are identified which have not been declared in advance;

9. Calls for a systematic flow of information from the executive administrations at the lowest level to the Commission, in order to enable the difficulties experienced on the ground to be taken into account in simplified legislation and its interpretation; calls on the Commission to ensure that officials of national paying agencies and of certification authorities are not penalised by their national authorities and their directors for reporting corrections to the Commission;

10. Calls on the Commission to include paying agencies and certification authorities where there is a rapid turnover of staff in a risk-based audit and to include a communication to the discharge authority in the annual activity report; insists on an analysis of the correctness of the statements of assurance and that the discharge authority be informed of the error rate per Member State, indicating the main sources of errors;

11. Calls for a review of the procedures which are employed to take conformity decisions, for the group of experts to be deployed more rapidly for the purpose of conciliation and for a targeted use of conciliation itself;

12. Recommends that the figures called for in point 6 be incorporated in a special section of the annual discharge resolution and put to the vote in plenary;

Part II Special Report No 13/2010 of the Court of Auditors entitled 'Is the New European Neighbourhood and Partnership Instrument successfully launched and achieving results in the Southern Caucasus (Armenia, Azerbaijan and Georgia)?'

13. Welcomes the Court of Auditors' audit and the recommendations contained therein; expresses its deep concern at the findings of the audit, which disclose major problems in the implementation of the European Neighbourhood and Partnership Instrument (ENPI) by the Commission;

14. Is deeply worried about the weaknesses in programming procedures revealed by the audit; calls on the Commission to follow the Court of Auditors' recommendations by streamlining the procedures, improving the links between the strategic programming documents (European Neighbourhood Policy action plans, Country Strategy Papers and National Indicative Programmes) and making the timing of those documents more coherent, with the guiding objective of offering neighbouring countries the prospect of an increasingly close relationship with the Union;

15. Finds unacceptable the way in which the Commission recourses to budget support within ENPI, treating it as the preferred aid modality in the three countries, without a detailed evaluation of the effectiveness of the available tools; stresses in this context that sector budget support is often related

to a low visibility and occasional motivation by the governments, and is deeply concerned by the Court of Auditors' conclusion that the suitability of an area for sector budget support became an important factor for determining assistance in the 2007 annual action programmes; urges the Commission to follow the Court of Auditors' recommendation to choose sector budget support more selectively by considering all available options in ENPI and to develop a more balanced deployment of the different tools; stresses the need to increase the access of NGOs and the private sector in the beneficiary countries to the assistance provided;

16. Is concerned by the audit's findings that programming and design of assistance were not sufficiently guided by a structured dialogue with beneficiary countries, the dialogue being mainly driven by the Commission Headquarters, restricting a direct exchange of views to a few days of in-country missions, with insufficient evidence in reports of what had been discussed; is of the opinion that offering sector budget support to an oil-producing and exporting country, directed to the expanded use of renewable energy sources, could certainly not be a strong motivation for the government; calls on the Commission to take the necessary measures in order to strengthen this dialogue;

17. Calls on the Commission and the European External Action Service (EEAS) to consider the Court of Auditors' recommendation that sufficient staff support be provided, also on the spot, including experts on budgetary support, and to assist strengthening of the general framework of the state administration of the beneficiary countries, using measures complementing the Twinning tool;

18. Welcomes the pilot programme implemented by the Commission, that implies result-oriented monitoring and which is explicitly tailored to Sector Policy Support Programme operations, and expects an evaluation report on the added value acknowledged in the three countries;

Part III Special Report No 14/2010 of the Court of Auditors entitled 'The Commission's management of the system of veterinary checks for meat imports following the 2004 hygiene legislation reforms'

19. Welcomes the Special Report of the Court of Auditors, the reply from the Commission and the report from the Commission on the effectiveness and consistency of sanitary and phytosanitary controls on imports of food, feed, animals and plants (COM(2010) 785);

20. Supports the Court of Auditors' recommendations for the optimisation of the Commission's actions in the framework of its supervisory and coordination competences;

21. Calls, in particular, for improvements in the following areas, as a contribution to better food safety of meat imports, thereby enhancing the protection of European citizens against unsafe food imports, while stressing that those recommendations of the Court of Auditors not explicitly mentioned in (a) to (e) below should not be overlooked:

(a) in respect of the Court of Auditors' first recommendation, the Commission is requested to endeavour to level out the different treatments of Member States in third countries and to take action against the resulting discriminatory competitive disadvantages;

(b) in respect of the Court of Auditors' third recommendation, the Commission is requested to instruct the Member States to use the existing information systems more effectively and to integrate them to a greater extent, in order to improve coordination between border inspection posts and customs authorities;

(c) in respect of the Court of Auditors' fourth recommendation, the Commission is requested to assist the Member States with the development, implementation and evaluation of the national monitoring and control plans; is of the opinion that, with due consideration for the principle of subsidiarity, a basic set of analyses should be established in order to cover the detection of common categories of hormonal residue (e.g. anabolics) and/or environmental contaminants (dioxins, heavy metals), etc., and that their application should be mandatory; considers that, as a first step, efforts could be made to raise awareness through the 'Better training for safer food' programme (BTSF) in order to raise awareness of this issue in the competent authorities of the Member States; considers that monitoring of compliance with provisions on charges should be a further aim;

(d) in respect of the Court of Auditors' seventh recommendation, the Commission is requested to submit a proposal to Parliament and the Council to enable legislative or judicial action to be taken against Member States that regularly and over an extended period infringe Regulation (EC) No 882/2004 [1], thus jeopardising the safety of European citizens;

(e) in respect of the Court of Auditors' eighth recommendation, the Commission is requested to harmonise the implementation of reinforced checks and to arrive at a precise and clear formulation of the rules governing reinforced checks at border inspection posts; the Commission is also requested to consider introducing a prescribed number of laboratory tests for Member States following checks on goods at border inspection posts;

22. Notes that European meat and food producers must comply with rigorous production and quality standards; is greatly concerned that those production standards do not apply to third country producers exporting to the Union, as the Court of Auditors also noted; requests the Commission to address this issue and to submit proposals without delay to Parliament and the Council on appropriate ways of mitigating the ensuing negative impacts on the competitiveness of European meat and food producers;

Part IV Special Report No 1/2011 of the Court of Auditors entitled 'Has the devolution of the Commission's management of external assistance from its headquarters to its delegations led to improved aid delivery?'

23. Welcomes the very comprehensive and analytical report prepared by the Court of Auditors, as well as the excellent timing for the assessment of the results of the devolution;

24. Supports the findings of the Court of Auditors that the devolution clearly led to an increased speed of delivery, improvements in the quality of aid and improved financial management of aid;

25. Encourages the Commission to complement the criteria and to strengthen the procedures for assessment of the quality of the projects financed, in order to increase the quality of aid and to further decrease the number of non-performing projects; stresses that the impact of the aid expenditure is of paramount importance to Parliament;

26. Calls on the Commission to consider the promotion of local consultations, where possible, when deciding on aid projects and monitoring their progress;

27. Expects that the Commission will take all the necessary measures to overcome the weaknesses of the supervisory and control systems, notably at Union Delegations' level;

[1] Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules (OJ L 165, 30.4.2004, p. 1).

28. Expresses concern over persisting problems with staff involved in aid policies; considers that the high turnover of staff in the DG for Development and Cooperation — EuropeAid, as well as the insufficient numbers of staff with appropriate qualifications in the Union Delegations, should be addressed without delay; is of the opinion that, where necessary, the Commission should cooperate with the EEAS with a view to ensuring an appropriate human resource capacity for aid management in the Union Delegations; expects a detailed report from the Commission by the end of 2012 in which measures are planned and introduced to overcome these shortcomings;

29. Encourages the Commission to require the Union Delegations to systematically carry out technical and financial monitoring visits to the projects and to focus the internal reporting system more on the results achieved by the aid interventions;

30. Calls on the Commission, with the active participation of the Union Delegations, to analyse and identify possibilities to leverage the aid programmes in the partner countries with the involvement of the European Investment Bank as well as European national and international institutions financing development;

Part V Special Report No 2/2011 of the Court of Auditors entitled 'Follow-up of Special Report No 1/2005 concerning the management of the European Anti-Fraud Office'

31. Urges the Commission to implement without further delay the recommendations made in Special Report No 1/2005, since, out of the 14 recommendations accepted by the Commission, only two have been fully implemented to date; expects to be fully informed on the progress made in implementing the outstanding 12 recommendations;

32. Welcomes the fact that the European Anti-Fraud Office (OLAF) makes more use of its investigative powers, for example by carrying out on-the-spot checks and interviews or by focusing on more serious and complex cases; is appreciative of the fuller use of OLAF's electronic case management system and the introduction of the time management system; but regrets that the average case duration remains over two years and that in 2009 investigative casework accounted for only 37 % of the time of OLAF as a whole;

33. Calls on OLAF to improve its time management in such a way as to ensure better allocation of tasks in order to reduce time spent on non-investigative tasks; is interested in seeing the real results of the non-investigative work performed, which accounts for 63 % of the overall time;

34. Notes that, according to figure 2 of Special Report No 2/2011, 'clear objectives and planning' was judged to be the weakest aspect during an investigation; recommends the appropriate setting of clear objectives for each investigation in the future, taking into account the fact that the foundation of any investigation and its resource planning are clear objectives;

35. Notes that, according to Special Report No 2/2011, 'there is still no independent control of the legality of investigative acts in progress, nor is there a code guaranteeing that investigative acts follow a predictable course', notwithstanding repeated announcements made by OLAF in the past; notes, furthermore, that although there is an explicit will in the Commission's amended proposal for a Regulation amending Regulation (EC) No 1073/1999 (COM(2011) 135) to put in place a review procedure, this will not be equal to an independent control of the legality of individual investigations and is thus even weaker in this regard than the initial proposal; recalls that this is a key demand, reflected also in the case-law of the Court of Justice; therefore considers it a must to ensure such a control mechanism, not only in order to protect the rights of the persons or economic operators concerned but also to protect the rights of the investigators of OLAF from legal proceedings initiated by those persons or economic operators; also stresses the need for a clear mandate for OLAF with regard to the other institutions of the Union;

36. Shares the opinion of the Court of Auditors concerning the need for a comprehensive single document which clearly reflects the performance of OLAF in the different sectors, making it possible to measure progress year by year; underlines the importance of drawing a distinction between reports drawn up for the public and those drawn up for internal use; is of the opinion that a detailed report available to the public is of the utmost importance, as it would enable a reliable comparison to be made of OLAF's performance in time and across sectors;

37. Regrets the fact that it is not always possible to evaluate the results of OLAF's activities, as information is presented in different documents drawn up for different purposes and with different addressees; urges the Commission to establish a system for information dissemination which is unified, clear and comparable and which will enable full and objective evaluation of OLAF's activities;

38. Stresses that the time spent on evaluation of incoming information has doubled since 2004, from 3,5 to 7,1 months; is of the opinion that the initial assessment phase should be limited to proving or rejecting the reality of the allegations contained in the initial information; is of the opinion that carrying out investigative activities during the initial assessment phase, which as a consequence not only causes legal uncertainty but also distorts the statistics concerning the different aspects of investigations, should be avoided; suggests that an investigation be initiated using the available investigative possibilities in case the information, gathered during the initial assessment and using the legal instruments available during that initial assessment, does not enable OLAF to decide whether or not to open a case;

39. Agrees with the Court of Auditors that briefer investigation periods and better-quality final reports could contribute to a more effective sanction system allowing for recovery, disciplinary, or criminal proceedings;

40. Regrets the fact that, in spite of the cooperation agreement signed in 2008 between OLAF and Eurojust, under which OLAF is obliged to notify Eurojust of every case of suspected fraud among economic operators in more than one Member State, OLAF sent such notification to Eurojust in only five cases in 2008 and only one case in 2009, which shows that the cooperation between OLAF and Eurojust is not working, and calls for all measures to be taken to intensify activity in this area;

41. Urges OLAF to further enhance cooperation with Member States on a robust legal basis; supports in this respect the idea of further consolidating the existing different legal bases with a view to enhanced cooperation; agrees with the recommendation of the Court of Auditors that agreements be concluded with national investigative services where there is a lack of specific legislation in order to clarify the detailed rules governing cooperation and information exchange;

Part VI Special Report No 3/2011 of the Court of Auditors entitled 'The efficiency and effectiveness of EU contributions channelled through United Nations Organisations in conflict-affected countries'

42. Welcomes the report of the Court of Auditors and endorses the conclusions and recommendations made in that report;

43. Appreciates the fact that working with the United Nations (UN) enables the Commission to reach regions of the world that it would not be able to reach on its own; is aware of the high inherent risk involved in delivering aid to conflict-affected regions; is concerned, however, about the weaknesses identified with regard to the efficiency of projects and delays in finishing projects; welcomes the recent decisions by the Executive Boards of Unicef, UNDP, UNOPS and UNFPA to disclose internal audit reports to the Commission;

44. Calls on the Commission to ensure transparency with regard to the Union funds to be spent by the UN during the annual budgetary procedure, to improve the planning of spending with the UN and to speed up its internal procedures so as to achieve quicker results;

45. Is of the opinion that proper monitoring inevitably depends on adequate reporting; is deeply concerned about the fact that reporting still remains inadequate despite the numerous calls by Parliament, in its successive discharge resolutions, for this situation to be improved and the numerous commitments given by the Commission and UN agencies to implement rapidly the necessary measures; urges the Commission to present to Parliament, before the end of March 2012 at the latest, an action plan with clear and contractual milestones, specifically designed to improve drastically the reporting system for all projects and programmes financed via the joint management mode and delegated to the UN agencies;

46. Calls on the Commission, when financing projects with other donors through a Multi-donor Trust Fund, to know the exact proportion of the project which is funded; is of the opinion that, with a view to better control mechanisms, the money should be managed in a separate account; believes that, if the project specifications are not satisfactory, the Commission must be able to reject the project, and that the same should apply if the Union's representatives are not sufficiently included in the programme planning process;

47. Shares the Court of Auditors' view that the Commission's controls on legality and regularity should be complemented by adequate checks on the effectiveness and efficiency of projects; calls on the Commission, therefore, to define, together with the EEAS, clear and measurable objectives and to set up adequate control measures; underlines in this context the importance of obtaining reasonable assurance from the implementing partners; recalls that Parliament has called for statements of assurance from the implementing partners and insists on this request; asks the Commission to formalise those statements and to make them available to Parliament during the discharge procedure; shares the Commission's Internal Audit Service (IAS) recommendations that *ex-ante* controls be carried out in contract agreements and payments in order to check the eligibility of costs proposed and claimed; insists that discussions on those issues must be documented in the file; underlines the opinion of IAS that the additional administrative costs and other indirect costs claimed by the UN and paid by the Union must be well documented and justified;

48. Supports the Court of Auditors' opinion to evaluate realistic time-frames for projects on the basis of the given circumstances, so as to avoid a time and cost explosion, as laid down in the Financial and Administrative Framework Agreement between the European Community and the United Nations (FAFA); reminds the Commission of its ultimate responsibility for the implementation of the budget; asks the Commission to update Parliament on the use of the revised Union-UN reporting guidelines;

49. Calls on the Commission to apply a cost comparison mechanism to identify and avoid overbilling and to refuse additional indirect costs resulting from subcontracting, which the Court of Auditors identified in two cases; asks the Commission to carry out joint investigations together with UN if there are doubts about the credibility of projects;

50. Regrets that only very few of the projects examined concern the Multi-donor-Trust Funds; invites the Court of Auditors to publish a special report focussing exclusively on the management of Multi-donor-Trust Funds;

51. Invites the Court of Auditors to inform Parliament in the event of continuous difficulties in obtaining full access to UN auditors' working documents pursuant to the FAFA agreement; recalls that Parliament has demanded that such access be granted; asks the Commission, if its own services continue to be given insufficient access to such documents, to withhold future payments on the corresponding files, in application of the specific provisions of the Financial Regulation used in case of lack of justifications; invites the Commission to report to Parliament's Committee on Budgetary Control, during the next discharge exercise, on the basis of the evolution of the situation, both on access to audit reports and on the quality of reporting; asks the Commission to refrain from delegating new projects and programmes to the UN agencies if those measures are not implemented;

Part VII Special Report No 4/2011 of the Court of Auditors entitled 'The audit of the SME Guarantee facility'

52. Welcomes the Special Report as a first analysis of a financial instrument by the Court of Auditors; points out that the SME Guarantee facility (SMEG facility) is regarded as the most successful of all Union programmes concerning financial instruments; expects to hear from the Commission whether there has been any change in the 1:10 leverage effect of the financial instrument apparent in 2009 or in the loss rate of approximately 0,045 % noted by the Court of Auditors at the end of 2009;

53. Considers that the SMEG facility is a useful programme, despite the Court of Auditors' justified criticism of the lack of proof of Union added value and the purely local significance of the support for craft enterprises and retail shops; suggests that, in view of the importance of SMEs to the economic structure of the Member States and of the Union as a whole, the 13 countries covered by the programme should be presented and their results examined, since conclusions can be drawn from this for the more precise targeting of the SMEG facility;

54. Expects the Commission to discuss and address the issues of Union added value and of deadweight in a credible way, because the objective of Union action cannot be to establish structures for purely national action or to replace national action; considers this fundamental criticism of the SMEG facility by the Court of Auditors to be serious, as are the Court of Auditors' concerns that the scope of support is too broad-based and does not focus solely on providing SMEs with limited access to external finance;

55. Considers that an open debate is necessary on how the SMEG facility is funded; points out the reduction in the budget line in 2010 of EUR 57 300 000 from the Competitiveness and Innovation Framework Programme (CIP); asks for clarification as to how many staff in the Commission and in the European Investment Fund (EIF) are involved in the management of the SMEG facility and how high the respective administrative costs are; asks for information on how many applications are in fact rejected;

56. Takes note of the general observations made by the Court of Auditors on an improved, results-oriented fee system for the financial services provided by the EIF; notes that the Commission fails to respond to this point at all, and expects it to provide more specific information;

57. Endorses the Court of Auditors' recommendations that:

— future SME support programmes should be based upon an explicit intervention logic,

— performance indicators should be improved so as to allow the Commission to monitor better the achievements of the facility's objectives,

— more specific targets reflecting better the objectives of the financial instrument should be set, monitoring should be updated so as to measure progress towards achieving those targets, and appropriate measures to minimise the deadweight should be envisaged,

notes with satisfaction that the Commission has accepted the abovementioned recommendations, and calls upon the Commission to report to Parliament on the steps it has envisaged and/or has already taken;

58. Endorses the Court of Auditors' recommendations and calls upon the Commission to ensure that:

— for any subsequent facility, the legal basis and the management agreement is finalised well before the effective start of the programming period,

— for any successor programme a scoring system for the assessment of potential intermediary applications is put in place, and minimum selection requirements are defined,

notes that the Commission's position is to consider those recommendations further, and calls upon the Commission to report to Parliament on its conclusions and on whether any actions are envisaged to deal with those recommendations;

Part VIII Special Report No 5/2011 of the Court of Auditors entitled 'Single Payment Scheme (SPS): issues to be addressed to improve its sound financial management'

59. Welcomes the report of the Court of Auditors and reads with great interest the conclusions and recommendations contained therein; congratulates the Court of Auditors on having delivered a report on a relevant topic at the right time;

60. Is of the opinion that the SPS insufficiently contributes to the Treaty objectives of the Common Agricultural Policy (CAP); calls on the Commission, therefore, to propose the necessary changes in the legislation so that the SPS really makes an optimal contribution to the CAP objectives; is of the opinion that the SPS should be improved towards better targeting the aid towards real farmers; urges the Council to support Parliament and the Commission in their efforts to improve the efficiency and effectiveness of the single largest European support scheme, thereby helping to better direct Union taxpayers' money;

61. Is of the opinion that there is too high a degree of flexibility (e.g. the rules on good agricultural and environmental conditions, GAEC) and room for interpretation in the basic rules of the SPS; calls on the Commission to provide more precise guidance on the implementation of Union legal acts in the Member States legislation, so as to avoid Member States stretching the rules; believes in this context that the Commission should be given adequate delegated powers to eliminate loopholes and remedy shortcomings as quickly as possible;

62. Is of the opinion that the historic model has served its purpose and should therefore be abandoned within the next multiannual financial framework; supports the Court of Auditors' recommendation No 6, which recommends basing SPS aid on the current farming conditions in the different regions of the Union; believes, furthermore, that the current 20 models should be narrowed down to arrive at, preferably, one single Union model applicable in all Member States;

63. Recalls that the entry of new farmers into the agricultural sector is of great importance for ensuring innovation in that sector; is therefore concerned about the findings of the Court of Auditors that some Member States applying SPS (5 out of 17) do not make use of available options from the national reserve to facilitate new farmers' access to business and thereby boost generational change in rural areas;

64. Is of the opinion that the current SPS functions in a way that fails to stimulate sufficient innovation in the agricultural sector and, furthermore, prevents newcomers from entering the sector;

65. Is especially concerned that no direct link exists between SPS aid and the costs incurred by farmers in complying with good agricultural and environmental conditions; believes that this results in an imbalance between the volume of aid and a better environment, animal welfare and food safety; acknowledges, nevertheless, that the principle of decoupling restricts the establishment of such a link;

66. Believes that the Commission, in its proposal for a CAP post-2013, should ensure that the distribution of aid between farmers is more balanced;

Part IX Special Report No 6/2011 of the Court of Auditors entitled 'Were ERDF co-financed tourism projects effective?'

67. Welcomes the findings of the Court of Auditors, in particular the fact that all the projects had positive results in one form or another, and that the majority had successful results under several headings; also notes that the projects were found to have benefited the local economy and/or helped to preserve elements of a region's cultural, historic, artistic or environmental heritage;

68. Endorses the Court of Auditors' observation that the creation or maintenance of employment are key factors in the drive to balanced sustainable development of the economy and of employment;

69. Notes with concern that objectives were set for only 58 % of the projects in the sample, while the remaining 42 % did not have objectives in terms of performance, and there was no monitoring of results for most of the projects in the sample;

70. Regrets the fact that it was difficult to assess the true performance of projects or the extent of European added value due to an absence of systematic setting of project objectives, establishment of targets and indicators and the subsequent monitoring and evaluation of results;

71. Endorses the Court of Auditors' recommendation to the Managing Authorities that they should ensure that suitable objectives, targets and indicators (for example, in terms of the number of jobs created, the additional tourism capacity created and the increase in tourism activity) are established at the grant application and decision stages, with a view to enabling projects to be selected which are likely to be the most efficient, and to ensure the evaluation of their results; urges the Commission and the Members States to encourage this practice;

72. Endorses the Court of Auditors' recommendation inviting the Commission to undertake an evaluation of aid in the tourism sector, to consider the extent to which it forms a cost-effective means of support for Member States' efforts to foster economic growth, and to consider whether such support could be better targeted;

73. Welcomes the Commission's efforts to simplify the ERDF subsidy process in order to minimise the administrative burden faced by promoters; urges the Commission to report on progress in this area;

Part X Special Report No 7/2011 of the Court of Auditors entitled 'Is agri-environment support well designed and managed?'

74. Recognises the importance of agri-environmental measures as a key element of Union policies aimed at mitigating the adverse effects of agriculture on the environment; recognises agri-environment payments as a way to 'encourage farmers and other land managers to serve society as a whole by introducing or continuing to apply agricultural production methods compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity' ([1]);

75. Stresses, at the same time, that public expenditure should be undertaken in such a way as to ensure maximum cost-effectiveness and tangible results; underlines the urgent need for the most effective delivery in respect of Union commitments (reduction of greenhouse gas emissions by 2020, EU 2020 biodiversity strategy, etc.);

76. Is worried by the Court of Auditors' finding that agri-environment policy is not designed and monitored so as to deliver tangible environmental benefits, in that the objectives of agri-environment payments are not sufficiently specific to permit an assessment of whether they have been achieved, the

([1]) Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005, p. 1), recital 35.

environmental pressures cited do not provide a clear justification of agri-environment payments, and the achievements of agri-environment policy cannot be easily monitored; calls on the Member States to establish clearly targeted rural development programmes, and calls on the Commission to assess those programmes more rigorously before approving them; underlines the importance of a well-managed Union evaluation network for rural development;

77. Welcomes the Court of Auditors' conclusion that farmers are generally well supported through appropriate guidance; notes, however, the need to improve dissemination of best practices and feed-back on results; calls on the Commission and the Member States to make better use of existing structures for this purpose, such as the European Network for Rural Development;

78. Welcomes the Court of Auditors' conclusion that farmers are generally well supported through appropriate guidance, and notes the many cases of best practice identified by the Court of Auditors; is concerned that most Member States do not assess the minimum participation level needed in order to ensure that sub-measures provide the expected environmental effects, and whether the aid amounts are adequate to reach that minimum level; is of the opinion that the Leader approach to rural development could also be used to implement a collective approach;

79. Is concerned about the weaknesses in establishing aid amounts found by the Court of Auditors; calls on the Commission, before approving programmes, to ensure that all elements identified by the Court of Auditors as necessary for the proper establishment of aid amounts are duly taken into account;

80. Is concerned that most of the expenditure was made on 'horizontal' sub-measures which were implemented over the whole programme area without this always being justified in the rural development programmes; considers it unacceptable that Member States make only limited use of targeting and selection procedures; considers that the lack of targeting should in all cases be justified in the programmes;

81. Is deeply concerned that the management of agri-environment policy does not sufficiently take account of specific environmental needs, thus not providing best value for money; finds it unacceptable that, according to the Court of Auditors' finding, in 39 % of the audited contracts there were no specific environmental pressures in the area where the contract was implemented, or such problems could not be identified by the Member States; calls on the Member States to concentrate on a collective approach where this would ensure the desired environmental effect;

82. In the context of the next programming period, emphasises that, in order for the agri-environment payments to achieve the desired effects in terms of biodiversity, preservation and development of high nature value farming and forestry systems and traditional agricultural landscapes, water and climate change, it is necessary to target agri-environmental schemes to more specific priorities;

83. Welcomes the approach chosen in the Commission proposal for a regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (COM(2011) 627/2), which will place greater emphasis on continuous monitoring and on performance indicators for rural development programmes;

Part XI Special Report No 8/2011 of the Court of Auditors entitled 'Recovery of undue payments made under the common agricultural policy'

84. Welcomes the Court of Auditors' Special Report and takes note of its findings; underlines Parliament's long-standing criticism that the recovery system is only partially working; stresses that the Commission's 'better' figures on recovery still signify that recipients unlawfully retain 60 % of undue payments; notes that, on the basis of the figures presented by the Court of Auditors, that proportion is as high as 90 %;

85. Endorses the recommendations made by the Court of Auditors that the Commission should:

— request Member States to report irregularities and other recoveries at the time the recovery notification has been drawn up,

— introduce a uniform time-limit between the discovery of a potential irregularity and the notification of the recovery order to the debtor, enhancing harmonisation between Member States and ensuring a more timely transmission of information to OLAF,

— issue clear and unambiguous rules in relation to the application, recording and reporting of interest on outstanding debt,

— clarify the circumstances under which debts can be declared as irrecoverable, in particular in relation to insolvency cases, and

— make each year an accurate estimate of undue payments to final beneficiaries, in order to establish how much should have been recovered from final beneficiaries, and book the recoveries precisely to the year in which losses occurred;

86. Notes that the recovery system, overall, covers only a fraction of payments and that, of the estimated EUR 500 000 000 000 in CAP payments made in the last 10 years, EUR 5 000 000 000 (1 %) has been recovered (Special Report No 7/2010); further notes that it is therefore more costly to maintain a functioning control system than to pay financial corrections to the Commission;

87. Notes the Commission's position that it wishes to give further consideration to those recommendations, and calls on the Commission to report to Parliament on the actions it envisages in order to accommodate those recommendations;

88. Regrets that the percentage of debts written off and borne by the Union budget was 87,8 % or EUR 428 900 000 for the period 2006-2009; asks the Commission to apply a sanction mechanism if Member States are writing off debts as irrecoverable when it is not appropriate to do so; insists that this will require a clear and practical definition of the guidelines, without any room for different interpretations;

89. Endorses the Court of Auditors' recommendations and calls on the Commission to ensure that:

— the way in which debts in the Member States are managed and reported upon is further improved, and to ensure the consistent treatment of those debts across all Member States,

— guidelines are issued in a timely manner to address persistent inconsistencies in key reporting and accounting concepts,

— application of the 50/50 rule is reviewed, in particular as regards the amounts that potentially escape clearance, and the 50/50 rule is effectively implemented,

— the work of the certification bodies, in their testing of debtors' accounts in the Member States, covers the highlighted risks,

— a greater proportion of undue payments is recovered from beneficiaries,

— the follow-up of the old Task Force Recovery cases is finalised and homogeneously treated between all the Member States;

90. Takes note of the Commission's clarifications concerning those recommendations, and invites the Commission to further consider those suggestions; calls on the Commission to report to Parliament on its conclusions, and to state whether any steps are envisaged in the context of those recommendations;

91. Welcomes the initiative of OLAF to study the possibility of a modification of Commission Regulation (EC) No 1848/2006 of 14 December 2006 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the common agricultural policy and the organisation of an information system in this field [1], in order to improve the flow and the use of existing information; invites OLAF to report its findings to Parliament;

92. Calls for equal treatment of the outstanding debt (recoveries) in all Member States, and insists that steps be taken to ensure that moneys due to the Union in consequence of infringements of Union law are actually paid back, despite the fact that some of them are suffering from the financial crisis;

93. Notes that the amount charged to the Member States under the 50/50 rule (2006-2009) is EUR 424 000 000 and that 58 % thereof applies to Italy; asks that an action plan be drawn up for Italy in order to remedy this situation;

94. Recalls that there is still a lack of transparency concerning publication, in the financial statements presented to Parliament, of the amounts deducted from Member States (effectively taxpayers' money) and the amounts actually recovered from beneficiaries; asks the Commission to supply this information to Parliament;

95. Invites the Court of Auditors to publish a report on the same subject for the area of structural funds;

Part XII Special Report No 9/2011 of the Court of Auditors entitled 'Have the e-Government projects supported by ERDF been effective?'

96. Welcomes the Court of Auditors' Special Report and its assessment that e-Government projects supported by the ERDF have contributed to the development of electronic public services;

97. Endorses the Court of Auditors' recommendations, in particular that:

— Member States should develop strategies for e-Government which are based upon identified needs, have clear objectives and assign responsibilities to the bodies accountable for the achievement of those objectives,

— Managing Authorities should select e-Government projects for ERDF support on the basis of an assessment of likely project costs and qualitative and quantitative benefits,

— Managing Authorities in Member States should ensure that e-Government projects selected for ERDF funding focus not only on project outputs but also on the changes in processes or organisation necessary to benefit from the systems developed,

— Managing Authorities should be encouraged to apply best practice, advice on which is available via, for example, the ePractice community, and should recommend the use of an appropriate project management methodology for e-Government projects in receipt of ERDF funding,

— the Commission should be invited to continue its efforts to ensure that Union principles and recommendations enabling trans-European interoperability, in particular the EIF principles, are applied in projects benefiting from the ERDF,

[1] OJ L 355, 15.12.2006, p. 56.

— Managing Authorities, when selecting e-Government projects, should ensure that all significant costs, including maintenance costs, have been sufficiently provided for in the cost-benefit analysis underpinning the financing decision,

— the Commission should be invited to continue its efforts to ensure that Managing Authorities monitor and evaluate project results and impacts in order to demonstrate the effective use of Union funding and provide feedback to improve the design of future programmes;

Part XIII Special Report No 10/2011 of the Court of Auditors entitled 'Are the School Milk and School Fruit Schemes effective?'

98. Recalls the outcome of the 1999 external evaluation of the School Milk Scheme and the observation made by the Court of Auditors that no real changes have been made to the scheme ever since;

99. Emphasises that the mere continuation of the current School Milk Scheme would be a waste of taxpayers' money and that the scheme should therefore be discontinued unless it is immediately and comprehensively reformed;

100. Underlines that only 10 % of the schools entitled to participate in the School Milk Scheme currently take advantage of it; accordingly, considers that Member States have shown their support for the programme despite the low subsidy rate and possible 'deadweight effect' of the programme; encourages Member States to establish national nutrition programmes for schools, thereby replacing the School Milk and School Fruit Schemes with better targeted measures;

101. Is convinced that, if continued, the School Milk and School Fruit Schemes should function in similar ways with the view to facilitating coordination and the creation of synergies, as their objectives are the same;

102. Calls on the Commission and the Member States to target, on a scientific basis, the children and pupils who would benefit most (in terms of nutritional needs, age group, health condition, social group, etc.) from those schemes; underlines that targeting will also make it easier to measure the impact of the schemes;

103. Is of the opinion that the products should be distributed free of charge, and that distribution in canteens should be avoided;

104. Insists that the distribution of products falling under those schemes must be embedded in a national and/or regional strategy, and underlines that such a strategy must also comprise accompanying measures (in the form of educational and information measures involving parents and teachers);

105. Calls on the Commission and the Member States to put in place a co-financing system for the School Milk Scheme similar to that used for the School Fruit Scheme; believes that the Commission and the Member States could consider extending co-financing to accompanying measures; further believes that unused national financial envelopes could be reallocated among Member States;

106. Calls on the Commission and the Member States to put in place effective monitoring and control systems;

Part XIV Special Report No 11/2011 of the Court of Auditors entitled 'Do the design and management of the geographical indications scheme allow it to be effective?'

107. Welcomes the Special Report of the Court of Auditors and takes note of its finding that:

— the legal provisions on the geographical indications scheme do not lay down minimum requirements concerning checks of product specifications and lack to address issues such as the minimum coverage of checks, their frequency, the methodology for their selection and the parties involved in the different stages of the production and distribution subject to control,

— Regulation (EC) No 882/2004 does not address the questions of the obligatory character and nature of checks to be carried out by the Member States to prevent and detect disallowed practices in connection with the geographical indications scheme;

108. Is concerned that, according to the Court of Auditors' audit, this results in a situation where the Member States' control systems differ in a number of important respects, and is of the opinion that those differences need to be reduced in the future; takes note of the Commission's proposal (COM(2010) 733) forming part of the so-called 'quality package'; calls for an adequate control structure and system that ensures a consistently high product quality of protected designation of origin and protected geographical indication and effectively prevents and detects disallowed practices in all Member States; however, is of the opinion that this must not lead to the creation of additional control layers, the definition of maximum control requirements and a further increase in bureaucracy;

109. Supports the Court of Auditors' recommendation that audits on Member States' checks of the geographical indications scheme be included in the Commission's plan for regular audits in the Member States, and requests the Commission to react correspondingly;

110. Recalls the Court of Auditors' finding that the procedure for scrutiny of applications at national and at Commission level is lengthy, and asks the Commission to simplify and shorten the bureaucratic and lengthy registration procedures in order to make the geographical indications scheme more attractive for potential applicants currently discouraged by overly time-consuming application procedures;

111. Is concerned that the Court of Auditors' audit found awareness of the geographical indications scheme amongst consumers and producers to be low; is also worried that the options currently used were found to be unlikely to raise awareness of the geographical indications scheme and inadequate to encourage producers to participate; consequently, requests the Commission to thoroughly examine the situation, develop a clear strategy and define effective measures and means which address the current lack of awareness of the geographical indications scheme, its products and its logos, such as running a campaign on its own initiative, etc.;

112. Supports the Court of Auditors' recommendation that a system of mutual assistance which takes into account the specific needs of the national authorities dealing with the geographical indications scheme be put in place;

113. Recalls that the Union geographical indications system differentiates between two types of protected names: protected designation of origin and protected geographical indication; points out that these descriptions are confusing for consumers, as they do not show clearly what the difference between them is; therefore proposes clearer indicators enabling consumers to see how the protected names differ in terms of the degree and the kind of relationship which exists between a product and a geographical region;

114. Is concerned by recent press releases which report inappropriate and abusive use of geographical indications by some third countries; asks the Commission to take active measures to protect products registered under the Union geographical indications scheme also in an international trading context, and to work on respective agreements with third countries;

115. Calls on the Commission to inform Parliament of the outcome of its actions;

Part XV Special Report No 15/2011 of the Court of Auditors entitled 'Do the Commission's procedures ensure effective management of State aid control?'

116. Welcomes the Special Report and endorses, in general, the Court of Auditors' recommendations with the following remarks, noting that only eight Member-States were selected for the audit;

117. Takes note of the Court of Auditors' s assessment that the Commission has promptly and effectively reacted to the financial crisis, and in this way has contributed substantially to avoiding the bankruptcy of any major financial institution headquartered in the Union;

118. Invites the Commission to adopt a more proactive stance in its relationship with Member States, in particular:

— to make greater efforts to raise awareness about State aid rules by disseminating information concerning best practices and providing more practical guidance,

— to ensure that, when applicable, all State aid is duly notified, and to develop means to discipline Member States when that is not done,

— to make more human resources available for State aid control without further delay;

119. Notes the weaknesses as regards the need to speed up the decision process and to increase its transparency, and invites the Commission to take steps to limit the length of the investigation procedure; notes the high number of requests for information sent to Member States, and encourages the Commission to limit those requests so as to accelerate the procedure; calls on the Commission to inform Parliament of the average time needed to finalise cases over the last four years per individual Member State;

120. Encourages the Commission to further consider whether the lessons learned from the successful handling of the financial crisis could be used also to streamline the work under 'normal' circumstances, and invites the Commission to inform Parliament, before September 2012, about possible changes to be introduced;

121. Underlines the importance of ensuring legal certainty for all stakeholders; consequently, calls on the Commission:

— to deal swiftly with unfounded complaints,

— to speed up the complaint handling procedure in general and to allocate the necessary resources in order to further reduce the backlog,

— to duly inform the complainant, the Member State and the beneficiary about the cases in progress and about the outcome of the investigation;

122. Notes the weaknesses in the use of available human resources, and welcomes the Commission's intention to implement an enhanced system of time recording; endorses the Court of Auditors suggestion for a management reporting designed to effectively monitor the time spent on particular cases and the workload of case handlers; expects such a system to be operational by the end of 2012;

123. Stresses the importance of monitoring State aid; therefore encourages the Commission to step up its monitoring activities, in terms of both sample size and scope;

124. Notes the weaknesses in the data gathering process, and invites the Commission to improve its efficiency and reliability, and to report on the progress of introduction of the SARI application [1] before the end of the 2010 discharge procedure;

125. Invites the Commission to broaden its *ex-post* impact assessment of State aid and of State aid control on companies, markets and the overall economy;

126. Instructs its President to forward this resolution to the Council, the Commission, the Court of Justice of the European Union, and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

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[1] The SARI application is a new central database application by which granting authorities in the Member State can directly encode their aid expenditure (Special Report No 15/2011, p. 60).

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2010

(2012/547/EU, Euratom)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0256/2011) ([2]),

— having regard to the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2010,

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736), and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011) 643), and to the Commission staff working document accompanying that report (SEC(2011) 1189),

— having regard to the Court of Auditors' report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2010, together with the Agency's reply ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,

— having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 ([5]), and in particular Articles 55, 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 ([6]), and in particular Article 14(3) thereof,

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 366, 15.12.2011, p. 63.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) OJ L 11, 16.1.2003, p. 1.

— 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 [1], and in particular the first and second paragraphs of Article 66 thereof,

— having regard to Commission Decision 2005/56/EC of 14 January 2005 setting up 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 [2],

— having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0098/2012),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

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 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Education, Audiovisual and Culture Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ L 297, 22.9.2004, p. 6.
[2] OJ L 24, 27.1.2005, p. 35.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Executive Agency for Competitiveness and Innovation for the financial year 2010

(2012/548/EU, Euratom)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0256/2011) ([2]),

— having regard to the final annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2010,

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736), and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011) 643), and to the Commission staff working document accompanying that report (SEC(2011) 1189),

— having regard to the Court of Auditors' report on the annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2010, together with the Agency's replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,

— having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 ([5]), and in particular Articles 55, 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 ([6]), 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 ([7]), and in particular the first and second paragraphs of Article 66 thereof,

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 366, 15.12.2011, p. 81.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) OJ L 11, 16.1.2003, p. 1.
([7]) OJ L 297, 22.9.2004, p. 6.

— having regard to Commission Decision 2004/20/EC 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 [1],

— having regard to Commission Decision 2007/372/EC of 31 May 2007 amending Decision 2004/20/EC in order to transform the Intelligent Energy Executive Agency into the Executive Agency for Competitiveness and Innovation [2],

— having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0098/2012),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. Grants the Director of the Executive Agency for Competitiveness and Innovation discharge in respect of the implementation of the Agency's budget for the financial year 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Executive Agency for Competitiveness and Innovation, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President — Martin SCHULZ

The Secretary-General — Klaus WELLE

[1] OJ L 5, 9.1.2004, p. 85.
[2] OJ L 140, 1.6.2007, p. 52.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Executive Agency for Health and Consumers for the financial year 2010

(2012/549/EU, Euratom)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0256/2011) ([2]),

— having regard to the annual accounts of the Executive Agency for Health and Consumers for the financial year 2010,

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736), and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011) 643), and to the Commission staff working document accompanying that report (SEC(2011) 1189),

— having regard to the Court of Auditors' report on the annual accounts of the Executive Agency for Health and Consumers for the financial year 2010, together with the Agency's reply ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,

— having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 ([5]), and in particular Articles 55, 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 ([6]), 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 ([7]), and in particular the first and second paragraphs of Article 66 thereof,

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 366, 15.12.2011, p. 93.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) OJ L 11, 16.1.2003, p. 1.
([7]) OJ L 297, 22.9.2004, p. 6.

— having regard to Commission Decision 2004/858/EC of 15 December 2004 setting up an executive agency, the 'Executive Agency for the Public Health Programme' for the management of Community action in the field of public health pursuant to Council Regulation (EC) No 58/2003 [1],

— having regard to Commission Decision 2008/544/EC of 20 June 2008 amending Decision 2004/858/EC in order to transform the Executive Agency for the Public Health Programme into the Executive Agency for Health and Consumers [2],

— having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0098/2012),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. Grants the Director of the Executive Agency for Health and Consumers discharge in respect of the implementation of the Agency's budget for the financial year 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Executive Agency for Health and Consumers, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ L 369, 16.12.2004, p. 73.
[2] OJ L 173, 3.7.2008, p. 27.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2010

(2012/550/EU, Euratom)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0256/2011) ([2]),

— having regard to the annual accounts of the European Research Council Executive Agency for the financial year 2010,

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736), and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011) 643), and to the Commission staff working document accompanying that report (SEC(2011) 1189),

— having regard to the Court of Auditors' report on the annual accounts of the European Research Council Executive Agency for the financial year 2010, together with the Agency's reply ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,

— having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 ([5]), and in particular Articles 55, 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 ([6]), and in particular Article 14(3) thereof,

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 366, 15.12.2011, p. 69.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) OJ L 11, 16.1.2003, p. 1.

— 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 [1], and in particular the first and second paragraphs of Article 66 thereof,

— having regard to Commission Decision 2008/37/EC of 14 December 2007 setting up the European Research Council Executive Agency for the management of the specific Community programme Ideas in the field of frontier research in application of Council Regulation (EC) No 58/2003 [2],

— having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0098/2012),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. Grants the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the European Research Council Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ L 297, 22.9.2004, p. 6.
[2] OJ L 9, 12.1.2008, p. 15.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2010

(2012/551/EU, Euratom)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0256/2011) ([2]),

— having regard to the annual accounts of the Research Executive Agency for the financial year 2010,

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736), and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011) 643), and to the Commission staff working document accompanying that report (SEC(2011) 1189),

— having regard to the Court of Auditors' report on the annual accounts of the Research Executive Agency for the financial year 2010, together with the Agency's reply ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,

— having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 ([5]), and in particular Articles 55, 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 ([6]), 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 ([7]), and in particular the first and second paragraphs of Article 66 thereof,

— having regard to Commission Decision 2008/46/EC of 14 December 2007 setting up the Research Executive Agency for the management of certain areas of the specific Community programmes People, Capacities and Cooperation in the field of research in application of Council Regulation (EC) No 58/2003 ([8]),

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 366, 15.12.2011, p. 87.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) OJ L 11, 16.1.2003, p. 1.
([7]) OJ L 297, 22.9.2004, p. 6.
([8]) OJ L 11, 15.1.2008, p. 9.

— having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0098/2012),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. Grants the Director of the Research Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Research Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President
Martin SCHULZ

The Secretary-General
Klaus WELLE

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Trans-European Transport Network Executive Agency for the financial year 2010

(2012/552/EU, Euratom)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0256/2011) ([2]),

— having regard to the annual accounts of the Trans-European Transport Network Executive Agency for the financial year 2010,

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736), and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011) 643), and to the Commission staff working document accompanying that report (SEC(2011) 1189),

— having regard to the Court of Auditors' report on the annual accounts of the Trans-European Transport Network Executive Agency for the financial year 2010, together with the Agency's reply ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,

— having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 ([5]), and in particular Articles 55, 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 ([6]), and in particular Article 14(3) thereof,

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 366, 15.12.2011, p. 75.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) OJ L 11, 16.1.2003, p. 1.

— 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 [1], and in particular the first and second paragraphs of Article 66 thereof,

— having regard to Commission Decision 2007/60/EC of 26 October 2006 establishing the Trans-European Transport Network Executive Agency pursuant to Council Regulation (EC) No 58/2003 [2],

— having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0098/2012),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. Grants the Director of the Trans-European Transport Network Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Trans-European Transport Network Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The President — Martin SCHULZ

The Secretary-General — Klaus WELLE

[1] OJ L 297, 22.9.2004, p. 6.
[2] OJ L 32, 6.2.2007, p. 88.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the general budget of the European Union for the financial year 2010, Section III — Commission

(2012/553/EU, Euratom)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0256/2011) ([2]),

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736), and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the Commission communication of 1 June 2011 entitled 'Synthesis of the Commission's management achievements in 2010' (COM(2011) 323),

— having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011) 643), and to the Commission staff working document accompanying that report (SEC(2011) 1189),

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]), and to the Court of Auditors' special reports,

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2010 (06081/1/2012 – C7-0053/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,

— having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012),

— having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 ([5]), and in particular Articles 55, 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 ([6]), and in particular Article 14(2) and (3) thereof,

— having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0098/2012),

A. whereas under Article 318 of the Treaty on the Functioning of the European Union the Commission shall submit the accounts relating to the implementation of the budget and establish a financial statement of the assets and liabilities of the Union,

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) OJ L 11, 16.1.2003, p. 1.

1. Approves the closure of the accounts of the general budget of the European Union for the financial year 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies, and in its resolution of 10 May 2012 on the Court of Auditors' special reports in the context of the 2010 Commission discharge [1];

3. Instructs its President to forward this Decision to the Council, the Commission, the Court of Justice of the European Union, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] Texts adopted, P7_TA(2012)0154 (see page 68 of this Official Journal).

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the discharge for implementation of the European Union general budget for the financial year 2010, Section IV — Court of Justice

(2012/554/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the European Union general budget for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0259/2011) ([2]),

— having regard to the Court of Justice's annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget for the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the 2010 financial year pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0088/2012),

1. Grants the Registrar of the Court of Justice discharge for implementation of its budget for the financial year 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2010, Section IV — Court of Justice

THE EUROPEAN PARLIAMENT,

— having regard to the European Union general budget for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0259/2011) ([2]),

— having regard to the Court of Justice's annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the 2010 financial year pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Articles 314(10), 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0088/2012),

1. Stresses that in paragraph 7.23 of its 2010 Annual Report the Court of Auditors stated that, 'The Court has no observation to make on the Court of Justice';

2. Welcomes the fact that, based on its audit work, the Court concluded that the payments as a whole for the year ended 31 December 2010 for administrative and other expenditure of the Institutions and bodies were free from material error; the most likely error rate for administrative expenditure as a whole is assessed by the Court as 0,4 % (paragraphs 7.9 and 7.10);

3. Notes that in 2010, the Court of Justice had commitment appropriations amounting to EUR 331 000 000 (EUR 318 000 000 in 2009), and that the implementation rate for those appropriations was 97,9 % (98,5 % in 2009); stresses that the budget of the Court of Justice is purely administrative, with 75 % spent on people working with the institution and 25 % on buildings, furniture, equipment and miscellaneous operating expenditure;

4. Points out that an in-depth assessment of supervisory and control systems was conducted in the Court of Justice in 2009; emphasises that the Court of Auditors found the supervisory and control systems in place to be functioning effectively with regard to the detection of potential errors and exceptions;

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

5. Points out also that the Court of Auditors found in 2009 that the Court of Justice had failed to anticipate the expiry of a framework contract; takes note of the explanations given by the Court of Justice in its Annual Activity Report for 2010 [1] concerning the legality of the procedure used; notes that the reinforced management of data on contracts in the SAP integrated management system (budgetary and financial management tool) should prevent the occurrence of such situations in future;

6. Notes with satisfaction that the Directorate for Interpretation acted on the recommendations of the internal auditor concerning management of interpretation and of the expenditure relating to external interpreters, and that a further check is to be conducted on the proper functioning of those services;

7. Notes that the Directorate-General for Infrastructure drew up an action plan in 2009 in response to the main recommendations of the internal auditor concerning the management and conservation of works of art; wishes to be informed, in the annual activity report for 2011, of the progress made;

8. Takes note that the relevant service performed two internal audits on treasury management, bank accounts, implementation of payments and on daily allowances; wishes to be informed, in the annual activity report, of the action taken in response to the recommendations made;

9. Welcomes the fact that development of the 'e-Curia' application, enabling procedural documents to be lodged and served electronically, entered a test phase in 2010 with two Member States; e-Curia should in due course make it possible to do away with a large proportion of correspondence, digitise documents coming in and going out, and optimise internal work flows;

10. Notes with satisfaction that the Court of Justice looked into the issue of interpretation in its annual activity report for the financial year 2010, as requested by Parliament in its resolution of 10 May 2011 [2] on the discharge for the 2009 financial year (paragraph 14); notes the significant increase in the number of sessions (+ 27 %), which was mainly attributable to enlargement and to the entry into force of the Treaty of Lisbon:

Number of sessions [3]

with interpretation:	2004	2005	2006	2007	2008	2009	2010
hearings	350	411	366	369	517	454	520
other meetings	63	51	78	54	30	37	102
total sessions	413	462	444	423	547	491	622

11. Emphasises the importance of interinstitutional cooperation in regard to the management and recruitment of interpreters;

12. Notes with satisfaction that the Court of Justice submitted to the budgetary authorities, in April 2011, an updated property investment plan for 2011-2013 based on two guiding principles: firstly, to house all the Court of Justice's services on a single site and, secondly, for it to acquire ownership of the buildings; notes that construction costs are estimated to be around EUR 355 300 000, of which an amount of EUR 40 000 000 was still to be consolidated at the end of 2010;

[1] Annual Activity Report for the Financial Year 2010, p. 91.
[2] OJ L 250, 27.9.2011, p. 90.
[3] Annual Activity Report for the Financial Year 2010, p. 54.

13. Expresses its satisfaction that the statistics concerning the Court of Justice's activity in 2010 show, overall, sustained productivity and a very significant improvement in efficiency as regards the duration of proceedings: 16,1 months for references for a preliminary ruling; 16,7 months for direct actions (as opposed to 17,1 months in 2009) and 14,3 months for appeals (as opposed to 15,4 months in 2009);

14. Hopes to see the length of duration of proceedings continuing to fall; believes that internal reorganisation and redeployment of specialised personnel into their respective areas of expertise could be beneficial for this purpose;

15. Expresses its concern that, although the number of new cases (631 in 2010) brought before the Court of Justice increased considerably, there was no major change in the number of cases completed; notes also that the number of cases pending before the Court of Justice rose to 799 in the year concerned, even when the average duration of proceedings was at its lowest ever level of 16,1 months:

General Activity of the Court of Justice [1]

	2006	2007	2008	2009	2010
New cases	537	581	593	562	631
Completed cases	546	570	567	588	574
Pending cases	731	742	768	742	799

16. Notes with concern the large increase in the number of new cases (636 in 2010) brought before the General Court; notes that the number of cases completed dropped slightly; however, the number of cases pending before the General Court had risen to 1 300, despite a decrease in the average duration of proceedings (27,2 months in 2009 but 24,7 months in 2010);

General activity of the General Court [2]

	2006	2007	2008	2009	2010
New cases	432	522	629	568	636
Completed cases	436	397	605	555	527
Pending cases	1 029	1 154	1 178	1 191	1 300

17. Supports, therefore, the initiative taken by the Court of Justice which, in late March 2011, submitted to the two branches of the legislative authority a proposal for the reform of its Statute (which provides, inter alia, for the creation of 12 additional posts for judges at the General Court); considers that this initiative should be implemented in the most cost-efficient way possible; hopes that these structural measures can be approved in early 2012, with a view to their implementation as early as possible that year;

18. Hopes that the next annual activity report will also provide a comprehensive table of all the human resources that the Court of Justice has at its disposal, broken down by category, grade, gender, participation in professional training and nationality; however, is already pleased at the exhaustiveness of the information provided by the Court of Justice in its annual activity report concerning staff management and at its response to the Parliament's additional questions on this subject-matter; requests that such information should henceforth be automatically included in the Court's report and that the Court should also communicate the results of the use by its staff of teleworking and flexitime arrangements.

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[1] Annual Activity Report for the Financial Year 2010, p. 6.
[2] Annual Activity Report for the Financial Year 2010, p. 8.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section V — Court of Auditors

(2012/555/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0260/2011) ([2]),

— having regard to the Court of Auditors' annual report to the discharge authority on the internal audits carried out in 2010,

— having regard to the Court of Auditors' annual report on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union (TFEU),

— having regard to Article 314(10) and Articles 317, 318 and 319 of the TFEU,

— 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 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0091/2012),

1. Grants discharge to the Secretary-General of the Court of Auditors for the implementation of the Court of Auditors' budget for the financial year 2010;

2. Sets out its observations in the resolution below;

3. Instructs its President to forward this decision and the resolution forming an integral part thereof to the Council, the Commission, the Court of Justice of the European Union, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

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 2010, Section V — Court of Auditors

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0260/2011) ([2]),

— having regard to the Court of Auditors' annual report to the discharge authority on the internal audits carried out in 2010,

— having regard to the Court of Auditors' annual report on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union (TFEU),

— having regard to Article 314(10) and Articles 317, 318 and 319 of the TFEU,

— 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 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0091/2012),

1. Emphasises that the audit of the Court of Auditors' financial statements for 2010 was carried out by an external auditor; notes that, in her report, the independent auditor reached the following conclusion: 'In our opinion, the financial statements give a true and fair view of the financial position of the European Court of Auditors as of December 31, 2010, and of its cash flows for the year then ended in accordance with Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the said Council Regulation, and the Accounting Rules of the European Union.' ([6]);

2. Notes, however, that the audit carried out was of a 'traditional' nature, examining '(…) whether financial operations have been properly recorded and disclosed, legally and regularly executed and managed so as to ensure economy, efficiency and effectiveness' (Independent Auditor's report, point 1, third indent); would like future audits to consider performance indicators and objectives;

3. Calls for improvements to be made to the summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations; calls also for that summary to be more informative and relevant;

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) OJ C 267, 9.9.2011, p. 3.

4. Notes that in 2010 the Court of Auditors' commitment appropriations amounted to a total of EUR 148 600 000 (EUR 188 000 000 in 2009), and that the implementation rate for those appropriations was 93 % (92,1 % in 2009); emphasises that the Court of Auditors' budget is purely administrative in nature, with 80 % of it being spent on persons working within the institution and 20 % on buildings, furniture, equipment and miscellaneous operating expenditure;

5. Notes that the implementation rate for Title 1 (Persons working within the institution) increased from 87,6 % in 2009 to 92,3 % in 2011, and that 98 % of the appropriations under Title 2 (Buildings, furniture, equipment and miscellaneous operating expenditure) were used in 2010;

6. Welcomes the fact that, following a reorganisation, the Court of Auditors has reduced the annual cost of security services by EUR 500 000, while making for more effective delivery of service and better risk control;

7. Asks the European Anti-Fraud Office (OLAF) to speed up the investigation related to allegations of irregularities reported by the Court of Auditors to OLAF in 2010;

8. Welcomes the fact that the Court of Auditors has already revised the Code of Conduct for its Members and that the Code now provides for declarations of Members' financial interests to be published on the internet;

9. Notes that in 2010 the Court of Auditors published two annual reports, 40 special annual reports (2009: 37), 14 special reports (2009: 18) and six opinions (2009: 1); strongly suggests that the Court of Auditors evaluates the effects and the implementation of its conclusions contained in the special reports within a reasonable period of time, informing the Committee on Budgetary Control of its findings;

10. Considers that preventing and identifying conflicts of interest is of high relevance for the efficient and correct use of resources as well as for public confidence in the Union institutions; awaits the Court of Auditors' Special Report on conflicts of interest management in the European Aviation Safety Agency, the European Chemicals Agency, the European Food Safety Authority and the European Medicines Agency, as planned, by the end of June 2012;

11. Welcomes the professional and courteous cooperation between the Court of Auditors and the Committee on Budgetary Control; welcomes, in this connection, the steps taken by the Court of Auditors to improve its role in line with Parliament's request, with a view to having a broader and deeper impact so that its opinions and reports are more effective and useful and its systems and procedures more reliable, thereby strengthening the synergies between the two institutions;

12. Commends the good cooperation between the Court of Auditors and the Committee on Budgetary Control regarding the 2010 discharge for the Joint Undertakings; invites the Court of Auditors to provide the discharge authority with a special report on the effectiveness of the Joint Undertakings' establishment and on their added value for the efficient execution of Union research, technological development and demonstration programmes;

13. Recalls that the Court of Auditors adopted an audit strategy for the 2009-2012 period, setting the following objectives: 1) maximising the overall impact of audits, and 2) increasing efficiency by making the best use of resources; is pleased to note that the Court of Auditors achieved the following priorities in 2010 ([1]):

— the target of delivering 12 to 15 performance audit reports per year was met,

— new products were developed – a paper on risks and challenges for the new Commission (Opinion No 1/2010) and a new system to report, from 2012 onwards, on the follow-up given to the Court's recommendations,

([1]) Annual Activity Report 2010, p. 26.

— the Court's internal rules were revised in order to streamline decision-making by introducing chambers and to strengthen governance,

— a full set of performance indicators was produced,

— the approach used for the annual audit of the implementation of the EU budget (statement of assurance) was improved in accordance with the recommendations of an internal 'think-tank' supported by external experts,

— a number of posts were re-allocated from support services to audit;

14. Welcomes the fact that the number of posts dedicated to audit tasks increased by 6 % ([1]);

15. Notes that in 2010 the Court of Auditors had 889 officials, 48 contract agents and 17 seconded national experts; 557 officials were in audit chambers, including 123 in the Members' private offices; would like the annual activity report, in future, to include a comprehensive table of all the human resources at the Court's disposal, broken down by category, grade, gender, participation in professional training and nationality;

16. Considers that for additional optimisation of the Court of Auditors' activity, an even more substantial number of the Court's officials should be specialised in, and performing exclusively audit tasks; expects to see an increase of this proportion in the future;

17. Also notes that the Court of Auditors undertook a total of 376 audit missions – 351 to Member States and 25 elsewhere (France: 52, Germany: 38, United Kingdom: 32, Italy: 30; Spain: 26, Netherlands: 23, Sweden: 15, Portugal: 14, Greece: 13, Denmark: 12; Luxembourg: 11, Hungary: 10, Poland: 10);

18. Requests the Court of Auditors to incorporate into its future work programmes a systematic follow-up of specific past audits, following a sufficient time lapse, to assess progress;

19. Is pleased that the Court of Auditors uses key performance indicators to measure the efficient and effective use of resources; takes note of the ongoing progress made; would, however, like the Court of Auditors further to step up the presentation of preliminary findings issued on time (enabling it to confirm with the auditee the factual accuracy of its main findings) ([2]);

20. Notes that the draft future Financial Regulation provides that, after consulting the Court of Auditors, agencies can appoint an independent external auditor to check whether their budget implementation complies with the provisions of the Financial Regulation; notes that the Court of Auditors would then take the external auditor's report into account in drawing up its opinion; notes that in 2011 the Court of Auditors launched a pilot project with Eurofound (the European Foundation for the Improvement of Living and Working Conditions);

21. Follows with interest the pilot project and its outcome; acknowledges the benefits this new procedure could generate in streamlining the workload of the Court of Auditors; considers, none the less, that the outcome should be mainly evaluated via quality versus time and cost indicators;

([1]) Annual Activity Report 2010, p. 34.
([2]) Annual Activity Report 2010, p. 30.

22. Encourages the Court of Auditors to perform an in-depth assessment of supervisory and control systems in the Council before the end of 2012, as mentioned in Parliament's resolution on discharge for 2009 ([1]) (paragraph 8);

23. Awaits with interest the 'follow-up peer review' that the Court of Auditors intends to launch in 2012; confirms its intention to produce an own-initiative report on improvements that could be suggested to the Court of Auditors; would like to be informed about the implementation of the conclusions of the last peer review;

24. Also confirms its intention to propose a revision of the rules on appointing candidates to the Court of Auditors, with a view to improving the requirements so that the Court is better equipped to deal with current and future challenges.

([1]) OJ L 250, 27.9.2011, p. 94.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section VI — European Economic and Social Committee

(2012/556/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0261/2011) ([2]),

— having regard to the European Economic and Social Committee's annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union (TFEU),

— 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 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0092/2012),

1. Grants the Secretary-General of the European Economic and Social Committee discharge in respect of the implementation of the Economic and Social Committee budget for the financial year 2010;

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 of the European Union, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section VI — European Economic and Social Committee

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0261/2011) ([2]),

— having regard to the European Economic and Social Committee's annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0092/2012),

1. Notes that in 2010 the European Economic and Social Committee (EESC) had commitment appropriations available amounting to a total of EUR 127 200 000 (EUR 122 000 000 in 2009), and that the utilisation rate of these appropriations was 98 % (98 % in 2009); stresses that the EESC budget is purely administrative: 70 % relates to expenditure on persons working with the institution, and 30 % on buildings, furniture, equipment and miscellaneous operating expenditure;

2. Calls on the EESC to limit increases to its budgets in the coming years to an absolute minimum and to finance new and extended activities primarily though savings;

3. Reiterates the call made in its Resolution of 10 May 2011 ([6]) on discharge to the EESC for the financial year 2009 to undertake with urgency a comprehensive spending review of all areas of activity to ensure that all expenditure delivers value for money, and in order to identify possible savings which would allow pressure on the budget to be reduced given the period austerity currently being experienced in the Union;

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.
([6]) OJ L 250, 27.9.2011, p. 98.

4. Welcomes the fact that in its annual report, the Court of Auditors concluded, based on its audit work, that the payments for the financial year ended 31 December 2010 for administrative and other expenditure of the institutions and bodies were, on the whole, free from material error; the most likely rate of error in the category of 'administrative and other expenditure' in general, was estimated at 0,4 % (points 7.9 and 7.10);

5. Points out that the Court of Auditors included observations in its 2010 annual report concerning the reimbursement of travel expenses to EESC members and the awarding of procurement contracts based on a restricted procedure;

6. Notes with satisfaction that the EESC Bureau decided, on 6 December 2011, to undertake a reform of the system for reimbursing expenses to members, which is aimed, in particular, at reimbursement of transport tickets on the basis of real costs only, which brings daily allowances and travel allowances into line with those paid by Parliament, and provides for allowances to compensate for the time spent by members in performance of their duties and for related administrative costs, taking into account the fact that EESC members do not receive any form of remuneration or pension from the EU budget;

7. Encourages and expects a swift implementation of the above mentioned decision of 6 December 2011;

8. Expresses surprise at the high number of flights invoiced by members of the EESC in 2010, and at their long distance (average: 2 000 km); requests the EESC to provide a detailed list of all flights invoiced in 2010, indicating the departure airport, stops en route, destination, length of flight and the costs incurred by the European taxpayer;

9. Welcomes the fact that changes were made at the EESC Bureau meeting of 21 February 2012 with regard to confirmation of attendance, and reimbursement for taking part in video conferences, in compliance with the guidance of Parliament (stricter documentary evidence in order to justify entitlement to the allowance referred to in Article 12 of the Decision of the Bureau of the European Economic and Social Committee of 21 February 2012 on the reimbursement of expenses incurred and the allowances received by the Committee members and consultative commission delegates, as well as their respective alternates, and deletion of the point relating to videoconferencing); looks forward to the results of the negotiations between the EESC and the Council with a view to reaching a definitive and satisfactory solution to all these issues, in respect of which the decision depends on the Council;

10. Notes with satisfaction the decision by the EESC Bureau providing for publication of the declarations of financial interests of its members; welcomes the fact that this decision has already been implemented;

11. Welcomes the recent and increased interest on the part of EESC members in financial and budgetary matters, in particular within the budget group, which includes a full commitment as regards both the drafting of the budget and the monitoring of its implementation; would like to see a strengthening of cooperation between EESC members and Parliament's Committee on Budgetary Control;

12. Welcomes the fact that the two committees – the Committee of the Regions and the EESC – finally managed to obtain certification under the EU Eco-Management and Audit Scheme (EMAS) on 27 December 2011; would like to be informed on an annual basis of the progress which is anticipated and/or made to reduce further the negative impact of the Committees' activities on the environment;

13. Expresses satisfaction with the results revealed by the mid-term evaluation of the functioning of the administrative cooperation agreement between the Committee of the Regions and the EESC; notes, primarily, that the establishment of joint services has allowed the two Committees to make budget savings; would like the Committees to implement the recommendations made relating to the areas of staff (greater harmonisation of rules), social and medical services and internal services;

14. Suggests a strengthening of accounting procedures in relation to the priority budget lines of the two Committees; believes that this will in turn lead to an increase in savings and to additional strengthening of inter-institutional cooperation;

15. Welcomes the decision taken by the EESC on 24 April 2012 to organise an assessment of its work, as the Committee of the Regions has already done (CAF ([1]): Common Assessment Framework), following the recommendation contained in this resolution, as adopted by the Committee on Budgetary Control on 27 March 2012;

16. Notes with satisfaction also that the EESC has taken good note of the observations of the Court of Auditors and that a reminder of the important elements to be observed in procurement procedures has been sent to all authorising officers by sub-delegation; notes, too, that the EESC will step up efforts to ensure that the necessary public procurement expertise is available in the evaluation committees;

17. Calls on the EESC to improve the quality of the summary of the internal audit service's activities in order for Parliament to be able to assess the monitoring and control mechanisms within the EESC; stresses that the summary should be both informative and relevant; calls on the EESC to send a re-drafted version to its competent committee without delay;

18. Found Annex D to the annual activity report, containing activity and performance indicators, to be very useful; is concerned by the fact that 12,3 % of the interpreting service requested was cancelled, at a cost of EUR 913 344; would like to be informed of which urgent measures are taken to remedy this problem;

19. Calls for better financial planning and budgetary management in order to avoid similar situations in the future;

20. Expects that the annual activity report will, in future, also include an exhaustive table of all the human resources at the EESC's disposal, broken down by category, grade, gender, participation in professional training, and nationality;

21. Reiterates its call for the Ombudsman to inform the Committee on Budgetary Control of the results of the investigations into staff promotion procedures;

22. Calls for all opinions issued by the EESC to be attached to the relevant files.

([1]) Common Assessment Framework, European Institute for Public Administration, Maastricht 2006.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the discharge for implementation of the European Union general budget for the financial year 2010, Section VII — Committee of the Regions

(2012/557/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0262/2011) ([2]),

— having regard to the Committee of the Regions' annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0090/2012),

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 2010;

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 of the European Union, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2010, Section VII — Committee of the Regions

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0262/2011) ([2]),

— having regard to the Committee of the Regions' annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0090/2012),

1. Emphasises that in its 2010 Annual Report the Court of Auditors identified errors in relation to the recruitment of a permanent member of staff and a procurement procedure for interpreting services;

2. Is satisfied with the explanations provided by the Committee of the Regions (CoR) regarding these errors, and with the decisions taken in order to ensure that such situations do not reoccur (improved recruitment procedure for officials from other institutions, supervision and monitoring of contract value estimates using a standard format for documentation, and enhancing the supervisory and control system for tenders by setting up a restricted-access mailbox);

3. Welcomes the fact that the Court of Auditors has concluded, on the basis of its audit work, that the payments as a whole for the financial year ended 31 December 2010 for administrative and other expenditure of the institutions and bodies were free from material error; points out that the most likely error rate as regards administrative expenditure in general is estimated at 0,4 % (paragraphs 7.9 and 7.10);

4. Welcomes the decision of the CoR to develop and implement a standard format for documentation of the estimates in case of negotiated procedures;

5. Notes that in 2010 the CoR had commitment appropriations available amounting to a total of EUR 90 800 000 (EUR 88 000 000 in 2009), with an improved utilisation rate of 99,4 % for 2010 (in 2009 it stood at 98,37 %); stresses that the CoR's budget is purely administrative, with 72 % of expenditure relating to persons working with the institution and 28 % relating to buildings, furniture, equipment and miscellaneous running costs;

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

6. Calls on the CoR to limit increases of future budgets to a strict minimum and to finance new or extended activities primarily from savings and rationalisation of existing expenditure;

7. Calls on the CoR to undertake a comprehensive spending review based on the principle of zero-based budgeting to identify savings, rather than simply adding a nominal percentage increase in line with inflation to existing budgets during each budget cycle;

8. Is pleased to note that, in response to the call made in Parliament's resolution of 10 May 2011 ([1]) on discharge for the financial year 2009, the CoR has strengthened its budgetary procedure, which now comprises four stages: preparation by the CoR's administration, assessment of the preliminary draft by the Committee for Financial and Administrative Affairs (CAFA), decision by the CoR Bureau and Plenary Assembly on the draft budget, and a mid-term review of implementation;

9. Welcomes the fact that the CoR and the European Economic and Social Committee (EESC) finally obtained EMAS (EU Eco-Management and Audit Scheme) certification on 27 December 2011; asks to be informed of the total quantity of energy used which is produced from renewable sources;

10. Is pleased with the results set out in the mid-term review of the functioning of the administrative cooperation agreement between the CoR and the EESC; notes in particular that in establishing joint services the two Committees have been able to make budget savings; would like the Committees to implement the recommendations relating to personnel (further harmonisation of rules), social and medical services and internal services; would like to be informed before the next discharge procedure on the amount of savings made;

11. Compliments the CoR on the quality of the summary of the internal audit service's activities; calls for the audits on the implementation of newly established rights and on budget line management to be carried out as soon as possible, and calls for the recommendations on the setting-up of internal control standards to be followed up more closely and for the adequacy of financial circuits to be strengthened;

12. Further compliments the CoR on the improvement plan drawn up in response to the organisation management self-assessment (CAF ([2]): public administration self-assessment), which aims to:

— improve the effectiveness and follow-up of consultative and political activities,

— improve support for political activities and enhance interinstitutional relations and international partnerships,

— step up cooperation with and between local and regional authorities and related associations,

— look into how the CoR's political mechanisms might benefit from the improved efficiency, including possible reductions in travel expenses, that might be achieved with the use of video-conferencing,

— improve the support on offer for CoR members as regards providing citizens' representatives with information about the CoR,

— organise regular seminars for management staff in the presence of the President of the CoR;

asks to be kept up to date with this initiative by means of the annual activity report;

([1]) OJ L 250, 27.9.2011, p. 102.
([2]) Common Assessment Framework, European Institute for Public Administration, Maastricht 2006.

13. Is impressed by the consistent quality of the annual activity report; hopes that the report will, in future, also include an exhaustive table of all the human resources at the CoR's disposal, broken down by category, grade, sex, participation in professional training and nationality;

14. Reconfirms its position that, in the interests of transparency, declarations of financial interests, including regular updates, of members of all institutions should be accessible on the internet; in this context, is pleased to note that the CoR's Bureau decided, in December 2011, to make members' declarations of financial interests available online, in the section of the website devoted to information on members;

15. Notes that the Treaty on the Functioning of the European Union highlights the importance of the subsidiarity principle, thus strengthening the role of the CoR; in this context, congratulates the CoR, in particular for its work on the 'Europe 2020' strategy and on multi-level governance;

16. Takes the view that the CoR's annual impact report is a useful tool for assessing its work;

17. Calls for all opinions issued by the CoR to be attached to the relevant files.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the discharge for implementation of the European Union general budget for the financial year 2010, Section VIII — European Ombudsman

(2012/558/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the European Union general budget for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0263/2011) ([2]),

— having regard to the European Ombudsman's annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0089/2012),

1. Grants the European Ombudsman discharge in respect of the implementation of its budget for the financial year 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2010, Section VIII — European Ombudsman

THE EUROPEAN PARLIAMENT,

— having regard to the European Union general budget for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0263/2011) ([2]),

— having regard to the European Ombudsman's annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0089/2012),

1. Stresses that in point 7.31 of its 2010 annual report the Court of Auditors stated that it 'has no observation to make on the European Ombudsman'; points out, none the less, that the Court of Auditors had asked the European Ombudsman (the Ombudsman) to draft provisions on the procedures for recruitment of temporary staff; considers that the Court of Auditors should have notified it of the outcome;

2. Notes that in 2010 the Ombudsman had commitment appropriations available amounting to a total of EUR 9 332 275 (as against EUR 9 000 000 in 2009) and that the utilisation rate for those appropriations was 89,65 %, which was below the average for the other institutions and two percentage points lower than the utilisation rate for the previous year (91,98 %); points out, however, that the lower utilisation rate is due mainly to a fluctuation in staff numbers and stresses that the Ombudsman has a purely administrative budget, 79 % of which is accounted for by expenditure relating to persons working with the institution, 15 % by buildings, furniture, equipment and miscellaneous operating expenditure, and 6 % by expenditure resulting from general functions carried out by the institution;

3. Calls for better financial planning ensuring more efficient budget implementation;

4. Welcomes the fact that the Ombudsman included key performance indicators in the 2010 action plan, together with a scoreboard, thus enabling performance to be measured using a benchmarking system; welcomes the progress made throughout the year;

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

5. Calls, however, for the number and proportion of cases in which decisions on admissibility are taken within one month to be further increased; notes that the current proportion is 66 %;

6. Calls also for the number and proportion of inquiries that are completed within less than 12 months to continue to increase; notes that the current proportion is 66 %;

7. Welcomes the fact that a new procedure has been introduced for the recruitment of temporary staff and the calculation of individual entitlements;

8. Welcomes the audit carried out by the Internal Audit Service in 2010, which took account of observations made in 2009 and concluded that, subject to implementation of the agreed measures, the management and control system is effective;

9. Points out that Parliament adopted an own-initiative report on the annual report on the European Ombudsman's activities in 2010 only recently, on 27 October 2011 ([1]), and therefore does not wish to add to the observations made therein;

10. Calls for the annual report on the European Ombudsman's activities in 2011 to contain a section on any action taken in response to Parliament's discharge resolution, together with a comprehensive table of all the human resources available to the Ombudsman, broken down by category, grade and gender, participation in professional training and nationality.

([1]) Texts adopted, P7_TA(2011)0467.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section IX — European Data Protection Supervisor

(2012/559/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0264/2011) ([2]),

— having regard to the European Data Protection Supervisor's annual report to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the 2010 financial year pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 77 of, and Annex VI 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 (A7-0093/2012),

1. Grants the European Data Protection Supervisor discharge in respect of the implementation of the budget for the financial year 2010;

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 thereof to the Council, the Commission, the Court of Justice of the European Union, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its decision on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section IX — European Data Protection Supervisor

THE EUROPEAN PARLIAMENT,

— having regard to the general budget of the European Union for the financial year 2010 ([1]),

— having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011) 473 – C7-0264/2011) ([2]),

— having regard to the annual report of the European Data Protection Supervisor (EDPS) to the discharge authority on internal audits carried out in 2010,

— having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies ([3]),

— having regard to the statement of assurance ([4]) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the 2010 financial year pursuant to Article 287 of the Treaty on the Functioning of the European Union,

— having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

— 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 77 of, and Annex VI 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 (A7-0093/2012),

1. Notes that, in its 2010 annual report, the Court of Auditors made the following observation: 'While the specialised nature of the functions performed by the [European Data Protection Supervisor (EDPS)'s] Office may justify the organisation of an internal competition [organised in the legal, technological, human resources and secretarial assistance fields in 2009], this policy should not be considered as the norm. Best practice is to use the services of the European Personnel Selection Office (EPSO), which organises open competitions on a regular basis.' (Paragraph 7.32);

2. Is satisfied that in 2009-2010 the EDPS, in close cooperation with EPSO, organised an open competition concerning data protection in order to recruit highly specialised staff;

3. Welcomes the fact that, on the basis of its audit work, the Court concludes that the payments as a whole for the year ended on 31 December 2010 for administrative and other expenditure of the Institutions and bodies were free from material error; notes that the most likely error estimated by the Court for 'administrative expenditure' in general is 0,4 % (paragraphs 7.9, 7.10 and 7.32);

([1]) OJ L 64, 12.3.2010.
([2]) OJ C 332, 14.11.2011, p. 1.
([3]) OJ C 326, 10.11.2011, p. 1.
([4]) OJ C 332, 14.11.2011, p. 134.
([5]) OJ L 248, 16.9.2002, p. 1.

4. Recalls that, in relation to the 2009 financial year, the Court of Auditors called on the EDPS to ask his staff to deliver at regular intervals documents certifying their personal situation; notes that in the meantime the EDPS has corrected the errors observed in connection with the statement of assurance for 2009 in 2010 and 2011, and has established tools which make it possible to improve the management of allowances; stresses that the Court of Auditors will monitor progress in its 2011 annual report;

5. Notes that in 2010 the EDPS had a total of EUR 7 104 351 in commitment appropriations (EUR 7 000 000 in 2009), and that the implementation rate of those appropriations was 82,73 % (81,44 % in 2009); stresses that the budget of the EDPS is purely administrative, the breakdown of expenditure being 65 % on persons working with the institution (Title 1) and 35 % on buildings, furniture, equipment and miscellaneous operating expenditure (Title 2);

6. Calls on the EDPS to draft annual budgets which correspond to his needs (only 75 % of Title 1 appropriations were utilised in 2010) and implement the budget better (paragraph 7.35);

7. Notes with satisfaction that the recommendations made in the reports of the Court of Auditors and the Commission concerning the 2009 financial year were acted upon as follows:

   — a new internal financial verification system was added to the financial workflow plan,

   — an accounting adviser was appointed,

   — a central register of exceptions was introduced, and

   — an a posteriori verification system is being adopted;

8. Notes the far-reaching change made to the organisation of the staff in 2010 and asks to be informed of the results of the new establishment plan; would appreciate it, in this context, if the EDPS also included in his annual activity report information on the action taken on Parliament's recommendations;

9. Notes that the establishment of a secure electronic case management system constitutes progress; wishes to be informed of developments in the next annual activity report;

10. Notes that the EDPS intends to establish a system to define key performance indicators in the management plan for 2012 and a scoreboard which will make it possible to measure the service's efforts by means of a benchmarking system; stresses that that plan will be assessed as part of the 2012 annual activity report;

11. Notes that the annual activity report for 2011 will include a chapter on the action taken in response to Parliament's discharge resolution;

12. Would like the annual activity report for 2011 also to include an exhaustive table of all the human resources at the EDPS's disposal, broken down by category, grade, sex, participation in professional training and nationality.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the eighth, ninth and 10th European Development Funds for the financial year 2010

(2012/560/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736) and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the financial statements and revenue and expenditure accounts of the eighth, ninth and 10th European Development Funds for the financial year 2010 (COM(2011) 471 – C7-0273/2011),

— having regard to the Commission's annual report of 27 April 2011 on the financial management of the eighth, ninth and 10th European Development Funds in 2010,

— having regard to the financial information on the European Development Funds (COM(2011) 334),

— having regard to the Court of Auditors' annual report on the activities funded by the eighth, ninth and 10th European Development Funds in respect of the financial year 2010, together with the Commission's replies ([1]) and to the Court of Auditors' special reports,

— having regard to the statement of assurance ([2]) 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 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendations of 21 February 2012 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2010 (05458/2012 - C7-0047/2012, 05459/2012 - C7-0048/2012, 05460/2012 - C7-0049/2012),

— 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 ([3]) and revised in Luxembourg on 25 June 2005 ([4]),

— 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') ([5]), amended by Council Decision 2007/249/EC ([6]),

— 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 ([7]),

([1]) OJ C 326, 10.11.2011, p. 251.
([2]) OJ C 326, 10.11.2011, p. 262.
([3]) OJ L 317, 15.12.2000, p. 3.
([4]) OJ L 287, 28.10.2005, p. 4.
([5]) OJ L 314, 30.11.2001, p. 1 and OJ L 324, 7.12.2001, p. 1.
([6]) OJ L 109, 26.4.2007, p. 33.
([7]) OJ L 156, 29.5.1998, p. 108.

— 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 ([1]),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention ([2]),

— having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the ninth European Development Fund ([3]),

— having regard to Article 142 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund ([4]),

— having regard to Rules 76 and 77, third indent of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A7-0100/2012),

1. Grants the Commission discharge in respect of the implementation of the budget of the eighth, ninth and 10th European Development Funds for the financial year 2010;

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 of the European Union, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ L 317, 15.12.2000, p. 355.
([2]) OJ L 191, 7.7.1998, p. 53.
([3]) OJ L 83, 1.4.2003, p. 1.
([4]) OJ L 78, 19.3.2008, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the eighth, ninth and 10th European Development Funds for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736) and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the financial statements and revenue and expenditure accounts of the eighth, ninth and 10th European Development Funds for the financial year 2010 (COM(2011) 471 – C7-0273/2011),

— having regard to the Commission's annual report of 27 April 2011 on the financial management of the eighth, ninth and 10th European Development Funds in 2010,

— having regard to the financial information on the European Development Funds (COM(2011) 334),

— having regard to the Court of Auditors' annual report on the activities funded by the eighth, ninth and 10th European Development Funds in respect of the financial year 2010, together with the Commission's replies ([1]) and to the Court of Auditors' special reports,

— having regard to the statement of assurance ([2]) 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 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendations of 21 February 2012 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2010 (05458/2012 - C7-0047/2012, 05459/2012 - C7-0048/2012, 05460/2012 - C7-0049/2012),

— 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 ([3]) and revised in Luxembourg on 25 June 2005 ([4]),

— 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') ([5]), amended by Council Decision 2007/249/EC ([6]),

— 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 ([7]),

([1]) OJ C 326, 10.11.2011, p. 251.
([2]) OJ C 326, 10.11.2011, p. 262.
([3]) OJ L 317, 15.12.2000, p. 3.
([4]) OJ L 287, 28.10.2005, p. 4.
([5]) OJ L 314, 30.11.2001, p. 1 and OJ L 324, 7.12.2001, p. 1.
([6]) OJ L 109, 26.4.2007, p. 33.
([7]) OJ L 156, 29.5.1998, p. 108.

— 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 ([1]),

— having regard to its resolutions of 5 July 2011 on increasing the impact of EU development policy ([2]) and on the future of EU budget support to developing countries ([3]),

— having regard to its resolution of 22 May 2008 on the follow-up to the Paris Declaration of 2005 on Aid Effectiveness ([4]),

— having regard to its resolution of 28 September 2006 on more and better cooperation: the 2006 EU aid effectiveness package ([5]),

— having regard to the OECD Development Assistance Committee (DAC) report on aid effectiveness, which is a progress report on the implementation of the June 2009 Paris Declaration,

— having regard to the 'Tunis Consensus: Targeting Effective Development' of 4 and 5 November 2010, which is an African agenda for development effectiveness,

— having regard to the outcome document on the OECD high level meeting on Aid Effectiveness in Busan December 2011,

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention ([6]),

— having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the ninth European Development Fund ([7]),

— having regard to Article 142 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund ([8]),

— having regard to Rules 76 and 77, third indent of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A7-0100/2012),

A. whereas the main goal of the Cotonou agreement as the framework of the Union's relations with African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs) is to reduce and eventually eradicate poverty, consistent with the objectives of sustainable development and the gradual integration of the ACP countries and OCTs into the world economy,

([1]) OJ L 317, 15.12.2000, p. 355.
([2]) Texts adopted, P7_TA(2011)0320.
([3]) Texts adopted, P7_TA(2011)0317.
([4]) OJ C 279 E, 19.11.2009, p. 100.
([5]) OJ C 306 E, 15.12.2006, p. 373.
([6]) OJ L 191, 7.7.1998, p. 53.
([7]) OJ L 83, 1.4.2003, p. 1.
([8]) OJ L 78, 19.3.2008, p. 1.

B. whereas the European Development Fund (EDF) is the Union's most important financial instrument for development cooperation with the ACP States,

C. whereas despite Parliament's repeated request to 'budgetise' the EDF, the Commission proposed an EDF remaining outside the Union budget for the 2014-2020 period in its communication of 29 June 2011 'A Budget for Europe 2020' (COM(2011) 500), which means that the EDFs will continue to be implemented not by the general Financial Regulation but in accordance with specific financial rules,

D. whereas the total amount of aid channelled through the EDF is undergoing a considerable increase as the amount of Union aid under the 10th EDF for the period 2008 to 2013 has been set at EUR 22 682 000 000 which represents a 37 % nominal increase per year compared with the financial allocations under the ninth EDF, and while the EDF disbursements have doubled from 2000 to 2010, the problem of absorption capacity persists,

E. whereas one year after its establishment the European External Action Service (EEAS), which shares the responsibility of managing the European Development Aid with the Commission, has been criticised for inefficiency as well as serious structural and transitional problems in the Union Delegations,

F. whereas the development aid landscape is constantly evolving and whereas development aid is part of a larger context where trade, remittances and other sources of income are today more important than the total Official Development Assistance (ODA) payments for many developing countries,

G. whereas transparency and accountability, on the one hand between donor and partner countries and on the other hand between the partner state and its citizens, are prerequisites for effective aid; whereas donors and partner countries agreed in the Paris Declaration and the Accra Agenda for Action on Aid Efficiency (AAA) to provide detailed information on current and future aid flows in good time to enable developing countries to draw up their budgets and audit their accounts more accurately,

H. whereas development aid is often delivered in a context of weak state institutions, high occurrences of corruption and insufficient internal control systems in the recipient state and whereas the audit of the Union development budget is therefore of particular importance,

I. whereas 2010 was a year of severe challenges to global development cooperation, due to, for example, the global financial debt crisis, rising food prices, and the Haiti earthquake,

1. Recalls that the EDF is implemented through projects and budget support, whereas in 2010 66 % of the funds flowed into projects and 34 % were channelled via budget support; recalls that in 2010 49 % of payments from the EDF were managed under centralised management, i.e. the Commission implemented the aid activities directly, 11 % of the payments were managed under joint management, that is via international organisations such as the United Nations Organisation and the World Bank; 40 % of the payments were managed under decentralised management, that is the Commission entrusted certain implementation tasks to the authorities of the beneficiary countries;

2. Notes with satisfaction the record high in gross payments and the commitment rate of close to 50 % halfway through the 10th EDF, which keeps the target of committing the entire 10th EDF by the end of 2013 within reach; is, however, concerned at the very low commitment rates of the regional (20 %) and Overseas Countries and Territories (3 %) envelopes at the midpoint of the 10th EDF; requests that the Commission urgently accelerate implementation of the Regional Indicative Programmes and OCTs programmes;

3. Reiterates its concern that Parliament does not have the right to scrutinise EDF operations in the same way as it does for other aid instruments such as the Development Cooperation Instrument (DCI); urges the Commission to bring forward concrete proposals to improve Parliament's democratic scrutiny over the EDF by bringing it into line with the DCI; also highlights the importance of EDF oversight by the ACP-EU Joint Parliamentary Assembly (JPA);

EDF budgetisation

4. Reconfirms its position of supporting EDF budgetisation; strongly believes that this is an indispensable step towards strengthening the democratic control, the accountability, and the transparency of funding and towards providing more coherence in Union policy concerning ACP countries; underlines that budgetisation would reduce transaction costs and would simplify reporting and accounting requirements by having only one set of administrative rules and decision-making structures instead of two; expects the Commission to ensure that the budgetisation is not made on the expenses of a loss of predictability of ACP funding;

5. Strongly regrets that the Commission in its communication 'A Budget for Europe 2020' did not propose to incorporate the EDF into the Union budget in the financial framework 2014-2020; insists that as soon as possible and by no later than 2020 when the Cotonou agreement expires, the EDF should be integrated into the Union budget; strongly encourages the Commission to prepare the integration of cooperation with ACP countries into the budget without further delay;

6. Urges the Council and the Member States to respond positively to the Commission's proposal and to agree that the EDF will be fully incorporated into the Union's budget from 2020 onwards; believes this measure to be long overdue; expects the Commission to honour this commitment and to take all necessary measures to start preparing for EDF budgetisation;

7. Stresses that the incorporation of the EDF into the Union budget does not imply that total development cooperation spending may be reduced;

Statement of assurance

Reliability of the accounts

8. Welcomes the opinion of the Court of Auditors that the final annual accounts of the eighth, ninth and 10th EDFs present fairly, in all material respects, the financial position of the EDFs as of 31 December 2010;

9. Recalls the Court of Auditors' opinion, according to which there is still a high frequency of encoding errors; takes note of the Court of Auditors' finding that although these errors did not have material impact on the annual accounts in 2010, they can potentially affect the reliability of EuropeAid financial management data;

10. Notes EuropeAid's action plan aims to improve the quality of information on contracts in its management information and accounting system (CRIS), as well as the accounting initiative helping users to correctly encode and classify accounting information; awaits the launch of a review of the audit module of CRIS in 2012; asks the Commission to report to the competent committees of the Parliament whether the expected reduction in persistent encoding errors and further improvement in the quality of data entry has taken place;

11. Notes with satisfaction that the introduction of the new accrual-based accounting system (ABAC-EDF) has been virtually completed; notes that the new accounting system strengthens the accounting environment and improves the quality of encoding;

Regularity of transactions

12. Notes with satisfaction that, according to the Court of Auditors, the revenue and commitments are free from material error but is highly concerned about the significant frequency of non-quantifiable errors affecting commitments in terms of compliance with tendering rules and legal deadlines for the signature of contracts;

13. Is concerned by the Court of Auditors' opinion on the legality and regularity of payments underlying the accounts according to which the payments were materially affected by error; recalls that the Court of Auditors' estimate for the most likely error rate for payments from the eighth, ninth and 10th EDFs is 3,4 % which is above the materiality threshold of 2 %, and by the fact that quantifiable and non-quantifiable errors were found for all types of projects, except for supply contracts;

14. Notes that the remaining main types of quantifiable errors detected on project payments are the following: (a) accuracy: calculation errors, (b) occurrence: absence of invoices or other supporting documents for services rendered or goods supplied, (c) eligibility: expenditure incurred outside the implementation period or related to items not foreseen in the contract and undue payment of VAT or non-application of mandatory penalties;

15. Is especially worried over the increase in badly performing projects in 2010 (12,6 %, versus 11 % in 2009) [1] and the persistently high frequency of errors in commitments under decentralised management;

16. Deplores the persistent high frequency of non-quantifiable errors affecting payments; notes that the non-quantifiable errors mainly concerned performance guarantees, non-compliance with authorisation and contracting procedures for administrative expenditure, insufficient supporting documents and inconsistencies with contractual rules;

17. Notes that in the Commission's view the non-quantifiable errors had no financial impact; takes note of the substantial increase in EuropeAid's online training provision, as well as pre-posting seminars for newly appointed Heads of Delegation, etc., as a strategy to reduce the non-quantifiable errors; expects the Commission to demonstrate whether this results in a reduction of the number of non-quantifiable errors; calls on the Commission to enhance *ex-ante* controls to prevent non-quantifiable errors and possible losses as a result of non-compliance with the bank guarantee rules;

Residual Error

18. Recalls that EuropeAid is still working on a key indicator for the estimated financial impact of residual errors after all *ex-ante* and transactional *ex-post* controls have been carried out; notes the assertion of the Commission according to which its net residual error rate is lower than the error rate estimated by the Court of Auditors; recalls the Court of Auditors' opinion which states that the audit of the Court of Auditors does not corroborate the assertion of EuropeAid's Director-General that he had obtained reasonable assurance that the payments made by EuropeAid from the EDFs were most probably not affected by material error;

19. Regrets the lack of compatibility between the Court of Auditors' estimation of the most likely error rate based on the annual approach of the Court of Auditors and current methodology, on one hand, and the Commission's practice to refer to the net residual error rate covering more than one year, on the other hand; believes that the approach based on the residual error rate in its current form does not provide comparable data for the annual discharge procedure; notes with satisfaction that the Commission agrees with the Court of Auditors that further quantified evidence should be found; calls on the Commission to complete the process of developing the key indicator to estimate the financial impact of residual error within the set timeframe, i.e. by 2013;

Overall assessment of the effectiveness of supervisory and control systems

20. Regrets the Court of Auditors' finding that the overall supervisory and control systems of the EDFs managed by the Commission are only partially effective; notes that the monitoring and supervision by EuropeAid's Central Services were effective, whereas they were partially effective for Union Delegations;

[1] Annual report on the financial management of the eighth, ninth and 10th European Development Funds in 2010, p. 11.

21. Regrets the fact that the drawbacks in the supervisory and control systems of Union Delegations have a recurrent character; recalls that the Court of Auditors' findings included poorly documented and ineffective checks at most National Authorising Officer's administrations in EDF beneficiary countries, lack of institutional capacity, resource constraints and high-staff turnover rates in Union Delegations; therefore calls for the strengthening of the institutional capacity in the National Authorising Officer's administration by providing additional financial training and targeted guidance to overcome these weaknesses in financial management;

22. Notes that staffing constraints and inadequate human resources which may have a negative impact on Union audit processes have been reported in the last three Court of Auditor's annual reports on the EDFs; is highly concerned about this recurrent problem;

23. Emphasises that competent staff in adequate numbers is a prerequisite for efficient implementation and high-quality monitoring and follow-up of Union development aid; in this respect calls on the Commission and the EEAS to give sufficient priority to the human resources' aspects of their organisations as well as to cost efficiency, so as not to compromise any delegation's capacity for the monitoring and control tasks;

24. Notes the Court of Auditors' findings that the *ex-ante* controls by both the authorising officers of EuropeAid's central services and in the Union Delegations were only partially effective; recalls that EuropeAid's *ex-ante* checks largely rely on certificates from external supervisors or external audits and expenditure verifications; regrets that as a result of the high frequency of errors the Court of Auditors found the assurance that can be derived from this is limited; notes that the Commission introduced mandatory standard Terms of Reference for auditors in order to address this issue;

25. Notes with satisfaction that the control environment of both the Central Systems' EuropeAid and Union Delegations were found to be effective; is concerned about the recurrent weaknesses in the monitoring and supervision systems of the Union Delegations such as missing or inadequate documentation, use of incorrect procurement procedures by implementing organisations; notes that the 'Financial Management Toolkit for recipients of EU funds for external actions' was finalised and disseminated, in order to improve the knowledge of financial management and eligibility of rules by implementing organisations;

26. Notes that the Commission continues its efforts to improve the supervisory and control systems of EuropeAid, expects the current revision of EuropeAid's control systems (EuropeAid Action Plan for Strengthening of the Control Pyramid) to deliver positive results in terms of accountability, efficiency and cost-effectiveness; calls on the Commission to inform the competent committees of the Parliament on the measures taken to remedy the abovementioned problems;

27. Welcomes the introduction in June 2010 of a new format for Delegations' annual reporting on Public Finance Management reforms in recipient countries and urges Delegations to apply this new framework consistently;

28. Welcomes the finding of the Court of Auditors that the Annual Activity Report is clear and informative, in particular through the use of quantitative indicators and gives a fair picture of the implementation and results;

29. Urges the Commission to increase the level of information regarding the implementation of the EDF at national and regional level in the ACP countries and to ensure better visibility for all Union-funded activities overseas;

Competences of the Commission and the EEAS in the implementation of Union development assistance

30. Notes that 2010 was the year when the EEAS took shape and commenced operation; reiterates its concerns that the initial division of competences between the Commission and EEAS staff in the Union Delegations gave rise to confusion and justified criticism; calls for improved effectiveness of European development aid to overcome the fragmented way in which it is managed;

31. Calls on the Commission to follow up and report on the operation of this new system; notes the fact that the issues which have required clarification between the EEAS and the Commission are being addressed in the 'Working Arrangements between Commission services and the EEAS in relation to external relations issues'; asks the Commission to submit the document to the competent committees of the Parliament when it is finalised, along with a summary of the outstanding issues between the Commission and the EEAS and the strategy to address these issues, as well as the formal clarification in relation to potential flexibility in the use of human resources in Union Delegations;

Budget support

32. Recalls that the Court of Auditors found in its Annual Report on the EDFs concerning the financial year 2010 that budget support payments were affected by a high frequency of non-quantifiable errors in 2010 - 35 %, as high as it was in 2009, showing persistently high levels of errors in budget support payments; notes that in order to address this issue the Commission strengthened its training provisions and introduced the Financial Management Toolkit for recipients of Union funds for external actions; calls upon the Commission to follow up the issue and to report whether these measures improve the situation;

33. Recalls that budget support has been used as an aid modality for almost two decades by the Commission; notes that there is still scope for improvement in aspects such as the design, efficiency and effectiveness of the implementation, control and reporting;

34. Acknowledges the potential advantages of budget support; believes, however, that it is not the right answer to every situation; considers that this aid modality is meaningful only if it provides sufficient transparency, accountability and effectiveness;

35. Acknowledges the effort made and improvements achieved by the Commission in demonstrating budget support eligibility in a better formalised and structured manner e.g. by introducing the revised framework for assessing progress in public financial management or the guidance on budget support to fragile states etc.;

36. Calls on the Commission to concentrate on the effectiveness of the programmes by checking results against indicators, to publish the conditionalities and performance indicators in Country Strategy Papers and to ensure that Delegations' reports provide a structured and formalised demonstration of public finance management progress by clearly setting the criteria against which progress is to be assessed, the progress made and the reasons why the reform programme may have not been implemented according to plan;

37. Welcomes the finding of the Court of Auditors that the previously high number of non-quantifiable errors relating to demonstration of progress in public finance management have decreased substantially following the introduction of a revised framework for monitoring and reporting on progress in public finance management in June 2010; calls on the Commission to continue its efforts to reduce non-quantifiable errors permanently;

38. Notes the Commission's communication of 13 October 2011 on 'The Future approach to the EU Budget Support to third Countries' (COM(2011) 638) which, for example, states that the Commission will introduce a new eligibility criterion regarding the 'transparency and oversight of the budget';

39. Recalls that, in accordance with Article 25(1)(b) of Regulation (EC) No 1905/2006 of the European Parliament and of the Council [1], budget support may be granted if the partner country's management of public spending is sufficiently transparent, reliable and effective; in that context, expresses its concern at the risks that are entailed by the Commission's 'dynamic' interpretation of the eligibility criteria; calls on the Commission to continue its efforts to substantiate its decisions concerning the eligibility of

[1] Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation (OJ L 378, 27.12.2006, p. 41).

budget support and to ensure that all financing agreements provide a comprehensive and clear basis for the assessment of compliance with payment conditions; calls on the Commission to determine the amount to be allocated to individual budget support programmes in a better justified and more transparent manner;

40. Stresses the double accountability for the budget support: between the donor and the partner country and between the partner state and its citizens; therefore emphasises the shared interest of taxpayers in the Union and the partner countries in transparent and correct audits and the continued need for enhanced support for the development of partner countries' own control capacity;

41. Recalls that public finance management is one of the criteria for providing budget support to the current 102 beneficiary countries ([1]); invites the Commission to inform the discharge authority about the reasons which justify that only 28 Public Expenditure and Financial Accountability (PEFA) Reports are available on the Commission's website ([2]);

42. Expects the Commission and the Member States to create a public register in which budget support agreements, procedures and development indicators are transparently listed ([3]);

43. Asks the Commission to provide regular reports on accomplishment of the goals set for Union budget support and on specific problems encountered in particular recipient countries; calls on the Commission to ensure that budget support is reduced or cancelled when clear goals are not achieved;

44. Considers the Green Paper ([4]) launched in 2010 a positive contribution to the reflection on how to turn budget support into a more efficient and effective instrument for poverty reduction;

45. Urges the Commission once again to help partner countries develop parliamentary control and audit capacities and increase transparency and public access to information, in particular when aid is provided via budget support, in line with the provisions of Article 25(1)(b) of Regulation (EC) No 1905/2006 and; invites the Commission to report regularly on progress achieved;

Special Report No 11/2010 of the Court of Auditors on the Commission's Management of General Budget Support in ACP, Latin American and Asian Countries

46. Welcomes the Court of Auditors' audit and the constructive recommendations contained therein;

47. Is of the opinion that General Budget Support (GBS) is a very valuable instrument of aid delivery if used in a proper manner, as it potentially increases the ownership and responsibility of recipient governments, as well as the need for stronger scrutiny by parliaments and the involvement of civil society in recipient countries, while also broadening both the basis and the need for a strong political dialogue between the Union and the recipient countries;

48. Is deeply concerned by the Court of Auditors' finding that the Commission does not appropriately manage the main risks which affect the effective provision of GBS 20 years after it first started to provide aid through this instrument; urges the Commission to follow the Court of Auditors' recommendations in order to strengthen its risk management, through proper assessment of fiduciary and development risks, and in particular through making better use of information already available;

([1]) Reply to written question 23, addressed to Commissioner Piebalgs in the framework of the 2010 EDF discharge, for the hearing on 12 January 2012.
([2]) http://ec.europa.eu/europeaid/what/economic–support/public–finance/pefa_assesments_en.htm
([3]) As requested in the resolution on the future of EU budget support to developing countries, Texts adopted of 5 July 2011, P7_TA(2011)0317, paragraph 52.
([4]) Green paper of the Commission of 19 October 2010: The future of EU budget support to third countries (COM(2010) 586).

49. Shares the view of the Commission that in some cases, a 'dynamic approach' to GBS may lead to important political results, when budget support is given to countries which demonstrate weaknesses in public finance management but which are committed to reform and show progress in implementing reforms; is, however, deeply concerned that 12 of the non-fragile ACP countries for which GBS has been planned in the country strategy papers for the 10th EDF and five Latin American countries with GBS programmes, are classified in the 2009 Corruption Perception Index by Transparency International as having 'rampant corruption' which means that they scored less than three on a scale from 10 (very clean) to zero (highly corrupt); urges the Commission to develop adequate, strict and transparent monitoring methods and to ensure that sufficient and adequate staff are present in the Union Delegations before engaging in GBS in recipient countries with such high fiduciary risks; in this context, calls on the EEAS to fully exercise its political role by active participation in developing the political goals of the recipient countries in terms of the fight against corruption and ensuring progress towards their achievement;

50. Is concerned about the conclusions of the Court of Auditors that insufficient attention has been given to the need to strengthen oversight bodies such as parliaments and civil society organisations in recipient countries, as strengthening parliamentary oversight and improving the involvement of civil society are essential parts of capacity building objectives concerning GBS; urges the Commission to invest more in improving the institutions, rule of law, democracy and good governance of the recipient countries;

51. Calls on the Commission to provide for such objectives of its GBS programmes which take into account the specific circumstances of the partner country, in view of the fact that the overall objective of GBS programmes is to support the implementation of a country's national development strategy;

52. Calls on the Commission and the Member States to:

— show united resolve to play a full and strong political role in their dialogue with the recipient countries, as this role is essential for the success of GBS, in particular when it carries the huge potential impact of a common Union policy, shared by all Member States,

— improve their coordination on the procedures,

— strengthen their commitment to the objectives of GBS,

— avoid sending mixed signals to the recipient countries, even if this may seem to be at least as difficult for Member States and the Commission as are the justifiable demands on countries who receive GBS, concerning good governance and the rule of law;

53. Is concerned by the Court of Auditors' finding that the design and implementation of the four components of GBS programmes (i.e. funding, capacity-building support, conditions and dialogue) do not ensure that their potential impact is optimised; calls on the Commission to follow the Court of Auditors' recommendations by determining the amounts to be allocated to individual GBS programmes in a better supported and more transparent manner, by focusing its capacity-building on priority needs, by strengthening its management of performance-related conditions as regards general eligibility conditions and specific conditions for disbursement, and by strengthening its approach to dialogue;

54. Calls on the Commission to engage more systematically in a dialogue with the recipient countries on all aspects of GBS and urges the Commission to improve the expertise of its staff in the Union Delegations in order to strengthen this dialogue; calls upon the Commission to ensure that the Union Delegations' staff implementing GBS has adequate access to human resources and information;

55. Urges the Commission to improve its reporting on the effectiveness of its GBS programme, in particular by establishing an appropriate quantitative evaluation method and systematic monitoring of progress against clear indicators and measurable objectives;

56. Reiterates its calls on the Commission to draw up an annual report on the use of budget support in order to improve identification of the strengths and weaknesses of ongoing budget support programmes;

57. Urges the Commission and other donors to cooperate in order to perform joint evaluation on a regular basis to assess the effectiveness of aid provided through GBS programmes in terms of poverty reduction;

Development priorities, Development Cooperation with higher impact

58. Stresses that good governance, democracy, respect of human rights, and poverty reduction must be integrated goals of the implementing organisations in countries where EDF support is distributed;

59. Recalls the Arab Spring events during 2011 and the importance of a focus on democratic principles and democracy building support in all development aid;

60. Reiterates its commitment to the principles of aid effectiveness built on genuine partnership, as defined within the OECD Paris Declaration and the AAA;

61. Notes with satisfaction the Communication of the Commission 'Increasing the impact of EU Development Policy: an Agenda for Change' (COM(2011) 637) of 13 October 2011, stipulating continued support for social inclusion and human development; insists that at least 20 % of Union aid be allocated to basic and secondary education and basic health; urges the Commission to place greater emphasis on maternal health, as this is the Millennium Development Goal (MDG) for which progress has been disappointing;

62. Reiterates its call on the Commission to prioritise support to strengthen health systems by focusing, in particular, on targeting the poorest people, to improve the quality of learning and to help establish a policy framework which favours the poor and which is gender responsive; urges the Commission to ensure better visibility for Union-funded activities overseas;

63. Welcomes the fact that development aid is no longer the dominant source of income for many of the poorest countries in the world; stresses that aid effectiveness requires poor countries to be able to mobilise domestic revenues and deplores the fact that illicit capital flight from developing countries in sums exceeding the inflow of capital to these countries, e.g. through corruption and large scale tax evasion, is an acute and substantial problem hindering poverty reduction and prolonging aid dependency;

64. Further stresses that long-term social and economic development requires sustainable sources of income other than aid; in this regard considers that sound and well-functioning trade relations in line with WTO principles is key for developing countries and therefore urges the Commission, the Council and the ACP states to find solutions to the outstanding issues concerning the proposed Economic Partnership Agreements and free trade between Europe and the ACP region;

65. Is concerned about the Commission's control procedures which are in place when Union funds are managed through international organisations under joint management arrangements; points out that the terms for and the implementation of control and follow-up of Union funds under joint management have demonstrated serious weaknesses; calls on the Commission to ensure that all its partners provide the Commission with an easy and unbureaucratic access to their internal audit reports;

66. Recalls the case of Afghanistan, where the security situation is extremely difficult, to the extent that Commission staff can no longer travel freely, which significantly limits the execution of a number of the 'standard' internal control procedures;

67. Points out the significance of linking relief, rehabilitation and development (LRRD) in order to strengthen the links between relief, recovery and development and to ensure a smooth transition from humanitarian aid to development aid; stresses that there is still much work to be done to improve the coordination, efficiency, effectiveness and consistency of LRRD;

68. Urges the Commission to ensure that EDF funding is coordinated with other instruments (Food Facility, Food Security Thematic Programme, European Instrument for Democracy and Human Rights, Non-State Actors/Local Authorities Thematic Programme, Instrument for Stability, Pilot Project Rural Micro-Finance); calls on the Commission to ensure better coherence and complementarity between humanitarian aid and development aid, both at policy level and in practice, and to put greater emphasis on disaster risk reduction and disaster preparedness, as well as to strengthen the resilience of the population at risk;

69. Points out that the Union needs a wide range of tools for development cooperation adapted to different contexts as there is no one-size-fits-all in development aid; in particular, emphasises the need for specific tools and working methods in dealing with failed states or with deeply undemocratic countries such as Eritrea, which refuses aid to its people in spite of a rampant food crisis;

70. Believes that the current acute food crisis in the Horn of Africa is also the tragic consequence of failed coherence and complementarity between the international humanitarian and development aid as well as abusive speculation on foodstuffs; points out that unlike natural disasters, this has been a slow-onset crisis that has gradually escalated into a humanitarian disaster; recalls that unfortunately droughts and food shortage are of a chronic character in the Horn of Africa and that the self-sufficiency of local farmers needs to be strengthened to ensure sustainability;

71. Notes that the mid-term review process is not yet completed for all partner countries [1], despite the fact that it was scheduled for 2010-2011; expects the Commission to complete it as soon as possible and to provide information on the outcome of the reviewing process on its official website;

Union's aid to Haiti

72. Recalls the earthquake in Haiti and its disastrous consequences; regrets the insufficient level of coordination of humanitarian aid and development aid (linking relief, rehabilitation and development); takes the view that provision of humanitarian aid should be based on an exit strategy; considers that the Commission should direct its efforts and funding to rehabilitation and development;

73. Regrets the insufficient coordination between the Union Delegation and the ECHO representation; supports a reinforced coordination between all Union actors in the country; urges therefore the Commission to ensure better coherence and complementarity between humanitarian aid and development aid both at a policy level and in practice;

74. Deplores lack of sustainability of some projects and stresses that projects should principally aim at creating employment and sustainable growth which would allow the Haitian State to increase its own revenues in order to depend less on foreign assistance; requests therefore the Commission to provide Parliament with a list of projects which have been carried out in Haiti with a detailed assessment of their current situation in order to see how sustainable they are since;

75. Points to the lack of visibility of the Union aid in Haiti; takes the view that in order to enhance visibility not only the flag, but also the name of the European Union should appear in PR documents rather than simply that of the Commission or of DG ECHO, which are much less identifiable to average Haitian citizens;

[1] Reply to written question number 31, addressed to Commissioner Piebalgs in the framework of the 2010 EDF discharge, for the hearing on 12 January 2012.

Special Report No 12/2010 of the Court of Auditors on Union development assistance for basic education in Sub-Saharan Africa and South Asia

76. Welcomes this excellent report of the Court of Auditors which provides an extensive analysis of the achievements of Union support for basic education; but also points to the shortcomings of the programme, which are only partially due to the actions taken by the Commission;

77. Fully recognises the difficulties encountered by the Commission in executing this programme while working in some of the poorest countries in the regions concerned and trying to reach often the poorest of their populations; agrees that it is a remarkable achievement that 45 % of indicators were achieved and that 30 % were clearly making progress; would like the Commission to indicate, if in the meantime, those figures have improved even further;

78. Fully endorses the conclusions and recommendations by the Court of Auditors and has taken note of the replies by the Commission;

79. Recalls its previous discharge resolutions, which mention that a major problem in implementing specific development programmes is the lack of qualified staff in the Union Delegations and the support given by the Commission Headquarters; invites the Commission to discuss this with Parliament's competent committees to find a more permanent solution for this problem;

80. Invites the Commission to address the shortcomings noted by the Court of Auditors in a systematic way; would like to be informed about the following:

(a) as regards the quality of education (addressed by a staff working document issued by the Commission in February 2010 — SEC(2010) 121): leaving aside the fact that it seems a bit late compared with the start of the programme, could the Commission indicate what other measures are being taken to monitor and improve the quality of education?

(b) in some of the countries covered by the Special Report No 12/2010, cases of fraud and mismanagement of government resources were mentioned, including 'ghost' teachers; what support is provided by the Commission to help those countries eliminate these forms of fraud?

(c) one of the basic instruments/tools for implementing a successful programme is the availability of proper statistics and evaluations of the actual educational system; the Court of Auditors points out that in a number of countries such statistics and evaluations are not available or not up-to-date; which measures have the Commission taken to remedy this problem?

(d) as the Court of Auditors pointed out, the participation of girls in basic education depends on a large number of non-education-related measures such as separate sanitary facilities, etc., although progress has been made in some of those countries; which specific measures have the Commission taken in each of those countries to increase the participation of girls in basic education, and in which of those countries are all-girl schools considered as a possible solution?

The Investment Facility

81. Recalls that the funds allocated to the Investment Facility from the 10th EDF amounted to EUR 1 530 000 000 for the ACP and OCTs; notes that the total amount of signed operations from the Investment Facility portfolio was EUR 374 230 000 in the financial year 2010; recalls that the European Investment Bank (EIB) manages Investment Facility, a revolving risk-bearing instrument funded from the EDF that aims to foster private investment especially in ACP countries;

82. Deplores the fact that the Investment Facility is not covered by the Court of Auditors' statement of assurance or the Parliament's discharge procedure even though the operations are conducted by the EIB on behalf of and at the risk of the Union, using EDF resources; finds this to be undesirable politically and for reasons of accountability; stresses that these provisions reduce the scope of Parliament's powers of discharge, especially considering that EDF resources are derived from public funds contributed by European taxpayers;

83. Stresses that all the EIB operations financed from the EDF must be in full compliance with Article 208 of the Treaty on the Functioning of the European Union, according to which the reduction and eradication of poverty is the primary objective of the Union's development policy; believes that only pro-poor development policy can be effective and sustainable;

84. Believes that economic growth policies cannot succeed without promotion of social and environmental standards and the implementation of social protection mechanisms;

85. Calls on the EIB to link its financing projects more directly to poverty reduction and the achievement of the MDGs, human rights, corporate social responsibility, decent work and environmental principles, democracy, good governance and the set up of companies, through the implementation of Decision No 1080/2011/EU of the European Parliament and of the Council [1];

86. Calls on the EIB to reinforce the due diligence on social aspects (including respect for human rights) in its project cycle, both via *ex-ante* analysis and especially via monitoring during project implementation and completion; calls for the definition of 'performance indicators' to better track the value-added and impact of EIB operations and the strengthening of proper staff expertise in sustainable development, human rights, and social/gender issues;

87. Notes that the independent mid-term evaluation of the EIB's Investment Facility and EIB's own Resource activities in the ACPs shows that the EIB's efforts to monitor project implementation, ensure local presence and follow-up on environmental and social aspects still appear to be insufficient; calls on the EIB to improve its monitoring mechanisms;

88. Notes with satisfaction the progress in the EIB's Annual Report 2010 on Investment Facility in terms of focusing on results; considers however that there is still much room for improvement of the annual reports in terms of presenting complete, relevant and objective information as regards outcomes, objectives set, objectives achieved and reasons for possible deviation, as well as evaluations carried out and a summary of evaluation results, including the weaknesses and the issues which have to be addressed; welcomes the cooperative attitude of the EIB during the preparatory work of this discharge resolution;

89. Recalls that 14 % of the funds from the Investment Facility (EUR 390 000 000) are channelled via European bilateral development financial institutions or joint ventures;

90. Deplores the lack of transparency concerning the final beneficiaries of the funds from the Investment Facility; calls on the EIB to apply stringent enhanced due diligence, verifying the presence of appropriate local public consultation, on development-related aspects of projects covered by the Union guarantee, prior to project approval, including the performance of financial intermediaries in using the loan granted by the EIB on these aspects; is of the opinion that, when it comes to lending in developing countries, the EIB should apply stringent enhanced due diligence in accordance with standardised procedures, following international best practices, concerning the fight against money laundering and the financing of terrorism;

[1] Decision No 1080/2011/EU of the European Parliament and of the Council of 25 October 2011 granting an EU guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Union (OJ L 280, 27.10.2011, p. 1).

91. Notes the reports of a non-governmental organisation about alleged cases when EIB funds flowed to companies, the principals of which were either under investigation or accused of corruption and money laundering; calls on the EIB to be informed on the substance of such cases;

92. Notes that the EIB ensures the complementarity between projects financed by the EIB and by the Commission by consulting the Commission at a very early stage, before the EIB begins its due diligence on projects; recalls that the Commission is a non-voting member in the Investment Facility Committee and provides its opinion on each specific proposal;

93. Calls on the Commission to continue to closely monitor and control the implementation of the Investment Facility, and to inform Parliament's Committee on Budgetary Control on a regular basis of its findings;

94. Recalls that the Tripartite Agreement between the Commission, the EIB and the Court of Auditors defines the role of the Court of Auditors in controlling the EDFs managed by the EIB; invites the Court of Auditors to produce a Special Report on the Effectiveness and Efficiency of the EDFs managed by the EIB from the perspective of poverty reduction;

95. Notes that the EIB pays variable remuneration in the form of annual bonuses to its staff; calls on the EIB to annually publish detailed information on its website regarding the amount of the annual bonuses of its managerial staff, including those of each member of the Board of Directors, of the Management Committee and of the Audit Committee;

96. Notes furthermore that the present EIB Board of Directors consists of seven women and 19 men; encourages the Member States to nominate women candidates to fill the two presently vacant positions in order to achieve a more balanced representation on the Board.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the eighth, ninth and 10th European Development Funds for the financial year 2010

(2012/561/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011) 736) and to the Commission staff working documents accompanying that report (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the financial statements and revenue and expenditure accounts of the eighth, ninth and 10th European Development Funds for the financial year 2010 (COM(2011) 471 – C7-0273/2011),

— having regard to the Commission's annual report of 27 April 2011 on the financial management of the eighth, ninth and 10th European Development Funds in 2010,

— having regard to the financial information on the European Development Funds (COM(2011) 334),

— having regard to the Court of Auditors' annual report on the activities funded by the eighth, ninth and 10th European Development Funds in respect of the financial year 2010, together with the Commission's replies ([1]) and to the Court of Auditors' special reports,

— having regard to the statement of assurance ([2]) 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 287 of the Treaty on the Functioning of the European Union,

— having regard to the Council's recommendations of 21 February 2012 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2010 (05458/2012 - C7-0047/2012, 05459/2012 - C7-0048/2012, 05460/2012 - C7-0049/2012),

— 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 ([3]) and revised in Luxembourg on 25 June 2005 ([4]),

— 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') ([5]), amended by Council Decision 2007/249/EC ([6]),

— 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 ([7]),

([1]) OJ C 326, 10.11.2011, p. 251.
([2]) OJ C 326, 10.11.2011, p. 262.
([3]) OJ L 317, 15.12.2000, p. 3.
([4]) OJ L 287, 28.10.2005, p. 4.
([5]) OJ L 314, 30.11.2001, p. 1 and OJ L 324, 7.12.2001, p. 1.
([6]) OJ L 109, 26.4.2007, p. 33.
([7]) OJ L 156, 29.5.1998, p. 108.

— 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 ([1]),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention ([2]),

— having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the ninth European Development Fund ([3]),

— having regard to Article 142 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund ([4]),

— having regard to Rules 76 and 77, third indent of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A7-0100/2012),

1. Notes that the final annual accounts of the eighth, ninth and 10th European Development Funds are as shown in Table 2 of the Court of Auditors' annual report;

2. Approves the closure of the accounts of the eighth, ninth and 10th European Development Funds for the financial year 2010;

3. Instructs its President to forward this Decision to the Council, the Commission, the Court of Justice of the European Union, 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 — Martin SCHULZ

The Secretary-General — Klaus WELLE

([1]) OJ L 317, 15.12.2000, p. 355.
([2]) OJ L 191, 7.7.1998, p. 53.
([3]) OJ L 83, 1.4.2003, p. 1.
([4]) OJ L 78, 19.3.2008, p. 1.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

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 2010

(2012/562/EU)

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 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2010, together with the Centre's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0125/2012),

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 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 117.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 314, 7.12.1994, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its 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 2010

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 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2010, together with the Centre's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0125/2012),

A. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts of the Translation Centre for the Bodies of the European Union ('the Centre') for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Director of the Centre discharge for implementation of its budget for the financial year 2009 ([5]), and whereas in its resolution accompanying the discharge decision, inter alia, called on the Centre:

— to further develop the evaluation of its performance by improving the links between its strategic actions and the actions envisaged in its Annual Work Programme and by reviewing the indicators for monitoring its performance in order to comply with SMART criteria,

([1]) OJ C 366, 15.12.2011, p. 117.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 314, 7.12.1994, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 125.

— to take more effective measures to remedy its constant rise in surplus; in 2009 the surplus amounted to EUR 24 000 000, whereas it was EUR 26 700 000 in 2008, EUR 16 900 000 in 2006, EUR 10 500 000 in 2005 and EUR 3 500 000 in 2004,

— to inform the discharge authority of the steps put forward for making the ABAC accounting system effectively operational,

C. whereas the Centre's final budget for 2010 was EUR 55 928 077 compared with EUR 62 630 000 in 2009, which represents a decrease of 11,98 %,

D. whereas the volume of translation in 2010 was the highest since the establishment of the Centre, representing an increase of 20,1 % of the number of translated pages compared to 2009,

Budget and financial management

1. Notes from the its Annual Activity Report (AAR) and its annual accounts for the financial year 2010 that the original budget of the Centre, EUR 48 100 000, was the subject of two amending budgets; acknowledges in particular that the purpose of the two amending budgets was twofold:

— to include the budgetary surplus from previous years, of EUR 24 000 000, in order to pay the employers' contributions to the Commission for pensions from 1998 -2009, namely a total sum of EUR 18 400 000 and to reimburse the Centre's largest client agency, the Office for Harmonization in the Internal Market, with the economic outturn for 2009, namely the sum of EUR 6 121 255,

— to rebalance the budget with the sum of EUR 8 000 000, following a significant increase in client forecasts;

2. Acknowledges from its AAR that, due to the higher total number of pages translated in 2010, the revenue of the Centre rose to EUR 51 200 000 in 2010, an increase of 13,71 % compared to 2009; notes also from its AAR that the Centre's implementation rate of expenditure rose to EUR 43 040 000, i.e. 86,79 % of the appropriations, which represents an increase of 18,27 % compared to 2009;

3. Recalls that, under Article 10 of its founding Regulation (EC) No 2965/94, the Centre revenue and expenditure shown in its budget must be balanced; notes that for the financial year 2010 the Centre's accumulated 2009 surplus amounted to EUR 24 000 000; takes note, however, that principally through the transfer of funds to the Union's pension scheme and the reimbursements to its clients, the Centre managed to reduce the aforementioned surplus to EUR 9 200 000; acknowledges moreover from the Centre that the Management Board decided in 2011 to use these EUR 9 200 000 to create a reserve for exceptional investment (EUR 4 300 000) and a reserve for price stabilisation (EUR 4 900 000);

4. Welcomes the settlement of the long-lasting dispute between the Centre and the Commission on the question of the employer's contribution to the Union's pension scheme;

5. Welcomes the above-mentioned decision of the Management Board, adopted in 2011, to create a reserve of EUR 4 300 000 for investments into an e-CDT programme to be realised over the years 2012-2013 and a reserve of EUR 4 900 000 for the stabilisation of the prices, in order to compensate for the potential decrease of its revenue due to the anticipated reduction of translation requests from its clients;

6. Welcomes that following the request of the discharge authority the final annual accounts of the Centre for the financial year 2010 have been made publicly available on the Centre's website;

Procurement procedures

7. Calls on the Centre to ensure compliance with Article 60 of its Financial Regulation by establishing financing decisions for operational expenditure; asks the Centre in particular to establish stronger controls in the process of procurement planning;

8. Acknowledges from its AAR that the Centre launched two new procedures for the provision of translation/revision services in the rail and maritime fields;

9. Notes also that a total of 47 framework contracts were signed;

Human resources (HR)

10. Acknowledges that, given that eight staff members with higher points were not promoted whereas some other staff in the same grade were promoted, Article 45 of its Staff Regulations was not respected, as additional discretionary elements were actually incorporated into the final decision to award promotion; notes the Centre's statement according to which the Internal Audit Service (IAS) acknowledged that the decisions on career and promotion of officials and of temporary staff adopted by the Management Board on 7 February 2008 were subject to interpretation and that following the final IAS assessment on 'Implementation of the staff promotion', issued in September 2010, the Centre adapted its interpretation to the one of the IAS while the additional criteria which were previously used for promotion were abandoned;

11. Acknowledges, in addition, from its AAR that the Centre conducted 22 selection procedures for temporary and contract staff, as well as two competitions for established posts in 2010;

12. Notes that the Centre implemented a professional orientation service in order to identify possibilities for staff and enable mobility or career orientation;

Performance

13. Welcomes the Centre's increase of its services, in terms of volume of translation, to the Union institutions compared to 2009, and notably the increase by 20,1 % of the number of translated documents, while its budget was reduced by 11,98 % compared to the previous year;

14. Notes from the Centre's AAR that in 2010 agreements were signed with six new clients, i.e. the Joint Undertakings Artemis, ENIAC, IMI and FCH, the European Asylum Support Office and the Agency for the Cooperation of Energy Regulators and first contacts were established with the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority;

15. Acknowledges from the Centre's AAR that during the financial year 2010 around 55 % of the total volume of pages translated was outsourced; notes from its AAR that the Centre took steps to consolidate the management of its translation workflow in 2010 by merging the Demand Management and Freelance Management Sections; acknowledges, in particular, that an external study on validation of the ratio between works carried out internally and outsourcing has been completed and that the calculation model used by the Centre was validated;

16. Welcomes the efforts of the Centre to improve the quality of translation; underlines the fact that 17 terminology projects were finalised until the end of 2010, which improved the terminology database; supports the Centre in organising training events for its translators, which helps to improve their productivity;

17. Calls on the Centre to analyse the current data flow and tools used for budget planning and establish controls; notes, in this respect, that the Centre's budget planning is based on excel tools and manual or system-based controls of data which could result in calculation errors and wrong expenditure planning, and ultimately have a negative impact on the Centre's pricing;

18. Encourages the Centre to apply minimum requirements for forecasting information and enhance the cooperation and exchange on forecasting with selected clients, in order to avoid overestimate of expenditure and pricing;

Internal audit

19. Notes that 12 'very important' recommendations from the IAS were still open as at 31 December 2010; is concerned that the implementation of seven of those recommendations was delayed; acknowledges, in particular, that those delays concern the following important issues:

— the quality of client forecast,

— the disclosure of the 2008 exercise,

— the assessment of the Internal Control System,

calls therefore on the Centre to explain those delays to the discharge authority and to remedy the situation;

20. Notes that out of the 12 'very important' recommendations from the IAS, the Centre rejected the recommendation on financial reporting; calls on the Centre to inform the discharge authority about the reasons for this decision;

21. Observes that the IAS conducted an audit on 'Budgeting of expenditures', finalised a follow-up audit on 'HR management' and on the 'implementation of internal control standards', and carried out an IT risk assessment;

22. Notes from the Centre's AAR that the IAS final audit follow-up report revealed that 41 recommendations were made, 29 recommendations were still in progress, 10 implemented and two partially or not accepted;

23. Acknowledges that the Internal Audit Capability carried out formal consulting activities on the following areas:

— advice on the optimisation of the organisational structure and related cost reduction,

— coordination of the IT risk assessment exercise,

— facilitation and advice for the Centre's annual risk management exercise,

— support and guidance to the Quality Audit activity;

24. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

25. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 (*) on the performance, financial management and control of the agencies.

(*) Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER THE PAST YEARS

Translation Centre for the Bodies of the European Union	2006	2007	2008	2009
Performance	n.a.	— Objectives and performance indicators are often not measurable — Notes that in 2007 refunded EUR 9 300 000 to its client	— Improvements in IT (FLOSYSWEB) — Notes that in 2008 refunded EUR 11 450 000 to its client.	Calls on the Centre to further develop the evaluation of its performance by improving the links between its strategic actions and the actions foreseen in its Work Programme and by reviewing the indicators for monitoring its performance in order to comply with SMART criteria
Budgetary and financial management	n.a.	The programming should be based on a clear and consistent link between the set objectives and the implementation of the budgetary resources needed to achieve them	— Calls on the Centre to take more effective measures to remedy the constant rise in its surplus → 2008: EUR 26 700 000; 2006: EUR 10 500 000 — Calls on the Commission to examine the scope of the Centre's cash holdings: EUR 48 405 006 — Calls on the Centre to offer its clients cost-covering services in the future	— Calls on the Centre to systematically apply Article 8.2 of its Financial Regulation in which it is stated that 'commitment appropriations shall cover the total cost of the legal commitments entered into the current financial year' — Calls on the Centre to take more effective measures to remedy its constant rise in surplus, this surplus is mainly linked to the lack of precision in the forecasts for translation requests received from its clients
Human resources	— Weaknesses in the recruitment procedures: no written evidence of the rules applied to the evaluation of the candidates' file — The conflict between the Centre and the Commission on the employer's share contributions for staff has not been solved	n.a.	— The Centre should plan its recruitment procedures more realistically and effectively in order to respect the time limits and meet all the needs arising from an increase in the Centre's staff (in quantitative and qualitative terms) — The conflict between the Centre and the Commission on the employer's share contributions for staff has not been solved	— Calls on the Centre to include information on sensitive functions in job descriptions and ensure that all mitigating controls put in place are identified — Encourages the Centre to update the implementing rules for training and define new timing for this.
Internal audit	n.a.	n.a.	n.a.	Calls on the Centre to issue a comprehensive written procedure defining roles, riming and workflows for the establishment, validation and booking of recovery orders for transactions delivered to customers

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the Translation Centre for the Bodies of the European Union for the financial year 2010

(2012/563/EU)

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 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Translation Centre for the Bodies of the European Union for the financial year 2010, together with the Centre's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0125/2012),

1. Approves the closure of the accounts of the Translation Centre for the Bodies of the European Union for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 117.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 314, 7.12.1994, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Centre for the Development of Vocational Training for the financial year 2010

(2012/564/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010, together with the Centre's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0129/2012),

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 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 127.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 39, 13.2.1975, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Centre for the Development of Vocational Training for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010, together with the Centre's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0129/2012),

A. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts of the European Centre for the Development of Vocational Training ('the Centre') for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Director of the Centre discharge for the implementation of its budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

— called on the Centre to apply more effectively the budgetary principles of specification and transparency,

([1]) OJ C 366, 15.12.2011, p. 127.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 39, 13.2.1975, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 130.

— took note that the Centre has carried appropriations forward (31 % of the administrative expenditure — Title II) and cancelled payment appropriations (24 % of total appropriations for operating activities),

— called on the Director of the Centre to provide more specific information on the content of the 15 recommendations still opened on 31 December 2008 and the 14 new recommendations still opened on 31 December 2009, in both cases by the Internal Audit Service (IAS),

— called on the Centre to inform the discharge authority of the steps taken in respect of the procedure for decommitments in order to improve transparency of the inventory assets,

C. whereas the overall budget of the Centre for the financial year 2010 was EUR 18 300 000, which represents a decrease of 1,6 % compared to 2009,

D. Whereas the contribution of the Union to the budget of the Centre for the financial year 2010 was EUR 16 920 000, which represents an increase of 2 % compared with 2009,

Budget and financial management

1. Notes from the Centre's annual accounts for the financial year 2010 (CAA) that in mid-December 2010 the Centre was granted a supplementary and amending budget to the value of EUR 810 000 to fund studies requested by DG Employment in the field of skill need forecasting;

2. Takes note of the Governing Board's statement in its opinion on the Centre's 2010 final Annual Account that the 2010 budget financed by the Union contribution has been 99 % implemented;

3. Notes also from the CAA that the representation expenses and the meeting expenses increased respectively by 233 % and 37 % compared with 2009; acknowledges receipt of the justification for these increases in such expenses by letter of 23 February 2012; notes in particular that the increase in representation expenses was generated by the organisation of a reception for the departure of the former Director; invites the Centre to limit representation and meeting expenses to real needs;

4. Observes that the Centre receives annual contributions from two non-Member States who benefit from its work; notes that Norway and Iceland's contribution to the Centre's budget for the financial year 2010 amounted to EUR 421 308; recalls that these funds are managed as assigned revenue, requiring them to be committed for specific projects; notes that in 2010 the target for using these funds was not met by the Centre; stresses that, for the financial year 2009, the Court of Auditors already commented on the Centre's shortcomings in using these funds; acknowledges receipt of the explanation for this situation by letter of 23 February 2012; welcomes in this respect the fact that, in 2011, the target was reached and 100 % of the planned budget was executed; takes note of the Centre's statement that the 2010 foreseen target was not reached due to the postponement of repairs to the Centre's buildings; notes also the Centre's commitment to exhaust the previous years' contributions from Norway and Iceland in 2012; calls on the Centre to keep the discharge authority informed of the use of these contributions;

Carryover appropriations

5. Notes from the CAA that the Centre carried forward from 2010 to 2011 EUR 794 700 of Title I (Staff) and Title II (Administrative expenditure) appropriations; recalls that automatic carryovers of appropriations only concern expenses related to Titles I and II;

6. Notes also from the CAA that a non-automatic carryover was made to the value of EUR 55 910 relating to expenditure under Title II;

7. Notes some improvements as cancelled payment appropriations were down from 24 % in 2009 to 14 % in 2010; welcomes, in addition, the Centre's commitment to further reduce its carryovers by monitoring through standardised templates of budget execution (commitments, payments) and procurement progress;

8. Calls nevertheless on the Centre to put further efforts into reducing carryover appropriations in order to respect the principle of annuality more fully; reminds the Centre that this can be done by improved refinements to its programming and monitoring system and by initiating contracting earlier in the calendar year;

Transfers

9. Welcomes the fact that the Centre was able to assure the discharge authority that it effectively applied the principle of transparency by regularly reporting to its Governing Board on all transfers between budget lines throughout the year; notes, in particular, that as of 20 September 2011 five transfers of commitment appropriations (of a maximum of EUR 35 000) had been made by the Centre between budget lines and that the Governing Board was regularly informed of those transfers; calls nevertheless on Centre to reduce as much as possible those transfers in order also to apply the principle of specification;

Human resources (HR)

10. Acknowledges that the Director left the Centre on 15 October 2010 at the end of its mandate to take up another position at the Italian agency for vocational education and training, employment, and social policy;

11. Observes from its Annual Activity Report (AAR) that on 31 December 2010 the Centre employed 96 staff, 5 posts fewer than provided for in its establishment plan; notes that 24 contract staff and 5 seconded national experts were also added to the total number of staff and the ratio between operational and administrative staff distribution was of 90/35;

12. Takes note of the Governing Board's statement in its opinion on the Centre's 2010 final Annual Account that the recruitment procedures for all five open posts were in progress or had been successfully completed by 31 December 2010;

13. Welcomes the fact that the Centre finalised an online tool for recruitment RECON — Recruitment Online, in 2010, which will help the Centre increase the speed and efficiency of its recruitment;

Performance

14. Notes with satisfaction that the Centre made available, as requested by the discharge authority, Gantt charts for all key operational activities of 2011; reminds the Centre that these charts outline, in a concise way, the amount of time spent by each staff member on a project and encourage an approach geared towards achieving results;

15. Notes from the Centre's AAR that the performance measurement system (PMS) has been fully implemented and encourages the Centre to further develop qualitative assessments to supplement the more quantitative PMS indicators;

Internal audit

16. Takes note from the Centre that it has still to implement certain IAS recommendations made in the context of the HR-management 2008 and the Ethics 2009 audits; acknowledges receipt of explanatory information by letter of 23 February 2012; welcomes the fact that for the 2008 HR-management audit, 13 of the 14 recommendations have been implemented; welcomes in addition the fact that for the 2009 Ethics audit, 16 of the 17 recommendations have been implemented; calls on the Centre to inform the discharge authority of the implementation progress of the remaining recommendations;

17. Notes from the Centre's AAR that in 2010 the IAS performed a risk assessment of ICT; welcomes the implementation of all actions planned by the Centre as at 31 December 2011, following the findings of this IT risk assessment;

18. Also, takes note that in April 2010 the IAS made another audit on the Centre's AAR and Building Block of Assurance within the Centre; acknowledges from the Centre that the IAS final report was made available to the Centre on 5 July 2010 and that this report provided reasonable assurance in respect of achieving of the annual reporting, including the Director's declaration of assurance; welcomes the information provided by the Centre by letter of 23 February 2012 to the effect that all seven of the IAS recommendations have been implemented by end of December 2011;

19. Observes from its AAR that the Centre has started to implement new Internal Control Standards (ICS) in 2009 and baseline requirements were fully met by the end of 2010 with the exceptions of ICS 8 and ICS 10; welcomes the information received by letter of 23 February 2012 to the effect that all baseline requirements for ICS 8 were fully met by end of 2011; takes note of the Centre's commitment to meet the baseline requirements for ICS 10 during the first semester of 2012;

Internal Audit Capability (IAC)

20. Notes from the Centre's AAR that the IAC audit plan 2010 envisaged several *ex-post* and in process audits of procurement procedures, notably for the study of contracts and grant procedures; further notes that following an IAC audit of grant procedures the Centre proceeded to recover amounts paid to national grant beneficiaries totalling EUR 23 647,67;

21. Is concerned that the IAC left the Centre on 31 August 2010; is of the view that the IAC's reports could lead to further improvements in the internal control measures for procurement and grant procedures;

22. Acknowledges nevertheless observations from the Centre that the IAC functions are now covered either by external contractors (for example, an audit of the Centre's financial software (FIBUS) was contracted out and concluded in 2011) or by internal project groups;

23. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

24. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 (*) on the performance, financial management and control of the agencies.

(*) Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER THE PAST YEARS

European Centre for the Development of Vocational Training	2006	2007	2008	2009
Performance	n.a.	Objectives and performance indicators are often not measurable → the Centre should improve its programming. It should establish a clear and consistent link between the set objectives and the implementation of the budgetary resources needed to achieve them	— Calls on the Centre to set SMART objectives and RACER indicators, as well as to make a Gannt diagram → promoting a result-oriented approach — Calls on the Centre to set out a diachronic analysis of operations carried out in this and the previous years — Calls on Centre and the European Training Foundation to publish a detailed follow-up report on the cooperation agreement in their 2009 activity report	Calls on the Centre to set out a clear comparison of the operations that were carried out during the year for which discharge is to be granted and during the previous financial year
Budgetary and financial management	— The principle of specification was not strictly observed: 43 % of the commitments were carried over to the following financial year. For operating activities more than 20 % of the payment appropriations were cancelled. High number of budget transfers — Transparency issues in the procurement procedures	n.a.	Weaknesses in the programming and monitoring of differentiated appropriations for operating activities: 25 % of the payment appropriations were carried forward	Calls on the Centre to apply more effectively the budgetary principles of specification and transparency
Human resources	Transparency issues: in two cases, the Centre did not check correctly the necessary professional experience required by the vacancy notice during the pre-selection phase	n.a.	n.a.	Notes that the Centre has introduced changes in its recruitment procedures following remarks by the Court of Auditors in its 2009 report calling on the Centre to further improve transparency; welcomes, the Centre's initiative, since June 2010, in respect of questions in written tests and interviews before pre-selection

European Centre for the Development of Vocational Training	2006	2007	2008	2009
Internal audit	The internal control procedures were not complete	n.a.	Calls on the Centre to fulfil 15 out of 30 recommendations made by the IAS: i.e. human resources management (staff performance, setting personal objectives and fixing the roles and responsibilities of the Staff Committee)	— Calls on the Director of the Centre to provide specific information on the content of the 15 recommendations made on 31 December 2008 and the new 14 recommendations made on the 31 December 2009 in both cases by the IAS — Calls on the Centre to inform the discharge authority of the steps taken in respect of procedure for decommitments in order to improve transparency of the inventory of assets. In addition the Centre started to document the main control processes

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Centre for the Development of Vocational Training for the financial year 2010

(2012/565/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2010, together with the Centre's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0129/2012),

1. Approves the closure of the accounts of the European Centre for the Development of Vocational Training for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 127.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 39, 13.2.1975, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Police College for the financial year 2010

(2012/566/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Police College for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Police College for the financial year 2010, together with the College's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL) [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Commission Decision C(2011) 4680 of 30 June 2011 granting consent to a derogation requested by the European Police College from Regulation (EC, Euratom) No 2343/2002,

— having regard to the report of the European Police College of 12 July 2010 on the Reimbursement of Private Expenditure (10/0257/KA),

— having regard to the external audit commissioned by the European Police College (Contract Ref. No CEPOL/2010/001) on the reimbursement of private expenditure,

— having regard to the final report on the five-year external evaluation of the European Police College (Contract Ref. No CEPOL/CT/2010/002),

— having regard to the Annual Activity Report 2009 of the Directorate-General for Justice, Freedom and Security,

— having regard to the fourth progress report of the European Police College on the implementation of its Multi-annual Action Plan (MAP) for 2010-2014,

[1] OJ C 366, 15.12.2011, p. 134.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 256, 1.10.2005, p. 63.
[4] OJ L 357, 31.12.2002, p. 72.

— having regard to the Court of Auditors' report on the implementation of the European Police College MAP for 2010-2014,

— having regard to the note of the Internal Audit Service (IAS) of 4 July 2011 (Ref. Ares (2011) 722479) on the third progress report on the implementation of the European Police College MAP for 2010-2014,

— having regard to the report and annexes of the European Police College on the implementation of the European Parliament's resolution on '2009 Discharge: European Police College',

— having regard to the report and annex of the European Police College on the application of its Procurement Manual for the period covering 1 July 2010-1 July 2011,

— having regard to Rule 77 of, and Annex VI 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 (A7-0119/2012),

1. Grants the Director of the European Police College discharge in respect of the implementation of the College's budget for the financial year 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Police College for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Police College for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Police College for the financial year 2010, together with the College's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL) ([3]), 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, on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Commission Decision C(2011)4680 of 30 June 2011 granting consent to a derogation requested by the European Police College from Regulation (EC, Euratom) No 2343/2002,

— having regard to the report of the European Police College of 12 July 2010 on the Reimbursement of Private Expenditure (10/0257/KA),

— having regard to the external audit commissioned by the European Police College (Contract Ref. No CEPOL/2010/001) on the reimbursement of private expenditure,

— having regard to the final report on the five-year external evaluation of the European Police College (Contract Ref. No CEPOL/CT/2010/002),

— having regard to the Annual Activity Report 2009 of the Directorate-General for Justice, Freedom and Security,

— having regard to the fourth progress report of the European Police College on the implementation of its Multi-annual Action Plan (MAP) for 2010-2014,

([1]) OJ C 366, 15.12.2011, p. 134.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 256, 1.10.2005, p. 63.
([4]) OJ L 357, 31.12.2002, p. 72.

— having regard to the Court of Auditors' report on the implementation of the European Police College MAP for 2010-2014,

— having regard to the note of the Internal Audit Service (IAS) of 4 July 2011 (Ref. Ares (2011) 722479) on the third progress report on the implementation of the European Police College MAP for 2010-2014,

— having regard to the report and annexes of the European Police College on the implementation of the European Parliament's resolution on '2009 Discharge: European Police College',

— having regard to the report and annex of the European Police College on the application of its Procurement Manual for the period covering 1 July 2010-1 July 2011,

— having regard to Rule 77 of, and Annex VI 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 (A7-0119/2012),

A. whereas the European Police College ('the College') was set up in 2001 and, with effect from 1 January 2006, was transformed into a Community body within the meaning of Article 185 of the Financial Regulation, thus coming under the provisions of the Framework Financial Regulation for agencies,

B. whereas the Court of Auditors in its reports on the annual accounts of the College for the financial years 2006, 2007 and 2009, qualified its opinion with regard to the legality and regularity of the underlying transactions on the grounds that the procurement procedures did not comply with the provisions of the Financial Regulation,

C. whereas the Court of Auditors, in its report on the annual accounts of the College for the financial year 2008, added an emphasis of matter to its opinion on the reliability of the accounts, without expressly qualifying it, and qualified its opinion on the legality and regularity of the underlying transactions,

D. whereas in its Decision of 7 October 2010 Parliament refused to grant the Director of the College discharge for implementation of the College's budget for the financial year 2008,

E. whereas in its Decision of 10 May 2011 Parliament decided to postpone its decision on granting the Director of the College discharge in respect of the implementation of its budget for 2009 [1] and then granted it in its Decision of 25 October 2011 [2],

F. whereas, for the first time since the College became an agency, the Court of Auditors, in its report on the annual accounts of the College for the financial year 2010, expressed no reservations about the reliability of the accounts and the legality and regularity of the underlying transactions,

G. whereas in its report on the College's MAP for 2010-2014 the Court of Auditors stated that the College is progressing according to the milestones established in its MAP,

H. whereas in its note of 4 July 2011 to the Director of the College the IAS stated that, although the description in the progress report on the implementation of the College's MAP remains fairly general, it gives a clear overview of the status of the different milestones and should thereby serve as a satisfactory basis for informing different stakeholders,

[1] OJ L 250, 27.9.2011, p. 260.
[2] OJ L 313, 26.11.2011, p. 17.

I. whereas by Decision C(2011)4680 of 30 June 2011 the Commission granted a derogation to the College from the provisions of Article 74b of Regulation (EC, Euratom) No 2343/2002,

J. whereas the budget of the College for 2010 was EUR 7 800 000 compared to EUR 8 800 000 in 2009, which represents a decrease of 11,4 %; whereas the contribution of the Union to the budget of the College for 2010 was EUR 7 800 000 ([1]),

Budget and Financial Management — General Observations

1. Notes the College's claim that the financial year 2010 was characterised by a lack of sufficient financial resources with a cut of EUR 1 000 000 in the Union contribution to the College's budget; is surprised by this view, particularly in this time of crisis, as good management ensures correct and cost-efficient spending of the budget available and considering that 31,6 % of the College's 2010 budget was carried over to 2011;

2. Acknowledges however from the Commission that in 2009 the total Union contribution to the College amounted to EUR 8 800 000 out of which EUR 7 800 000 was financed from the 2009 budget and that the remaining balance of EUR 1 000 000 was actually financed from the 2007 assigned revenue stemming from the recovery of the College's surplus for the year 2007; notes from the Commission that for 2010 it proposed to reduce the 2010 Union contribution to the College to the level of the 2009 voted appropriations, i.e. EUR 7 800 000 due to the 2008 low budget execution rate; encourages, therefore, the College to introduce a clear distinction between the different components of the Union contribution to the College's budget in its yearly final annual accounts;

3. Takes note from the College's final annual accounts for the financial year 2010 that some deficiencies occurred in the preparation of individual budgets and commitments for courses and seminars which resulted in 2010 appropriations having been committed and paid to cover 2009 expenditure; reminds the College that this is at odds with the principle of annuality; calls on the College to take action in order to avoid a repeat of similar deficiencies in the future;

4. Notes from the College's Annual Activity Report 2010 that 99,56 % of the commitment appropriations have been committed; notes also that 46 % of the payment appropriations have been used but that the final figures for use of Title III (Operational Expenditure) were only due to be available at the end of 2011; takes note that the College's 2010 final annual accounts indicate a rate of spent payment appropriations of 59,12 % in 2010;

5. Acknowledges the measures taken by the new management and governance structure of the College to tackle its deficiencies in response to Parliament's request for action, following the serious irregularities in the implementation of the budget for 2009;

6. Draws attention to the fact that even though the Court of Auditors considered the transactions underlying the College's annual accounts to be legal and regular, it also highlighted that, in respect of expenditure for organising courses and seminars, there was a lack of rigour in the College's process for approving cost claims related to such activities, particularly concerning the completeness of supporting evidence; notes that in the reply from the College, mandatory requirements to submit a fully signed list of participants when submitting financial reports and cost claims were established by Decision 11/2011/GB of the Governing Board of the College of 10 March 2011;

7. Takes note that, in accordance with Decision 11/2011/GB, the rules on reimbursement for the activities of the College have been revised to a large extent and that different measures for the strict implementation of the financial regulations and a rigorously disciplined approach concerning eligible costs, including those on the mandatory reporting, have been clarified;

([1]) OJ L 64, 12.3.2010, p. 1047.

8. Deplores the fact that before the adoption of Decision 34/2010/GB of the Governing Board of the College of 29 September 2010, the cut-off dates for reimbursement of costs were not enforced, so that there was no substantial improvement in adhering to these cut-off dates; recalls that exceeding cut-off dates is one of the main factors hindering sound financial management; takes note of the fact that, in accordance with Decision 34/2010/GB, no reimbursement will take place of claims received after the cut-off date; asks the College to keep the discharge authority informed of the implementation of Decision 34/2010/GB;

9. Acknowledges the statement by the College that the Commission cut the College's 2010 budget by EUR 1 000 000 but stresses that the amount allocated for 2010 is the same as for 2009;

Carry-over appropriations

10. Notes from the College's final annual accounts for the financial year 2010 that EUR 2 469 984,20 of the 2010 committed credits, which represents 31,6 % of the College's 2010 budget, were carried forward to 2011; reminds the College that the situation is at odds with the principle of annuality;

11. Regrets that the Court of Auditors does not mention the College's appropriations carried forward in its report on the annual accounts of the College for the financial year 2010;

12. Is concerned that even though the Court of Auditors has been able to obtain reasonable assurances that the annual accounts of the College for the 2010 financial year are, in all material aspects, reliable, the Court of Auditors observed that more than EUR 1 600 000, equivalent to 48 % of the appropriations carried over from 2009, had to be cancelled in 2010; reminds the College that this situation is at odds with the budgetary principle of annuality and can be reduced by better programming and monitoring the implementation of its budget to minimise carry-over of appropriations; calls therefore on the College to take effective action in this respect;

13. Takes, none the less, note of the College's reply which stated that, to avoid a repeat of the situation described by the Court of Auditors, the carry forward of 2010 appropriations was subject to strict criteria to minimise cancellations in 2011;

14. Notes from the College that in 2010 it introduced weekly financial management meetings to improve budgetary implementation and control and that in June 2011, all open commitments were reviewed to better monitor the budget consumption and optimise the 2011 budget implementation; calls therefore on the Court of Auditors and the IAS to assure Parliament on the College's effective improvements on this issue and to indicate that all instruments for programming and monitoring are firmly in place;

Procurement procedures

15. Notes that on 8 June 2010 the College adopted a procurement manual for internal use as requested by Parliament in its discharges to the College for 2008; notes also that this manual entered into force on 1 July 2010 and that a public procurement coordinator has been appointed;

Completeness of the internal recording of mission expenses

16. Calls on the College to inform the discharge authority of the effective implementation of the IAS 'very important' recommendation on the completeness of the internal recording of mission expenses;

The College's activities

17. Notes from the Court of Auditors that expenditure for organising courses and seminars represents a significant part of the College's budget; acknowledges that there was a lack of rigour in the College's process for approving cost claims related to such activities, particularly with regard to the completeness of supporting evidence;

18. Takes, however, note from the College's statement that it has improved reporting and control on its activities and has revised the process for approving cost claims and their supporting evidence, and notably with the:

— establishment of mandatory requirements to submit fully signed participant's lists when submitting financial reports and cost claims,

— revision of the rules for reimbursement of College activities, which have been clarified,

— strict enforcement of the cut-off date after which a reimbursement claim will not be accepted which was introduced on 29 September 2010,

— organisation of a new training course for course managers to further improve the controls on courses as well as the quality of the payment files,

— implementation in 2011 of *ex-post* verifications of the College's courses,

— verification of four 2010 activities in Sweden and six in the United Kingdom, of which one was related to a 2010 activity and five to 2011 activities,

calls on the IAS to provide the discharge authority with a thorough evaluation of these changes introduced by the College;

19. Acknowledges that Commission Decision C(2011)4680 granted consent to the College's request to modify its Financial Regulation by introducing an Article (Article 74c) which includes a derogation from Regulation (EC, Euratom) No 2343/2002 concerning the exclusion for tender for the selection of educational experts in order to use experts from national police training colleges;

Errors in the accounts

20. Calls on the College to update Parliament on the level of implementation of the new 16 Internal Control Standards (ICS) of the Commission which were adopted by the Governing Board (GB) of the College replacing the former ICS;

Appropriations used to finance private expenditure

21. Acknowledges that an external *ex-post* check on appropriations used to finance private expenditure during 2007 and 2008 has been carried out and that the external reviewers considered that no further funds are recoverable in respect of this matter; notes from the College that the Recovery Order requiring the former Director to return the sum of GBP 2 014,94 (EUR 2 196,72) was cashed in December 2011; calls on the College to continue the recovery process until all funds are fully recovered;

The College's MAP for 2010-2014

22. Acknowledges that the IAS assessed the implementation of the College's Multi-annual Plan (MAP) 2010-2014 as was requested by the discharge authority; notes that by the end of September 2010, 19 of the 44 milestones had been completed whereas 18 milestones were on track with regard to the planned timetable and another 7 still await the initial start of implementation;

23. Takes also note of the IAS statement that the description of some items in the MAP lack clarity and that the progress reporting is not always accurate enough to allow a clear understanding of what the individual milestones imply in terms of concrete actions; acknowledges moreover that the IAS identified overlap between some of the milestones which makes it difficult to assess the ultimate overall status of the related actions; acknowledges the College's statement that the MAP was updated in accordance with the IAS recommendations and the improvements incorporated in the third progress report which was approved by the GB on 8 December 2010; calls on the IAS to confirm that the updated progress report on the College's MAP reflects adequately their recommendations;

Internal audit

24. Acknowledges from the IAS that the very important recommendation on the completeness of the internal recording of mission expenses has been reported as implemented by the College and is currently under the IAS review; calls on the College and the IAS to inform the discharge authority of the results of the review;

25. Takes note that the IAS performed an IT risk self-assessment with the objective of identifying and evaluating the key IT risks at the College; notes that the IAS identified the main risks in relation to: IT strategy, e-net system, data management and dependence upon individuals; calls therefore on the College to take appropriate action to address and prevent these risks;

26. Notes that the internal audit function (IAC), advisory body for the GB, did not find any material mistakes in the College's accounts for 2010 in its audit;

Governance and structural deficiencies

27. Underlines that the governance costs of the College are high compared to its activities; welcomes, therefore, the efforts of the College to reduce its governance expenditure at its 25th GB meeting of June 2011, when it was agreed that all GB committees should be abolished by 2012 and that all GB working groups should be critically analysed;

28. Notes, also, from the College that the following measures are being implemented in the area of governance:

— from 2012, the GB will only meet twice a year while urgent decisions in between meetings are to be taken by written procedure and discussed during web meetings,

— the GB will focus only on the tasks that have been assigned to it by the College's Founding Decision while the other tasks that previously overloaded the GB are to be taken over by the Director,

— each Member State is encouraged to send a maximum of two delegates to each GB meeting,

— the College is to take care of travel arrangements for participants eligible for reimbursement to ensure that the most economical means are used in order to cut out the reimbursement process after the meeting;

29. Awaits with interest the submission by the Commission of the proposal for a change of legal basis for the College, as well as the outcome of the negotiations between Parliament and the Council;

30. Notes moreover that the final report on the five-year external evaluation of the College concluded that there is a case for the College's relocation;

31. Welcomes Decision 24/2011/GB of the Governing Board of the College of 15 June 2011 disbanding existing committees as of 1 January 2012, thus reducing the overlap between different structures; calls on the GB to take drastic decisions concerning the existing working groups; recalls that Article 10(10) of Decision 2005/681/JHA provides that the GB may decide, 'in cases of strict necessity', to establish working groups to make recommendations and to develop and propose any other advisory tasks deemed necessary by the GB;

32. Takes note of the response from the College that its Rules of Procedure were amended to limit the number of regular meetings of the GB to one per presidency and to restrict the size of national delegations, as each Member State is encouraged to send a maximum of two delegates to each meeting;

33. Notes that the discharge in respect of the implementation of the budget of the College should continue to be based on its performance throughout the year;

34. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

35. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER THE PAST YEARS

European Police College	2006	2007	2008	2009
Performance	n.a.	n.a.	n.a.	— Is concerned that the Court of Auditors identified severe short comings in the administrative and financial rules governing expenditure on the organisation of courses and seminars, mainly due to the revised College Financial Regulation never entered force — Recommends that the College provide direct access to its detailed budget
Budgetary and financial management	— Budget appropriations were not used in accordance with the principle of sound financial management — The system of procurement did not comply with the provisions of the Financial Regulation — 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 — The College's Financial Regulation foresees the need for detailed rules for the implementation of the regulation	— The Agency does not comply with the principle of unity and accuracy of the budget (The budget did not include a contribution of EUR 1 500 000 received from the Commission in 2007 to implement a MEDA programme — The Agency does not comply with the principle of transparency — The high level of carry-overs (EUR 1 700 000) and cancellations of appropriations shows difficulties in budget management — Neither the provisional accounts nor the report on the budgetary and financial management had been prepared — The College's Financial Regulation foresees the need for detailed rules for the implementation of the regulation — The system of procurement did not comply with the provisions of the Financial Regulation — Cases were identified where appropriations were used to finance the private expenditure of some of the College's staff	— The Agency did not comply with the principle of annuality (i.e. more than EUR 2 700 000 of the 2008 payment appropriations had to be carried forward) — Weaknesses in the programming and the monitoring of the implementation of the budget	— More than EUR 3 800 000 of the 2009 appropriations (43 % of total budget) was carried forward to 2010. — 46 % of appropriations carried over from 2008 had to be cancelled, indicates severe and recurrent weaknesses in the programming and monitoring of the implementation of the budget, at odds with the principle of annuality — For 2008, 31 % of budget had to be carried over. — Significant delays and errors in the preparation of the 2009 provisional accounts

European Police College	2006	2007	2008	2009
Procurement procedure	n.a.	n.a.	n.a.	Concern with the persistent lack of compliance with the Financial Regulation with regard to Public Procurement rules. Significant amount of the total college's budget contains irregularities.
Human resources	n.a.	n.a.	n.a.	— Several weaknesses with regard to staff selection. — Finds unacceptable: — the thresholds that candidates had to meet were generally fixed after the evaluation and ranking of the candidates, — questions for interviews were often prepared after the examination of applications, — the documentation of procedures was inadequate — Is concerned about practices which are not allowed under Staff Regulations of the Officials of the EU or are illegal
Internal audit	n.a.	— Absence of internal control standards and ineffective budgetary monitoring — Cases were identified where appropriations were used to finance the private expenditure of some of the College's staff	— The audit of a sample of commitments showed that, in three cases, there was no audit trail to retrace the financial execution — No external control on these cases has been already carried out	Notes the discharge in respect of the implementation of the budget of the College should be further based on its performance throughout the year

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Police College for the financial year 2010

(2012/567/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Police College for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Police College for the financial year 2010, together with the College's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL) [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Commission Decision C(2011) 4680 of 30 June 2011 granting consent to a derogation requested by the European Police College from Regulation (EC, Euratom) No 2343/2002,

— having regard to the report of the European Police College of 12 July 2010 on the Reimbursement of Private Expenditure (10/0257/KA),

— having regard to the external audit commissioned by the European Police College (Contract Ref. No CEPOL/2010/001) on the reimbursement of private expenditure,

— having regard to the final report on the five-year external evaluation of the European Police College (Contract Ref. No CEPOL/CT/2010/002),

— having regard to the Annual Activity Report 2009 of the Directorate-General for Justice, Freedom and Security,

— having regard to the fourth progress report of the European Police College on the implementation of its Multi-Annual Action Plan (MAP) for 2010-2014,

— having regard to the Court of Auditors' report on the implementation of the European Police College MAP for 2010-2014,

[1] OJ C 366, 15.12.2011, p. 134.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 256, 1.10.2005, p. 63.
[4] OJ L 357, 31.12.2002, p. 72.

— having regard to the note of the Internal Audit Service (IAS) of 4 July 2011 (Ref. Ares (2011) 722479) on the third progress report on the implementation of the European Police College MAP for 2010-2014,

— having regard to the report and annexes of the European Police College on the implementation of the European Parliament's resolution on '2009 Discharge: European Police College',

— having regard to the report and annex of the European Police College on the application of its Procurement Manual for the period covering 1 July 2010–1 July 2011,

— having regard to Rule 77 of, and Annex VI 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 (A7-0119/2012),

1. Approves the closure of the accounts of the European Police College for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Community Fisheries Control Agency for the financial year 2010

(2012/568/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Community Fisheries Control Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Community Fisheries Control Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 768/2005 of 26 April 2005 establishing a Community Fisheries Control Agency ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Fisheries (A7-0130/2012),

1. Grants the Executive Director of the Community Fisheries Control Agency discharge in respect of the implementation of the Agency's budget for the financial year 2010;

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 Fisheries Control Agency (previously referred to as Community Fisheries Control 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 1.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 128, 21.5.2005, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with the observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Community Fisheries Control Agency for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Community Fisheries Control Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Community Fisheries Control Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 768/2005 of 26 April 2005 establishing a Community Fisheries Control Agency [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Fisheries (A7-0130/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Community Fisheries Control Agency ('the Agency') for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Executive Director of the Agency discharge for implementation of its budget for the financial year 2009 [5], and in its resolution accompanying the discharge decision, inter alia:

   — urged the Agency to improve its Annual Work Programme by including specific measurable objectives both at policy area level and at operational level, establishing SMART indicators,

   — urged the Executive Director to fully fulfil his obligations to include in his report to the discharge authority summarising the Internal Audit Service (IAS) report, all the recommendations made and all actions taken on those recommendations,

   — called on the Agency to review its Internal Control System (ICS), to underpin its Executive Director's annual declaration of assurance and to review all its procedures, both administrative and operational, with subsequent documentation of the workflow and key control,

C. whereas the overall budget for the Agency for the year 2010 was EUR 11 000 000 compared with EUR 10 100 000 in 2009, which represents an increase of 8,9 %,

D. whereas the initial contribution of the Union to the budget of the Agency for 2010 was EUR 7 695 223, which represents an increase of 34,9 % compared with its initial contribution in 2009 [6],

[1] OJ C 366, 15.12.2011, p. 1.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 128, 21.5.2005, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.
[5] OJ L 250, 27.9.2011, p. 135.
[6] OJ L 64, 12.3.2010, p. 837.

Budgetary and financial management

1. Recalls that the initial contribution of the Union to the budget of the Agency for 2010 amounted to EUR 7 695 223; notes however that EUR 714 777, coming from the recovery of surplus, was added to that amount which, as a result, makes a total Union contribution of EUR 8 410 000;

2. Notes from its final annual accounts for the financial year 2010 that the Agency committed 98,3 % of the contribution granted and paid out 85,6 % of the available payment appropriations (excluding expenditure from the other sources of revenue); welcomes the fact that the Agency provided the discharge authority in its Annual Activity Report (AAR) for 2010 with data showing its overall budget execution rate in terms of commitments and payments;

3. Acknowledges, in addition, from the IAS report that for the financial year 2010 the Agency's automatic carry forward to 2011 amounted to EUR 1 160 393 (commitments RAL) and EUR 629 517,41 (payment credit), and that the Agency's non-automatic carry-overs amounted to EUR 530 875,59; encourages the Court of Auditors to mention information on carry-overs in its report on the annual accounts of the Agency for the financial year 2011;

4. Urges the Agency to respect the principle of annuality; notes in particular that some of the Agency's 2010 budget commitments related to expenditure for 2011 projects; regrets that the Court of Auditors' report on the annual accounts of the Agency for 2010 was not able to provide the discharge authority with further details on the matter;

Accounting system

5. Observes from its final annual accounts for the financial year 2010 that the budget accounts of the Agency are managed by the ABAC system and the general accounts are maintained by the SAP system, which has a direct interface with the General Accounting System of the Commission;

6. Urges the Agency, nevertheless, to align the ABAC access rights for the Authorising Officers by Delegation (AODs) with the Delegation Decision;

7. Notes, in addition, that the Agency undertook a revision exercise of all its circulation sheets, templates and forms used in procedures looking for areas of improvement and avoiding redundancies;

Procurement procedures

8. Calls on the Agency to take the necessary measures to ensure that procurement documents are duly signed and dated; notes that the Court of Auditors noted weaknesses in this respect;

Human resources

9. Encourages the Agency to increase transparency in its recruitment procedures; notes that the Court of Auditors stated weaknesses in this respect; acknowledges in particular that with regard to staff selection procedures, neither the thresholds that candidates had to meet in order to be invited to the selection interview nor those necessary to be put on the reserve list were fixed in advance;

10. Notes from the Agency's AAR that 10 of 11 Temporary Agent (TA) vacancies have been filled, resulting in 98 % occupancy of the posts envisaged by the establishment plan 2010 (52 of 53 TA posts);

11. Acknowledges from the AAR that turnover of staff has been confined to the departure of 2 Contract Agents and retirement of 1 TA;

12. Expresses its satisfaction that the Court of Auditors has declared the transactions underlying the annual accounts of the Agency for the financial year 2010 to be, in all material respects, legal and regular;

Performance

13. Notes that the Agency adopted its multiannual work programme for 2011-2015 on 19 October 2010; stresses the importance of such a document to enable the Agency to make effective organisational arrangements to implement its strategy and achieve its goals;

14. Calls again on the Agency to develop a Gantt diagram in the programming for each of its operational activities, with a view to indicating in concise form the amount of time spent by each staff member on a project and encouraging an approach geared towards achieving results; recognises, none the less, that the Agency provided the discharge authority with a chart displaying the required information;

15. Welcomes the initiative of the Agency's Internal Audit Capability (IAC) which developed an internal training course and has provided the necessary training related to Ethics and Integrity at the Agency; particularly welcomes the fact that this training is obligatory for all staff to ensure awareness of ethical and organisational values, in particular ethical conduct, avoidance of conflicts of interest, fraud prevention and reporting of irregularities;

16. Underlines the importance of the Agency's tasks and welcomes its efficient and effective performance, which its Committee on Fisheries was able to observe during its visit to the Agency in June 2010 and will inspect again at its next visit in 2012;

Internal audit

17. Welcomes the Agency's initiative for having set up in 2008 an Internal Audit function (the above mentioned IAC) dedicated to providing support and advice to the Executive Director and management of internal control, risk assessment and internal audit; notes that the Agency does not employ a full-time IAC but shares this service with the European Maritime Safety Agency (EMSA) in Lisbon; acknowledges, to this end, that a service level agreement between the Agency and EMSA was signed on 17 June 2008;

18. Notes from the Agency's AAR that the IAS, in line with the 2010-2012 Strategic Plan, carried out an audit of the budget execution process as well as an IT risk assessment exercise;

19. Acknowledges that in 2010 the IAS performed an audit of budget execution in order to assess whether the ICS provided reasonable assurance regarding compliance with the legal basis, the effectiveness and efficiency of the processes and the reliability of the information that supports management monitoring;

20. Calls on the Agency to take the necessary measures on the following issues:

— ABAC access rights for the AODs,

— payment delays,

— policy for exceptions handling and the setting up of a central Register of Exceptions,

notes that the two very important recommendations of the IAS, namely the adaptation of ABAC access rights for the AODs, and the establishment and implementation of a policy for exceptions handling and a central Register of Exceptions, have been reported as implemented by the Agency and are currently under the IAS review; calls, nevertheless, on the Agency to inform the discharge authority of the actions taken and the results achieved;

21. Calls on the Agency to take immediate action on the items below and to inform the discharge authority on the actions taken:

— implement a risk management system,

— introduce regular reviews of the ICS;

22. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

23. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 ([7]) on the performance, financial management and control of the agencies.

([7]) Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER THE PAST YEARS

Community Fisheries Control Agency (set up in 2007)	2007	2008	2009
Performance	n.a.	— Calls on the Agency to set out a diachronic analysis of operations carried out in this and the previous years — Calls further on the Agency to consider making a Gantt diagram part of the programming for each of its operational activities — Calls on the Agency to draw up a multiannual work programme	— Calls on the Agency to set out a comparison of the operations that were carried out during the year for which the discharge is to be granted and during the previous financial year so as to enable the discharge authority to assess more effectively the Agency's performance form one year to the next — Urges the Agency to improve its annual work programme by including specific measurable objectives both at policy area level and at operational level, establishing SMART indicators — Calls on the Agency to develop key performance indicators within the administrative support functions — Calls on the Agency to consider making a Gantt diagram part of the programme for each of its operational activities
Budgetary and financial management	The internal control procedures required by Article 38 of the Financial Regulation to ensure transparency and sound financial management have not yet been documented → no control standards and no procurement procedures	The Agency does not strictly observe the principle of specification: need for the Agency to remedy the shortcomings in the programming of its activities; contrary to the Financial Regulation, some legal commitments (EUR 1 400 000) were entered into before the corresponding budgetary commitments had been made	n.a.
Human resources	n.a.	Calls on the Agency to improve monitoring of the implementation of the budget, especially in the human resources field	Calls on the Agency to redress its weaknesses in recruitment planning
Internal audit	n.a.	Calls on the Agency to fulfil 15 recommendations made by the Internal Audit Service related to develop a set of indicators covering all activities of the Agency, the internal organisation and procedural structure supporting the management assurance, the human resources management and the need for internal procedures to reduce the Agency's payment delays	— Calls on the Agency to inform the discharge Authority of the recommendations made by the IAC and the action taken by the Agency — Urges the Executive Director of the Agency to fully fulfil his obligation to include in his report to the discharge authority summarising the IAS report, all recommendations made and all actions taken on these recommendations — Calls on the Agency to review its Internal Control System to underpin its Executive Directors annual declaration of assurance and to review all its procedures, both administrative and operational, with subsequent documentation of the workflow and key control — Encourages the Agency to establish a risk management function for registering risks and creating plans for mitigating costs

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the Community Fisheries Control Agency for the financial year 2010

(2012/569/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Community Fisheries Control Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Community Fisheries Control Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 768/2005 of 26 April 2005 establishing a Community Fisheries Control Agency [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Fisheries (A7-0130/2012),

1. Approves the closure of the accounts of the Community Fisheries Control Agency for the financial year 2010;

2. Instructs its President to forward this Decision to the Executive Director of the European Fisheries Control Agency (previously referred to as Community Fisheries Control 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 1.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 128, 21.5.2005, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2010

(2012/570/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council [3] establishing a European Aviation Safety Agency, 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0124/2012),

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 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

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[1] OJ C 366, 15.12.2011, p. 21.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 79, 19.3.2008, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council ([3]) establishing a European Aviation Safety Agency, 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0124/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the European Aviation Safety Agency ('the Agency') for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Executive Director of the Agency discharge for implementation of its budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

— urged the Agency to implement an activity-based structure for the operational budget in order to establish a clear link between the work programme and the financial forecasts and improve performance monitoring and reporting,

([1]) OJ C 366, 15.12.2011, p. 21.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 79, 19.3.2008, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 140.

— drew attention to the fact that once again the Agency carried forward to 2010 a high level of appropriations for operating expenditure,

— requested that a report be attached to each year's budget on the unspent appropriations carried over from previous years, explaining why those monies have not been used and how and when they will be used,

— noted deficiencies in staff selection procedures which put at risk the transparency of those procedures,

C. whereas the Agency is financed by fees and charges and a contribution from the Union,

D. whereas the budget of the Agency for the financial year 2010 was EUR 137 200 000 compared to EUR 122 200 000 in 2009, which was an increase of 12,27 %; whereas the contribution of the Union to the budget of the Agency for 2010 was EUR 34 197 000 ([1]), which represents an increase of 0,87 % compared to 2009,

Budget and financial management

1. Recalls that two-thirds of the Agency's budget comes from fees and charges paid by the industry, one third comes from Union subsidies, and the initial Union contribution to the Agency for 2010 amounted to EUR 32 879 000; notes however that EUR 1 318 000, coming from the recovery of surplus, was added to that amount which, as a result, makes a total Union contribution of EUR 34 197 000;

2. Notes that the Agency's budget increased by 61 % from EUR 85 200 000 to EUR 137 200 000 from 2007 to 2010 while staff numbers rose from 333 to 524;

3. Notes that under Article 3 of Commission Regulation (EC) No 593/2007 of 31 May 2007 on the fees and charges levied by the European Aviation Safety Agency ([2]) the revenues from fees constitute assigned revenues which can be carried over by the Agency as long as they have not been used; notes that industry receipts may be related to more than one financial year; notes that the reserve that can be used during the subsequent years is adjusted based on the budget result for the year; notes that the amount of the reserve decreased over the last two years from EUR 29 000 000 at the end of 2008 to EUR 21 000 000 at the end of 2010;

4. Notes from its final annual accounts for the financial year 2010 that the Agency used only non-differentiated appropriations and that as a result the commitment appropriations were equal to the payment appropriations; notes moreover that the overall budget implementation rate was 99,51 % for the 2010 appropriations;

5. Calls on the Agency to further take adequate measures in order to avoid deficiencies that put at risk the transparency of the procurement process as well as the principle of sound financial management;

Accounting

6. Ascertains from its final annual accounts that in 2010 the Agency changed its revenue recognition method from a cost-based method to a method based on the straight-line method proposed in EC Accounting Rule number 4;

7. Understands from the Agency that the change was made to improve accuracy and transparency on how the revenue earned is based and to take account of the 2009 Court of Auditors' recommendation to apply a method reflecting more accurately the amount of revenue allocated to a financial year;

([1]) OJ L 64, 12.3.2010, p. 613.
([2]) OJ L 140, 1.6.2007, p. 3.

8. Acknowledges from the Annual Activity Report of the Agency that the Enterprise Resource Planning system was further enhanced and systematically used for all types of financial transactions and for the year-end closing;

Procurement procedure

9. Notes from its AAR that 23 high value tendering procedures covering both operational and administrative needs were managed throughout 2010, that 20 of them were finalised and 29 high value contracts signed with a value of approximately EUR 14 000 000; notes in addition that 428 contracts were signed following the low value procurement procedures totalling approximately EUR 1 650 000;

10. Acknowledges, in particular, from the Court of Auditors that, for two large procurement procedures, the evaluation method did not allow tenders offering the best financial bid to achieve the highest price score; notes from the Agency that these two procurement procedures refer to:

— the renewal of a four-year cleaning services contract amounting to EUR 1 000 000,

— a Framework Contract of a maximum of four years for studies on aircraft engine certification requirements and standards with a maximum value of EUR 2 500 000 for which the awarded contractor did not complete all cost elements in its application,

notes that the Agency replied that no negative impact on the outcome was to be reported and will nevertheless take into account the considerations of the Court and in the future address the risk identified through paying even more attention to financial evaluation formulas;

Human resources

11. Notes that, once more, the discharge authority found deficiencies in staff selection procedures which put at risk the transparency of these procedures; acknowledges from the Court of Auditors that there was no evidence that thresholds for being invited to interview or being put on the reserve list had been defined before the examination of the applications started; notes that this could be to cover up a situation of nepotism or conflict of interest; asks that everything be done in order to avoid conflicts of interest; calls on the Commission to ensure that the Agency applies Union rules correctly; stresses the importance of transparency in procurement and staff selection procedures;

12. Notes that the Agency did not inform the discharge authority of the actions taken to make the selection procedures of its experts/staff more transparent as requested in 2009, although understands that the matter was addressed in 2010 after the Court of Auditors once again underlined the issue in its report; stresses, once more, that the impact of these deficiencies is even more crucial when considering that the objectives of the Agency are as follows: issuing certification specifications, taking decisions regarding airworthiness and environmental certification and conducting standardisation inspections of the competent authorities in the Member States;

13. Notes the Agency's reply to the Court that its guidelines for panel members indicate clearly the minimum threshold which candidates have to meet in order to be invited for interviews (50 %) or to be put on the reserve list (65 %) but that it reserves its right to decide on what constitutes a maximum reasonable number of candidates to be invited according to their merit ranking;

14. Reminds the Agency of the importance of ensuring adequate training and qualification criteria for inspection teams and team leaders; calls on the Agency to take concrete steps and inform the discharge authority thereof;

15. Notes that, from 2009 to 2010, the Agency's staff numbers rose from 509 to 578, including temporary and contracting agents;

Conflict of interest

16. Notes that the Agency's technical staff members need to be commonly recruited from national aviation authorities and the aviation industry; understands that the staff members must have sufficient and up-to-date technical experience of working in the field of aviation to perform a technical check of documents demonstrating compliance for the purposes of ensuring an adequate level of aviation safety as requested by the applicable Union legislation; is concerned however that this situation could cause conflicts of interest if a staff member recruited from an aircraft manufacturer works and takes decisions at the Agency on the certification of the aircraft he/she used to work on while employed by the manufacturer and, if not detected and adequately managed, could result in a conflict of interest situation; recognises however that the Agency has put in place a certification procedure where impartiality of the decision-making process is guaranteed through the collegiality of the technical assessments and the decision-making process itself; also understands that the Agency is in the process of setting up an Agency-wide policy in the area of codes of conduct including identification, prevention, monitoring and dealing with the consequences of potential conflict of interest cases which will help the Agency to further improve the identification and handling of conflict of interests situations in such a way that aviation safety is not put at risk at any time;

17. Calls on the Agency to take duly into consideration the professional background of its staff members in order to avoid any conflict of interest; is of the opinion that the Agency's conflicts of interest policy should set out to which extent and under which conditions an Agency employee can be involved in the certification of an aircraft on which they worked prior to joining the Agency;

18. Calls on the Agency to adopt effective processes that duly address potential cases of allegations of conflicts of interest within the Agency; also calls on the Agency to publish on its website the declaration of interests and professional background of its experts, management staff, Management Board members and of any other persons whose activities are related to the certification process; indicates that the Agency should follow the OECD guidelines in the area of conflicts of interest;

19. Noting that the Agency is involved in decisions of vital importance for all citizens and taking into account its exposure due to its importance to the industry, the discharge authority is looking forward to receiving and discussing the findings and recommendations from the Special Report on conflict of interest situations to be released by the Court of Auditors before the end of June 2012;

Performance

20. Calls on the Agency to further implement the existing activity-based structure for the operational budget in order to establish a clear link between the work programme and the financial forecasts and further improve performance monitoring and reporting;

21. Calls on the Agency to make a Gantt diagram part of the programming for each of its operational activities where relevant; stresses also how important it is for the Agency to set SMART objectives and RACER indicators in its programming as it has done in its Annual Work Programme and in its AAR since 2008;

Internal control

22. Notes from its AAR that the Agency consolidated its Integrated Management System in 2010 including the concept of 'internal control', which aims at ensuring that the risks are correctly mitigated, in order to enhance the Agency's ability to achieve operational, quality, compliance or financial objectives;

23. Notes that, in December 2010, the Agency's Integrated Management System achieved certification against the internationally recognised ISO 9001:2008 Quality Management Standard;

Standardisation inspections process

24. Calls on the Agency to further improve the documentation of inspection planning and inspection programming; reminds the Agency of the importance of documenting the risk assessment and criteria used when establishing its inspection planning in order to justify its internal decision-making process for cases presenting significant deficiencies affecting Union citizens' safety;

25. Calls moreover the Agency to further improve its effectiveness in managing key safety concerns by:

— monitoring information,

— reducing the length of the reporting and implementing time-frame,

— documenting the decision-making process between the Agency and the Commission,

— adequately mitigating the risks of any potential conflict of interest situation;

26. Calls moreover on the Agency to classify, monitor and follow up its inspection findings classified as 'Observations'; takes note from the Agency that it has developed an operating procedure to define those findings and to communicate them to the Commission; calls therefore on the Agency to inform the discharge authority on the action taken;

Internal audit

27. Acknowledges that several 'very important' recommendations from the Internal Audit Service (IAS) aimed at reducing outstanding risks to the Agency are still open and are currently under review by the IAS;

28. Notes in particular that in 2010 the IAS performed an audit on the Standardisation Inspection Process in order to assess and provide an independent assurance on the internal control system related to the standardisation inspection process in the Agency, the purpose of which is to monitor the application of relevant Union Regulations by the national aviation authorities and report to the Commission; also notes that the Agency has already developed a corrective action plan which was agreed by the IAS and already provided to the IAS for its review evidence of implementation regarding the recommendations set out in paragraphs 25 to 27 of this report;

29. Calls in this respect on the Agency to further:

— document its risk assessments after its annual inspection programmes and inspection visit,

— improve the monitoring of and reporting on the significant deficiencies which raise safety concerns,

— follow-up and monitor its observations after inspection visits;

30. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

31. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Aviation Safety Agency	2006	2007	2008	2009
Performance	The Agency should carefully check the consistency of the expenditure forecasts: the Agency's cost analysis system showed costs of about EUR 48 000 000 versus revenue of about EUR 35 000 000; insufficient programming	The Agency should carefully check the consistency of the expenditure forecasts that are to be presented for adoption by the budgetary authority	— Calls on the Agency to set out a diachronic analysis of operations carried out in this and the previous years — Calls on the Agency to set SMART objectives and RACER indicators — Calls on the Agency to make a Gantt diagram	— Calls on the Agency to set SMART objective and RACER indicators — Calls on the Agency to consider making a Gantt diagram part of the programming for each of its operational activities, with a view to indicating in a concise form the amount of time spent by each staff member on a project — Urges the Agency to implement an activity based structure for the operational budget in order to establish a clear link between the work programme and the financial forecasts and the improve performance monitoring and reporting — Calls on the Agency to set out a comparison of its operations that were carried out during the year for which discharge is to be granted and during the previous financial year
Fees and charges regulation	n.a.	The Agency should not confuse to use the former regulation on fee levied with the new one	— Calls on the Agency to establish a monitoring system at the level of certification projects — Calls on the Agency to put forward a detailed plan to guarantee that the system of annual flat fees might not generate income which is significantly above the actual costs of the services rendered	— Calls on the Agency to improve its monitoring system for certification projects to make sure that, over the entire duration the fees levied do not deviate significantly from the actual cost — Calls on the Agency to correctly estimate for the establishment of the 2010 financial statements, the accrued expenditure related to the management of certification tasks outsourced to national aviation authorities
Carry-over of appropriations/Procurement issues	The budgetary principle of annuality was not observed: contrary to its Financial Regulation, the Agency used its differentiated payment appropriations carried over from 2005 despite the fact that it had enough payment appropriations for 2006	Transparency issues on the award criteria and the financial evaluation method	— Calls on the Agency to remedy the enterprise resource planning system resulting from a delay in signing the service contract. (Calls on the Agency to present a much more realistic forecast to the Commission and the Parliament during the next years)	— Agency carried forward to 2010 a high level of appropriations for operating expenditure (65 % from Title III, Operational Activities. The percentage of commitments carried forward is 13 %)

European Aviation Safety Agency	2006	2007	2008	2009
			— Calls on the Commission to examine ways of ensuring that the principle of needs-based cash management is implemented in full, in order to ensure that the Agency's cash reserves are kept as low as possible	— Calls for more accurate and timely management of contracts and for far more realistic forecasts to be presented to Parliament and Commission for the next financial year — Requests that a report be attached to each year's budget on the unspent appropriations carried over from previous years explaining why those monies have not been used and how and when they will be used
Human resources	n.a.	Calls on the Agency to improve its recruitment and resource planning systems	Calls on the Agency to impro^{o}ve its recruitment and resource planning systems	— Notes deficiencies in staff selection procedures which put at risk the transparency of these procedures. Court of Auditors reported that the decisions by the selection boards were insufficiently justified and documented since thresholds for being invited to interview or put on the reserve list were not defined in advance and minutes were missing — Urges the Agency to inform the discharge authority on the actions taken to redress this situation and make the selection procedures of its experts/staff more transparent
Internal audit	The Agency has not yet implemented an effective claim management system, possibly including interest on late payment	n.a.	Calls on the Agency to take steps to fulfil 13 (two are considered critical) out of 28 recommendations made by the Internal Audit Service → i.e. the recommendations concern the budgetary uncertainty, the absence of risk analysis, the absence of an appraisal and promotion policy, the cut-off procedure and a procedure for recording exceptions which have been closed	Acknowledges that the Agency has implemented 20 out of the 26 recommendations made by the IAS since 2006

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Aviation Safety Agency for the financial year 2010

(2012/571/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council [3] establishing a European Aviation Safety Agency, 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0124/2012),

1. Approves the closure of the accounts of the European Aviation Safety Agency for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 21.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 79, 19.3.2008, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Centre for Disease Prevention and Control for the financial year 2010

(2012/572/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Centre for Disease Prevention and Control for the financial year 2010, together with the Centre's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0123/2012),

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 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 122.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 142, 30.4.2004, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget for the European Centre for Disease Prevention and Control for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Centre for Disease Prevention and Control for the financial year 2010, together with the Centre's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0123/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the European Centre for Disease Prevention and Control ('the Centre') for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Director of the Centre discharge for implementation of its budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge called on the Centre, inter alia:

— to make, in a table to be annexed to the Court of Auditors' report, a comparison of the operations that were carried out during the year for which discharge is to be granted and those carried out during the previous financial year;

([1]) OJ C 366, 15.12.2011, p. 122.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 142, 30.4.2004, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 145.

— to address the high level of carry-over which has a negative impact on the implementation of the budget and is at odds with the principle of annuality;

— to fulfil its obligation to send to the discharge authority a report drawn up by its Director summarising the content of the Internal Audit Service (IAS) recommendations;

C. whereas the overall budget of the Centre for the financial year 2010 was EUR 57 800 000 compared to EUR 49 200 000 in 2009, which represents an increase of 17,5 %; whereas the total contribution of the Union to the budget of the Centre for 2010 was EUR 56 225 000,

Budget and Financial Management

1. Recalls that the initial Union contribution to the Centre for 2010 amounted to EUR 53 078 000; notes however that EUR 145 000, coming from the recovery of surplus, was added to it which, as a result, makes a total Union contribution of EUR 53 223 000 for 2010;

2. Underlines that according to the general budget of the European Union for the financial year 2010 the total contribution to the Centre amounts to EUR 56 225 000 and was comprised of:

— a contribution of EUR 33 360 000 under Titles I and II, and

— a contribution of EUR 22 895 000 under Title III, of which EUR 10 000 000 were paid;

notes, however, that the same document presents a total Union contribution of EUR 53 223 000 for 2010; acknowledges the Commission's statement that the Union's contribution to the Centre for 2010 was EUR 56 225 000 and that the figure of EUR 53 223 000 is the result of inconsistencies in the text accompanying the budget figures; is of the opinion that this reflects the necessity for the Commission to provide annually the discharge authority with consolidated information on the total annual funding per Agency made from the general budget of the European Union;

3. Takes note from the Centre that a second grant agreement was reached with the Directorate-General for Enlargement for an initial duration of two years and that a subsequent budget increase of EUR 400 000 for the period 2009–2010 was implemented in 2010; notes that in 2011 the Centre was due to present a request to extend the duration of the grant;

4. Acknowledges from the final annual accounts of the Centre for the financial year 2010 that its budget execution rate reached 95 % in terms of commitment appropriations; is however concerned that the budget execution rate in terms of payments only reached 68 % of its total budget; believes nevertheless that this is already an improvement compared to 59 % in 2009 but considers that further efforts need to be made by the Centre in this respect;

5. Underlines that the implementation of payment credits improved to 92,7 % which represents an amount of unused credits of EUR 3 800 000; notes that this under-execution is related to the fact that the Centre has limited its request of payment credits in order to reduce the amount of cash in its bank account at year-end, as requested by the Court of Auditors and the Commission;

6. Notes from the Centre's 2010 Annual Activity Report (AAR) that the Director, as Authorising Officer, delegated financial responsibility to the five Heads of Unit, and for a period of time, to the Coordinator of the Director's Office; notes, however, that all contracts over EUR 250 000 need to be signed by the Director;

Carry-over appropriations

7. Acknowledges from the Court of Auditors that in 2010, an amount of EUR 15 600 000, equivalent to 27 % of the total budget including 50 % of Title III — Operational expenditure — was carried forward to 2011; urges once more the Centre to promptly redress the deficiencies found by the Court of Auditors on carry-overs; underlines that a high level of carry-overs has a negative impact on the implementation of the budget;

8. Is concerned that this high level of carry-forward matched by a low level of accrued expenditure is excessive and is at odds with the principle of annuality;

Accounting system

9. Notes from its Report on Budget and Financial Management (RBFM) that 2010 was the first full year that the Centre implemented its budget for the entire year through ABAC WF (the EC integrated budgetary and accounting system);

10. Acknowledges from its AAR that the Centre performed a review of the internal procedures for payments and commitments;

Procurement

11. Observes from its AAR that the procurement office dealt with 50 open procedures and 18 negotiated procedures as well as eight calls for proposals; calls on the Centre to provide the discharge authority with the results of each of the procurement procedures;

12. Notes that after five years of negotiations, a Seat Agreement has been signed between the Centre and the Ministry for Elderly Care and Public Health of Sweden;

Human Resources

13. Acknowledges that the former Director left the Centre in February 2010 to take up a position at the World Health Organisation Regional Office for Europe;

14. Urges the Centre to put in place sufficient measures to guarantee the transparency of its recruitment procedures; is in particular concerned about the Court of Auditors' findings: neither the thresholds that candidates had to meet in order to be invited to the interview, nor those necessary to be put on the reserve list were fixed in advance; notes that this could cover up a situation of nepotism or conflict of interests;

15. Notes from its RBFM that the total number of temporary agents working at the Centre as of 31 December 2010 was 175, out of 200 posts provided for in the Establishment Table 2010;

16. Ascertains also from the RBFM that the turnover rate for temporary agents and contract agents was 7 % in 2010;

17. Considers the Centre as an important Union body to strengthen and develop European disease surveillance, to assess and communicate current and emerging threats to human health posed by infectious diseases and to pool Europe's health knowledge;

Performance

18. Acknowledges that the Centre is now working with its partners to implement changes on the basis of lessons learned from the 2009 H1N1 pandemic, in order to further improve the performance of the Centre for the future; points nevertheless to the important contributions made by the Centre to the measures on fighting the H1N1 pandemic, by issuing preliminary guidelines on the 'Use of specific pandemic influenza vaccines' in 2009;

Internal audit

19. Observes from the RBFM that a review of the implementation of the Internal Control System was carried out; is concerned in particular that two of the standards have still not been implemented, notably business continuity and evaluation of activities, and four others have only been partly implemented; urges therefore the Centre to promptly take action in this respect and inform the discharge authority of the stage of implementation of these standards;

20. Ascertains from the RBFM that the planned audit of the Internal Audit service (IAS) on 'Processes supporting the establishment of the Annual Work Programme, focusing on the Management Information System' was postponed to 2011; calls therefore on the Centre to inform the discharge authority on the IAS finding;

21. Acknowledges also from the Centre that at the end of 2010 the IAS audit reported no critical findings; however six important findings were still open; is informed by the Centre that four of these recommendations concern health communication, the performance indicators, the checklist used by the financial actors and the estimation of costs of the Centre's meetings; urges the centre to inform the discharge authority about the other two recommendations that still need to be implemented by the Centre;

22. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

23. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Centre for Disease Prevention and Control	2006	2007	2008	2009
Performance/ procurement	— The rules on procurement are not strictly enforced: lack of clear selection criteria; incorrect choice of procedure; non-respect of the procedure described in the tender notice; insufficient documentation of the procedure	n.a.	— Calls on the Centre to set out a comparison of operations carried out during the year for which discharge is to be granted and in the previous financial year, so as to enable the discharge authority to assess its performance more effectively from one year to the next one — No Seat Agreement between the Centre and the Swedish Government as there were still many outstanding issues that needed further negotiation	— Calls on the Centre to make a comparison of the operations that were carried out during the year for which discharge is to be granted and during the previous financial year
Carry-over of appropriations	— The annuality principle is not strictly observed: Nearly 45 % of the commitments entered into during the year were carried over. Moreover, during the second half of the 2006, numerous transfers were made→ imprecise estimates of staffing needs	— The annuality principle is not strictly observed: weaknesses in the programming, monitoring and subsequent implementation of the Centre's budget — When budget amendments were decided, no evaluation was made of their impact on the work programme and the achievements of the objectives	— The annuality principle is not strictly observed: weaknesses in the programming and subsequent implementation of the Centre's budget — Calls on the Commission to examine ways of ensuring that the principle of needs-based cash management is implemented →The Centre maintains enormously high cash reserves over long period (31 December 2008: EUR 16 705 091)	— Calls on the Centre to inform the discharge authority of the measures taken to redress the deficiency. High level of carry-overs which has an negative impact on the implementation of the budget and is at odds with the principle of annuality
Human resources	n.a.	n.a.	— Weaknesses in the planning of recruitment procedures	n.a

European Centre for Disease Prevention and Control	2006	2007	2008	2009
Internal audit	— Legal commitments were entered into the absence of prior budgetary commitments, in breach of the financial regulation	— The Centre did not comply with the Financial Regulation and the principle of economy: in 2007 the Centre paid EUR 500 000 for renovating its main building, as consequence of an agreement signed by the Centre and the building owner. Such an agreement did not specify the nature of the works to be done as well as deadlines and payment conditions	— The Centre has not comprehensively fulfilled its obligation to send to the authority responsible for discharge a report drawn up by its Director summarising the number of internal audits conducted by the internal auditor	— The Centre has not comprehensively fulfilled its obligation to send to the discharge authority a report drawn up by its Director summarising the content of the IAS recommendation

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Centre for Disease Prevention and Control for the financial year 2010

(2012/573/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Centre for Disease Prevention and Control for the financial year 2010, together with the Centre's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0123/2012),

1. Approves the closure of the accounts of the European Centre for Disease Prevention and Control for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 122.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 142, 30.4.2004, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2010

(2012/574/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Chemicals Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Chemicals Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EC) No 1907/2006 of the European Parliament and of the Council [3] establishing a European Chemicals Agency, and in particular Article 97 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0126/2012),

1. Grants the Executive Director of the European Chemicals Agency discharge in respect of the implementation of the Agency's budget for the financial year 2010;

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 Chemicals 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 33.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 396, 30.12.2006, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Chemicals Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Chemicals Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Regulation (EC) No 1907/2006 of the European Parliament and of the Council ([3]) establishing a European Chemicals Agency, and in particular Article 97 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0126/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the European Chemicals Agency ('the Agency') for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Executive Director of the Agency discharge for implementation of its budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

— called on the Agency to inform the discharge authority of the steps taken to improve its control system by strengthening its financial circuits, workflows, action plans and risk assessments,

— encouraged the Agency to effectively ensure that:

— all components for financing decisions are in place,

([1]) OJ C 366, 15.12.2011, p. 33.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 396, 30.12.2006, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 150.

— the information necessary at each level within the organisation is properly defined and addressed,

— the Annual Work Programme (AWP) shows all the resources made available through the budget,

— the documentation of financial procedures and checklists is finalised and updated,

— called on the Agency to further develop the planning and monitoring of its procurement and budget execution so as to reduce the proportion of carry-forward appropriations,

C. whereas the overall budget of the Agency for the financial year 2010 was EUR 75 500 000 compared with EUR 70 400 000 in 2009, which represents an increase of 7,24 %,

D. whereas the Agency received a temporary contribution of EUR 36 000 000 from the Union and EFTA,

Budget and financial management

1. Notes that the Court of Auditors reported that the Agency's 2010 budget amounted to EUR 75 000 000 while the Agency reported a budget of EUR 75 500 000 for the financial year 2010;

2. Acknowledges from the Agency that the Agency is financed through fees paid by industry for registrations of chemical substances and by a potential Union contribution;

3. Recalls that the initial Union contribution to the Agency for 2010 amounted to EUR 25 305 000; notes however that EUR 8 700 000, coming from the recovery of surplus, was added to that amount which, as a result, makes a total Union contribution of EUR 34 005 000 for 2010 [1]; acknowledges moreover that, since usually the revenue from fees is only credited to the Agency towards the end of the year, the Union contribution was deemed necessary to allow for the payment of the running costs until October 2010;

4. Notes that the Agency refers to a temporary contribution from the Union of EUR 36 000 000 for 2010 although that amount includes EFTA's contribution;

5. Ascertains from its Report on Budgetary and Financial Management (RBFM) that the Agency committed to entirely reimburse the Union's temporary contribution to the Commission upon receipt of the corresponding debit note; acknowledges from the Agency that the reimbursement of the temporary contribution occurred in March 2011 and that interest was paid to the Commission;

6. Acknowledges from its RBFM that the initial budget of the Agency for 2010 amounted EUR 86 481 700; notes, however, that during the year the Management Board adopted two amending budgets reducing the budget expenditure by EUR 11 000 000 (12,75 %) in total;

7. Notes from the RBFM that the budget for Title I in 2010, EUR 47 214 285, was amended downwards by 8 %, i.e. by EUR 3 787 650,18; acknowledges the Agency's comment that the main reason for the decrease was a slower recruitment rate compared with the initial plans; notes also that the total execution rate for Title I reached 97,2 %;

8. Observes also from the RBFM that the expenditure under Title II represented 92,4 % of the amended budget (EUR 10 739 727,92 vs. EUR 11 624 281,05), which is the result of cancellation of several IT consultancy projects which will be implemented under the future outsourcing contract in 2011;

9. Establishes from its Annual Activity Report (AAR) that the Agency managed to process close to 23 000 incoming fee payments, which resulted in cashed fee income of EUR 349 700 000;

[1] OJ L 64, 12.3.2010, p. 447.

10. Notes from the Court of Auditors that in 2010 the Agency became fully self-financing but that there is scope for its Financial Regulation to be revised to include a mechanism for retaining surplus from the Agency's revenue to finance its future activities;

11. Takes note of the Agency's reply which states that it will include a proposal for a mechanism to manage surplus revenue in the upcoming review of its Financial Regulation; understands from the Agency's AAR that an arrangement with an external, highly-rated custodian was set up and a second arrangement is being prepared to ensure the safe-keeping and risk diversification of the accumulated cash reserves that should be the principal source of finance for the Agency until the Financial Framework 2014-2020 is in place; acknowledges from the Agency that cash reserves have been placed for asset management at the European Investment Bank and the Central Bank of Finland;

Carry-over of appropriations

12. Establishes from the Agency's RBFM that the carry-overs commitment and payment appropriations, EUR 12 254 740,59, mainly relate to IT costs for support to operations (EUR 5 747 560,42), as well as general administration (EUR 1 555 943,82);

13. Establishes also from the RBFM that the total amount of EUR 2 533 156,09 was cancelled from the commitment and payment appropriations carried forward from the budget in 2009; notes in particular that this mainly concerns Title II;

14. Regrets that the Court of Auditors does not mention the Agency's appropriations carried forward and cancelled in its report on the annual accounts of the Agency for the financial year 2010;

15. Welcomes the Agency's efforts in improving the planning and the monitoring of resources and introducing guidelines to foster the principle of annuality; acknowledges in particular from the Agency that it managed to reduce the carry-over rate from 29,7 % in 2009 to 16,3 % in 2010;

16. Underlines also that as the Agency works with non-dissociated credits in all its Titles, it is unrealistic to expect that all operations budgeted for one calendar year could both be committed and paid up within the same budgetary year, especially for project-type operational expenditure (e.g. IT systems developments);

Procurement procedure

17. Notes also from the Agency's AAR that 350 procurements were carried out in 2010, including the multiannual framework contracts for IT, security, quality and management consulting services, for different communication-related matters and for language training;

18. Acknowledges in particular that a high volume of contracting was carried out under existing framework contracts in the field of IT consulting services, as well as for scientific, technical, environmental and socioeconomic questions relating to REACH;

Human resources (HR) management

19. Notes from its AAR that in 2010 the Agency recruited more than 120 new staff; acknowledges in particular that a strong focus was placed on recruiting expert staff to enhance the scientific capacity of the Agency; further notes that the recruitment of middle and senior management was also prioritised in order to ensure the implementation of the new organisational structure from January 2011;

20. Calls on the Agency to improve the planning of its HR activities and projects at the time of establishing its AWP; observes in particular from its AAR that due to the high rate and impact on HR services of the registration deadlines, training activities were de-prioritised and several HR projects were postponed or managed at a lower level than initially foreseen;

Conflict of interests

21. Noting that the Agency is involved in decisions of high importance for consumers, and taking into account its exposure due to its importance to industry, is looking forward to receiving and discussing the findings and recommendations of the Special Report of the Court of Auditors on conflict of interest situations to be released before the end of June 2012;

22. Considers that, after the initial build-up phase with a focus on procedures, the Agency needs to ensure that its budget and staff are allocated in a way that allows it to deliver fully on substance, in particular regarding evaluation, restrictions and authorisation;

Internal audit

23. Considers that the Agency has improved its administrative processes (including financial circuits) and its operational workflow by developing an Integrated Quality Management System (ISO 9001); welcomes in addition the fact that the Agency has integrated risk assessments into its priority setting for audits and its AWP, and, where appropriate, as a basis for decision making; considers this to be a best practice to be followed by the other agencies;

24. Acknowledges from the Agency that the Internal Audit Service performed an advisory engagement on 'preparedness for registration' which was issued and transmitted to the Executive Director on 14 April 2010; underlines that this audit has the objective of assessing the preparedness of the Agency to cope with future registration deadlines;

25. Welcomes in this respect the establishment by the Agency of a separate registration and submission unit as well as a contingency task force; calls nevertheless on the Agency to improve consistency in the treatment of files; notes that this is a prerequisite for registration activities and that the Agency should increase its efforts in this respect by establishing a standard process for updates of registration rules, and a sufficient information trail and documentation of decisions taken for rules updates;

26. Calls also on the Agency to prepare its registration unit staff for an increased workload, from today's level, by training them (and in particular the unit's middle management) and by establishing back-up arrangements for key staff; underlines that the task of the registration unit should be focused on core activities for which specific knowledge of registration is needed;

27. Calls on the Agency to respect a stringent top down/bottom up methodology for reporting and clear guiding principles in order to define the relevant indicators and tools to be used;

28. Acknowledges from the Agency that the Internal Audit Capability performed two assurance internal audits in 2010: one on 'Staff back-up Process' and the other one on 'Fee Invoicing Process';

Performance

29. Notes that around the end of 2010, two important deadlines for REACH and the Classification, Labelling and Packaging Regulation passed; welcomes, therefore, the fact that the Agency successfully managed to handle the reception and processing of 25 000 registration dossiers on 4 300 chemical substances that are either commonly used in Europe or are the most hazardous and of over 3 million notifications for over 100 000 substances that are classified and have to be labelled to protect the user;

30. Welcomes the Agency's initiatives for enhancing its customer focus and feedback procedures; is particularly pleased that the Agency paid special attention to its communication activities such as stakeholders' days, publications or helpdesk assistance;

31. Is satisfied with the successful operation of the Agency in implementing the Union's chemicals' legislation;

32. Considers the developments in the context of IT contracts as a result of the significant costs thereof and the delays witnessed over the build-up phase;

Role of coordinator of the network of agencies

33. Commends the Agency on its effective work as coordinator of the network of agencies during the 2010 discharge procedure;

34. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

35. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Chemicals Agency	2008	2009
Performance	The Agency would benefit from developing feedback procedures and from developing a stronger customer focus	Requests that the Court of Auditors undertake performance audits of the Agency
Budgetary and financial management	— Calls on the Agency to take steps to improve the planning and the monitoring of its resources and appropriations (41 % of the commitment appropriations for operational activities were carried over and 37,5 % were cancelled) — Calls on the Commission to examine ways of ensuring that the principle of needs-based management is implemented in full (Cash Reserves in 2008: EUR 18 747 210,75)	Calls on the Agency to further develop the planning and monitoring of its procurement and budget execution so as to reduce the proportion of carry-forward appropriations; notes, in fact, that the Court of Auditors registered a carry-forward of EUR 20 000 000 (29 % of the appropriations) to the budgetary year 2010, approximately 88 % of which corresponds to activities not yet implemented (or, in some cases, goods not received) at the year-end; remarks, furthermore, that 5 % of the appropriations (EUR 3 000 000) were cancelled
Human resources	— Calls on the Agency to take care of the implementation of the recruitment procedure — Transparency issues: in 14 recruitment procedures the independence of the members of the selection board was not guaranteed, owing to the fact that the Director himself chaired the Board — Commends the Agency for deciding that the Director will no longer take part in the deliberations of selection boards — Calls on the Agency to put in place well-defined handover procedures	Important for the Agency to keep monitoring the implementation of its budget and recruitment plan
Internal audit	The audit of three procedures showed weaknesses in the documentation summarising the work of the selection boards (lack of justification)	— Calls on the Executive Director of the Agency to inform the discharge authority of the content of its audit plan — Calls on the Agency to inform the discharge authority of the steps taken to improve its control system by strengthening its financial circuits, workflows, audits, action plans and risk assessments — Encourages the Agency to effectively ensure that: — all components for financing decisions are in place, — the information necessary at each level within the organisation is properly defined and addressed, — the work programme shows all resources made available through the budget, — the documentation of financial procedures and checklists is finalised and updated

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Chemicals Agency for the financial year 2010

(2012/575/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Chemicals Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Chemicals Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EC) No 1907/2006 of the European Parliament and of the Council [3] establishing a European Chemicals Agency, and in particular Article 97 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0126/2012),

1. Approves the closure of the accounts of the European Chemicals Agency for the financial year 2010;

2. Instructs its President to forward this Decision to the Executive Director of the European Chemicals 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 33.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 396, 30.12.2006, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Institute for Gender Equality for the financial year 2010

(2012/576/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Institute for Gender Equality for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Institute for Gender Equality for the financial year 2010, together with the Institute's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Regulation (EC) No 1922/2006 of the European Parliament and of the Council of 20 December 2006 on establishing a European Institute for Gender Equality ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Women's Rights and Gender Equality (A7-0132/2012),

1. Grants the Director of the European Institute for Gender Equality discharge in respect of the implementation of the Institute's budget for the financial year 2010;

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 Institute for Gender Equality, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 173.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 403, 30.12.2006, p. 9.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Institute for Gender Equality for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Institute for Gender Equality for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Institute for Gender Equality for the financial year 2010, together with the Institute's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Regulation (EC) No 1922/2006 of the European Parliament and of the Council of 20 December 2006 on establishing a European Institute for Gender Equality ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Women's Rights and Gender Equality (A7-0132/2012),

A. whereas the European Institute for Gender Equality ('the Institute') was established on the basis of Regulation (EC) No 1922/2006 and gained its independence on 15 June 2010,

B. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts of the Institute for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

C. whereas the overall budget of the Institute for the financial year 2010 was EUR 6 500 000; whereas the budget of the Institute is entirely financed by the Union's contribution,

([1]) OJ C 366, 15.12.2011, p. 173.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 403, 30.12.2006, p. 9.
([4]) OJ L 357, 31.12.2002, p. 72.

1. Welcomes the Court of Auditors' first report on the annual accounts of the Institute, for the financial year 2010;

Budgetary and financial management

2. Notes that the Institute was granted administrative and financial autonomy on 15 June 2010;

3. Believes that a merger of the Institute and the European Union Agency for Fundamental Rights should be considered in order to avoid duplication and reduce overhead costs;

4. Ascertains from the Annual Activity Report (AAR) of the Institute that from 1 January to 15 June 2010 the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL), the Institute's parent DG, held financial management responsibility on its behalf, in particular for staff and administrative expenditure, and that over that period, DG EMPL made payments in a total amount of EUR 846 876,91;

5. Acknowledges from the AAR that within the limited period between six months after adoption of the Annual Work Programme 2010 and gaining administrative and financial independence, the Institute had a budget execution rate of 65 % in terms of committed appropriations and 26 % in terms of paid appropriations; invites the Institute to take immediate steps to ensure a satisfactory budget execution rate in the future;

6. Notes from the AAR of the Institute that upon revision of its draft budget for the financial year 2010, the Management Board highlighted two budgetary imbalances amounting to an aggregate imbalance of EUR 415 000:

— a budgetary imbalance of EUR 195 000 under Title II, which was related to the under-expenditure in rental costs as the Lithuanian Government covered the rental costs for the Institute's premises in Lithuania for its first two years of activity;

— a budgetary imbalance of EUR 220 000 under Title III due to the expected under-expenditure in operations-related expenditure;

notes that in October 2010 the Management Board agreed not to allocate these frozen funds to the Institute; calls on the Institute to inform the discharge authority of the action taken in respect of those frozen funds;

Accounting

7. Establishes that in 2010 the Institute defined the responsibilities of financial actors for staff members and developed financial circuits for commitments; notes, moreover, that the Institute nominated all financial actors defining their roles and responsibilities by the end of 2010;

8. Notes from the AAR of the Institute that its Director delegated the power of Authorising Officer to the Head of Administration for a maximum amount of EUR 500 000 for Title I and II, and limited to one year for Title III; also takes note that a backup for the Accounting Officer was appointed;

9. Ascertains from the AAR that, by the end of 2010, procedures were in place and being implemented for the following administrative areas: missions, complaints management, procurement Q&A, VAT, quality accounting, bank reconciliation, payment run, commitments and payments, and that a telecom policy and document registration framework were developed and implemented;

Public procurement

10. Observes that in 2010, 63 procurements were carried out and contracts for the procured services were signed; notes that the total contracted amount was EUR 1 974 626;

11. Establishes from the AAR that two major difficulties occurred in the procurement process:

— the time span available for implementing a procurement procedure was extremely tight and put the execution of planned studies and the relevant budget at risk;

— the lack of qualified support for the Operations Unit, where the majority of staff had little or no knowledge of public procurement procedures;

as a result, these complications created certain delays and a number of procurement procedures had to be cancelled which, as a result, caused the major part of the budgetary commitment to be carried forward to 2011; calls, therefore, on the Institute to improve the situation and inform the discharge authority of the action taken;

12. Notes in addition that 85 % of procured contracts, EUR 1 628 122, were related to services that supported operational activities, and that the remaining amount EUR 292 504 (15 %) were for procured goods and services which supported administrative activities;

Human resources

13. Takes note from its AAR that the Institute recruited 23 Temporary Agents and 6 Contract Agents, and reached 92,3 % of its Establishment Plan target;

14. Underlines the need to fill all vacancies which are necessary for the effective functioning of the Institute and the fulfilment of its stated goals;

Performance

15. Notes that, according to Article 20 of the Institute's founding Regulation (EC) No 1922/2006, the Institute should have commissioned an independent external evaluation of its achievements by 18 January 2010; acknowledges from the AAR that the Management Board postponed the *ex-post* evaluation given that the Institute was not operational as of 19 January 2010, but decided to commission an *ex-ante* evaluation in 2010 and a mid-term evaluation by 2013; asks the Institute to immediately communicate the results of that *ex-ante* evaluation to the discharge authority;

16. Acknowledges that the Institute, supported by DG EMPL, launched in December 2010 specifications for the 'Second Ex-ante Evaluation of EIGE Focusing on the Institute's Specific Objectives and Operations';

17. Calls on the Institute to inform the discharge authority of the execution of those evaluations and on their respective conclusions;

18. Reminds the Court of Auditors that the work of the Institute is of utmost importance for the promotion of gender equality in the Union; notes, therefore, that future reports should reveal in detail whether the Institute's activity is hindered by difficulties at any stage of the budgetary procedure;

19. Points out that, at a time of economic crisis and austerity, it is vital that the Institute offers best value for money without jeopardising the successful fulfilment of its important remit;

Location

20. Notes from the AAR of the Institute that on 1 March 2010 the Institute's staff was relocated from its temporary premises in Brussels to its permanent seat in Vilnius, Lithuania;

Internal audit

21. Is informed by the Institute that the first Internal Audit Service audit will be performed during 2012;

22. Ascertains from its AAR that OLAF visited the Institute and provided a first training session for staff on audit principles and internal control standards in November 2010; acknowledges, moreover, that a cooperation agreement between OLAF and the Institute was prepared in 2010 and adopted by the Institute's Management Board on 26 January 2011;

23. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Institute for Gender Equality for the financial year 2010

(2012/577/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Institute for Gender Equality for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Institute for Gender Equality for the financial year 2010, together with the Institute's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Regulation (EC) No 1922/2006 of the European Parliament and of the Council of 20 December 2006 on establishing a European Institute for Gender Equality ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Women's Rights and Gender Equality (A7-0132/2012),

1. Approves the closure of the accounts of the European Institute for Gender Equality for the financial year 2010;

2. Instructs its President to forward this Decision to the Director of the European Institute for Gender Equality, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 173.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 403, 30.12.2006, p. 9.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010

(2012/578/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010, together with the Centre's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0134/2012),

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 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 156.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 376, 27.12.2006, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its 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 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010, together with the Centre's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0134/2012),

A. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Director of the European Monitoring Centre for Drugs and Drug Addiction discharge for implementation of the Centre's budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

— called on the Centre to put in place appropriate instructions and procedures for analysis of potential carry-overs, and to improve the programming and monitoring of activities with a view to reducing carry-overs,

— called on the Centre to ensure consistent implementation of the approved staff appraisal procedure,

([1]) OJ C 366, 15.12.2011, p. 156.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 376, 27.12.2006, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 167.

— urged the Centre to implement, without delay, 9 'very important' recommendations of the Internal Audit Service (IAS) and to inform the discharge authority of the progress made,

C. whereas the initial budget of the Centre for the year 2010 was EUR 15 900 323 compared with EUR 14 700 000 in 2009, which is an increase of 8,16 % compared with 2009; whereas the contribution of the Union to the budget of the Centre for 2010 was EUR 14 800 000 ([1]), which represents an increase of 4,59 % compared with 2009,

Budget and financial management

1. Observes from its Final Annual Accounts that the actual revenue of the Centre for the financial year 2010 amounted to EUR 16 245 886; notes that the difference between 2010 actual revenue and the revenue entered in the budget 2010 is due to the following factors:

— the payment in 2010 of EUR 362 000 from the Union contribution relating to the Centre 2008 and 2009 budget revenues,

— the offsetting of EUR 16 437 which corresponds to the positive balance of the outturn of 2008 and 2009 Norway's contribution to the Centre's budget,

— the sum of EUR 1 980,00 corresponding to an amount cashed in 2010 but not entered in the 2010 budget;

2. Notes that the Union contribution for 2010 amounts to a total of EUR 14 800 000, of which an amount of EUR 200 000 coming from the recovery of surplus was added to the amount of EUR 14 600 000 entered in the budget;

3. Notes from the Final Annual Accounts of the Centre that the execution rate concerning appropriations from the 2010 budget stands at 98,82 % (-0,03 % against 2009) for commitment appropriations, 94,85 % for payment appropriations against commitments (-1,66 % against 2009) and 93,73 % for payment against the final budget (-1,67 % against 2009);

4. Observes, moreover, that data relating to the budget execution of Titles I and II (staff and support activities) showed an increase compared with the 2009 execution rate both in terms of commitments and payments, respectively + 0,57 % and + 13,4 %; notes that the execution rate stands at 99,15 % for commitment appropriations and at 96,64 % for payment appropriations, against 98,58 % and 95,30 % for 2009;

5. Establishes that the execution rate for Title III (projects and operational activities) shows a decrease in the use of payment appropriations (-9,58 %) compared with 2009 and a small decrease on the committed on final budget appropriations of 1,37 %; notes also that the execution rate stands at 98,04 % for commitment appropriations and at 88,83 % for payment appropriations; notes from the Centre that the situation was due to the following factors:

— more than 70 % of the National Focal Points were only able to request the payment of the first instalment of the 2010 Reitox co-financing,

— the impossibility of executing, before the end of 2010, some payments linked to the refunding of costs for technical meetings that were held in the last part of the year,

— a residual number of payments linked to the implementation of small contracts for external technical studies/surveys could not be executed, due to the late conclusion of the relevant procurement/contracting operations;

([1]) OJ L 64, 12.3.2010, pp. 1056-1057.

Is of the opinion that a low execution rate for payment appropriations under Title III affects the development of the Centre's projects and activities and might have a negative impact on their planed outcomes; calls, therefore, on the Centre to take immediate action to increase the execution rate for payment appropriations in the future and to keep the discharge authority informed of the progress achieved;

6. Calls on the Centre to consolidate its financial management; recognises that drug-related issues should be adequately represented in the new multiannual financial framework (2014-2020);

Carry-over appropriations

7. Welcomes the Centre's initiative to further reduce the volume of appropriations carried forward; acknowledges, in particular, from its Annual Activity Report that the Centre took the following measures:

— five training sessions concerning budget operations and procurement processes have been held for the Centre's different financial and operational actors,

— clearer and more structured instructions and procedures have been put in place for the analysis and prevention of carry-forwards,

— the tendering process aimed at implementing the Annual Work Programme/Budget has, as much as possible, been anticipated in advance so that as a rule these processes are carried out during the first semester of the year,

— an AD staff member was recruited to enhance the Centre's capacity to plan and monitor its activities;

Calls nevertheless on the Court of Auditors to inform the discharge authority of the effectiveness of these measures;

Accounting system

8. Acknowledges from the Final Annual Accounts that the Centre implemented a new income structure created in ABAC in order to simplify and better manage the recovery orders;

9. Notes also that the Centre revised its activity based management system and defined a cost-based accounting system; acknowledges in particular that the relevant ABAC and SAP CO applications have been configured accordingly and the production phase should have started in the first quarter of 2011; calls on the Centre to inform the discharge authority of the progress made on this matter;

Public procurement

10. Notes from the Centre's Final Annual Accounts that a residual number of payments linked to the implementation of small contracts for external technical studies/surveys was not be executed due to the late conclusion of the relevant procurement/contracting operations, in line with the state of advancement of the projects concerned of the Centre's Work Programme;

Performance

11. Calls on the Centre to duly take into account the level of reporting when planning its activities; urges, in particular, the Centre to make sure that the Annual Activity Report effectively mirrors the Annual Work Programme and that the planning of resources for activities (ABB) is aligned with the organisational structure of the Centre to enable the monitoring of budget execution;

12. Welcomes web dissemination as an effective and cost-efficient part of the Centre's overall communication strategy and information activities; moreover, calls on the Centre to propose improvements in sustaining, with the support of Reitox, the Centre's multilingual policy;

13. Takes note that the economic difficulties in the European Union should be overcome and therefore urges renewed flexibility, innovative organisational measures and better coordination among Union institutions, agencies and national authorities;

14. Welcomes the improved cooperation between the Centre and the European School Survey Project on Alcohol and Other Drugs (ESPAD); believes that the monitoring of alcohol, tobacco and other addictive behaviours which are unrelated to substances should be included as a priority in the next Drugs Strategy of the Union;

Risk Assessment

15. Notes from its Annual Report of Activities that the Centre approved a comprehensive methodology for the carrying out of risk identification and assessment as a tool for improving risk management within the Centre; calls nevertheless on the Court of Auditors to inform the discharge authority of the effectiveness of the measures taken by the Centre; calls also on the IAS to duly verify that the central risk register has effectively been set up, in line with IAS's recommendations and requirements as laid down in the Centre's Internal Control Standards;

Internal audit

16. Acknowledges that in 2010 the IAS performed an audit on the management of outputs for external communication in order to assess and provide assurance on the internal controls applicable to the outputs for external communication; notes in particular that various strategic documents covering the area of communication have been issued over the years but have not been linked to the 2010 Annual Work Programme and Multi-Annual Work Programme 2010-2012, and that no periodic update of target groups was planned over the lifecycle of the planning documents even though required in the Centre's Communication Strategy;

17. Urges the Centre in this respect to link its future Communication strategy to its (multi)-annual planning documents and regularly review the needs of target groups;

18. Acknowledges that the Centre still needs to implement five 'very important' recommendations from IAS audits on 'grant management' (performed in 2009) and on 'Preparedness for the Move' (2008); is concerned that for three 'very important' recommendations, the implementation is delayed beyond the date defined by the Centre in its original action plan; notes also that one more recommendation has been reported as implemented by the Centre as at the end of 2010, and awaits a follow-up by the IAS with the purpose of confirming its effective implementation; urges the Centre, therefore, to take immediate steps to redress the situation and inform the discharge authority of the measures taken;

19. Notes also that one recommendation on compliance with the Grant Agreement has been rejected by the Centre; urges the Centre, therefore, to explain its decision to the discharge authority;

20. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

21. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

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[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Monitoring Centre for Drugs and Drug Addiction	2006	2007	2008	2009
Performance	The budgetary principles of annuality and specification were not strictly observed: high number of transfers of appropriations between budget lines and in many cases the supporting documentation was insufficiently detailed	n.a.	Calls on the Centre to set SMART objectives and RACER indicators, as well as to make a Gannt diagram → promoting a result-oriented approach	Calls on the Centre to make a Gannt diagram part of the programming for each of its operational activities
Budgetary and financial management	The rules for procurement were not strictly implemented	The Centre is in disagreement with Norway concerning the calculation of Norway's financial contribution for its participation in the Centre's work. The Centre should seek to resolve this disagreement as soon as possible as it has an impact on the budget and on the Centre's financial statements (the Centre estimation is EUR 80 000 higher than that of Norwegian authorities)	n.a.	— Calls on the Centre to put in place appropriate instructions and procedures for analysis of potential carry-overs, improve the programming and monitoring of activities with a view to reducing carry-overs — Court of Auditors reported EUR 339 000 carry-forwards in 2009 appropriation for Title II Administrative expenditure (26 %)
Human resources	n.a.	n.a.	n.a.	Calls on the Centre to ensure consistent implementation of the approved staff appraisal procedure
Internal audit	n.a.	n.a.	Calls on the Centre to fulfil 26 out of 41 recommendations made by the Internal Audit Service in 2006: i.e. quality control of the new location, precautions against damage from flooding, a business continuity plan and investment in equipment; the implementation of the internal control standards (staff promotions, staff appraisal, risk management)	— Calls on the Centre to inform the discharge authority of the progress made on risk management and annual risk analysis — Urges the Centre to implement without delay nine very important recommendations and inform the discharge authority of the progress made

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010

(2012/579/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010, together with the Centre's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0134/2012),

1. Approves the closure of the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 156.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 376, 27.12.2006, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Maritime Safety Agency for the financial year 2010

(2012/580/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Maritime Safety Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Maritime Safety Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0137/2012),

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 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

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[1] OJ C 366, 15.12.2011, p. 52.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 208, 5.8.2002, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in, respect of the implementation of the budget of the European Maritime Safety Agency for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Maritime Safety Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Maritime Safety Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0137/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the European Maritime Safety Agency ('the Agency') for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Executive Director of the Agency discharge for implementation of its budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

— called on the Agency to consider making a Gantt diagram part of the programming for each of its operational activities, with a view to indicating in a concise form the amount of time spent by each staff member on a project and encouraging an approach geared towards achieving results; calls, accordingly, on the Agency to inform the discharge authority of the steps taken by the Agency in that respect;

([1]) OJ C 366, 15.12.2011, p. 52.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 208, 5.8.2002, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 181.

— urged the Agency to correctly apply procurement procedures but welcomed the fact that in its 2009 Annual Activity Report (AAR) the Agency included a specific Annex on negotiated procedures, in order to inform the budgetary authority,

C. whereas the budget of the Agency for the financial year 2010 was EUR 54 400 000 compared to EUR 53 300 000 in 2009, which was an increase of 6,1 %; whereas the contribution of the Union to the budget of the Agency for 2010 was EUR 31 949 360 compared to EUR 24 435 000 in 2009 [1], which represents an increase of 30,75 %,

Budget and Financial Management

1. Acknowledges from the Agency that it received EUR 54 400 000 in commitment appropriations and EUR 50 600 000 in payment appropriations; takes note that this is an increase of 11,21 % in commitment appropriations, but a decrease of 5,33 % in payment appropriations compared to 2009;

2. Notes from the Agency's Report on Budgetary and Financial Management that, in 2010, the Agency had a budget execution rate of 98 % in terms of committed appropriations and of 89 % in terms of payment appropriations; notes also that, compared to 2009, the Agency's budget execution rates increased for both commitment appropriations (+ 4 %) and payment appropriations (+ 8 %); calls on the Agency to take the necessary action to further improve its budget implementation and to keep the discharge authority regularly informed on this matter;

Carry-overs

3. Notes from the Agency's Report on Budgetary and Financial Management that the amount of appropriations carried over from 2010 to 2011 to cover unpaid commitments at year-end amounted to EUR 1 214 272,92; understands from the Agency that this level of carry-overs is 43 % lower compared to 2009; calls nevertheless on the Agency to take further action to decrease its carry-overs and respect the principle of annuality;

4. Regrets that the Court of Auditors did not mention the Agency's appropriations carried over and cancelled in its report on the annual accounts of the Agency for the financial year 2010;

'A posteriori' commitments

5. Acknowledges that following the request of the Parliament the Agency has included in its 2010 AAR specific information on *a posteriori* commitments (i.e. legal commitments that were entered into before the corresponding budgetary commitments were made); notes the Agency's efforts to reduce *a posteriori* commitments (from more than 20 in 2007 to 5 in 2010); but is concerned that such commitments are an infringement of Article 62(1) of the framework Financial Regulation and that the Agency has perpetuated this deficiency since 2006;

Procurement procedure

6. Acknowledges from the Agency's AAR that the Legal and Financial Affairs unit dealt with a total of 54 procurement procedures in 2010;

7. Urges the Agency to correctly apply procurement procedures and ensure adequate data on planned public procurement in its Annual Work Programme (AWP); in particular, considers it a matter of concern that the AWP does not explicitly disclose all information referred to in the Financial Regulation and its implementing rules; reminds the Agency that if a financing decision on planned operational procurement is not adequately supported by underlying data then this may call into question the validity of the Agency's decision; notes from the Agency that as from 2011, a specific annex has been introduced in the Final Work programme, with an indication of the global budgetary envelope reserved for the procurements during the year, an indicative number of the contracts and indicative timeframes grouped per activities;

[1] OJ L 64, 12.3.2010, p. 615.

8. Calls on the Agency to ensure accurate and timely reporting on negotiated procedures to the Administrative Board; acknowledges, in fact, that the Agency's negotiated procedures, which should be used under strictly defined conditions, are not necessarily reported to the Administrative Board;

Human resources

9. Is concerned that the independence of the Accounting Officer of the Agency was reported to be at risk in 2010; notes, in fact, that:

— his appointment was still at 'interim' at the beginning of the year;

— his responsibilities were not formally defined; and

— the evaluation of the performance of his duties was made by the Agency's Executive Director without any involvement of the Administrative Board;

10. Welcomes the decision of the Administrative Board of 14 June 2010 to formalise the appointment of the Accounting Officer of the Agency; notes the decision of the Administrative Board of 10 November 2011 amending the general provision for implementing Article 43 of the Staff Regulations that clarifies the role of the Administrative Board towards the Accounting Officer;

11. Underlines nevertheless that weaknesses remain with regard to the Accounting Officer, notably concerning the definition of his responsibilities and the evaluation of the performance of his duties; notes that the Agency has taken actions to remedy the earlier reported situation;

Performance

12. Welcomes the fact that the Agency adopted in March 2010 its five-year multiannual work programme; notes also that the 2010 Annual Report of the Agency reports for each operational activity the input, outcome of its activity and, for comparison, each entry also provides the planned input and output, as stated in the agency Work Programme for 2010;

13. Regrets that in its annual report for 2010 the Court of Auditors did not make any reference to Agency's budget transfers; considers that the high number of budget transfers in the Agency was a matter of concern for the Parliament during the previous years (49 in 2009, 52 in 2008 and 32 in 2007); asks, therefore, the Court of Auditors to inform immediately the discharge authority of the situation as regards transfers in 2010;

14. Reiterates its call to the Agency to consider making a Gantt diagram part of the programming for each of its operational activities, in order to indicate in a concise form the amount of time spent by each staff member on a project and encourage an approach geared towards achieving results; calls, accordingly, on the Agency to inform the discharge authority of the concrete steps taken;

15. Draws attention to the new tasks assigned to the Agency in the proposal for a regulation amending its founding Regulation (EC) No 1406/2002; calls on the Commission to increase the resources allocated to the Agency and on the Agency to manage those resources soundly and effectively so as to properly fulfil the new responsibilities entrusted to it on the basis of that Regulation;

Internal audit

16. Acknowledges that the Agency still has to implement 15 'very important' recommendations from the Internal Audit Service; is concerned that the implementation of 8 of these recommendations has been delayed by 6-12 months, while one has been rejected; notes that the first 11 'very important' recommendations concern the legal and financial decision-making process, the human resources management and the internal control standards; notes also that the rejected recommendation concerns the responsibility for the performance evaluation of the Accounting Officer; urges, therefore, the Agency to explain to the discharge authority the reasons behind this rejection and calls on the Agency to take action on the delayed recommendations;

17. Notes the Agency's initiative of sharing an Internal Audit function (Internal Audit Capability-IAC) with the Community Fisheries Control Agency;

18. Acknowledges in particular that the IAC provided internal consultancy regarding internal control issues such as:

— the development of the Business Continuity Plan for maritime applications;

— the development of the Business Continuity Plan for support activities;

— the procedure for Registration of Exceptions;

notes the Agency's statement that the Business Continuity Plan for maritime applications, the Business Continuity Plan for support activities and the procedure for Registration of Exceptions have been adopted;

19. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

20. Refers the Agency to, and urges it to comply with, the Resolution of the European Parliament of 10 May 2011 on the 2009 discharge: performance, financial management and control of EU agencies ([1]);

21. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 ([2]) on the performance, financial management and control of the agencies.

([1]) OJ L 250, 27.9.2011, p. 269.
([2]) Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Maritime Safety Agency	2006	2007	2008	2009
Performance	n.a.	— Incorrect budget presentation	— The Agency failed to prepare a multi-annual work programme and its annual work programme was not related to its commitment budget — Calls on the Agency to set SMART objectives and RACER indicators, as well as to make a Gannt diagram→promoting a result-oriented approach — Calls on the Agency to set out a diachronic analysis of operations carried out in this and the previous years	— Calls on the Agency to consider making a Gannt diagram part of the programming for each of its operational activities — Calls on the Agency to set out a comparison of the operations that were carried out during the year for which the discharge is to be granted and during the previous financial year
Budgetary and financial management	The procedures for establishing the budget and the establishment plan were not sufficiently rigorous→ inadequate planning of staff recruitment and incorrect budget presentation — The budgetary principle of accuracy was not strictly observed — Some contracts allowed for 100 % pre-financing: this practice is not in line with the principles of sound financial management	— Incorrect budget presentation: for differentiated appropriations, the budget did not include the schedule of payments due in subsequent financial years to meet budget commitments entered into earlier financial year — Legal commitments were entered into before the corresponding budgetary commitments — The procedures for establishing the budget were not sufficiently rigorous→high number of budgetary transfers (32 in 2007)	— Weaknesses in the planning and monitoring of the payment appropriations for operational activities (EUR 7 500 000 have been cancelled) — Calls on the Agency to step up its training and communication efforts in order to avoid situations in which legal commitments are entered before the corresponding budgetary commitments were made — Calls on the Commission to examine ways to ensuring that the principle of needs-based cash management is implemented	— Court of Auditors noted the high number of budget transfers in 2009, urges the Agency to improve its planning and monitoring in order to reduce the number of budget transfers — Urges the Agency to correctly apply procurement procedures

European Maritime Safety Agency	2006	2007	2008	2009
Human resources	n.a.	— Transparency issues in the recruitment procedures: for the audited recruitment procedures, the selection criteria and the threshold scores for passing to the next stage of competitions were not decided upon before the evaluation process started	— Calls on improving human resources strategy→ transparency issues (see Internal audit)	— Notes deficiencies in staff selection procedures, urges the Agency to redress the present weaknesses
Internal audit	n.a.	n.a.	— Calls on the Agency to take steps to fulfil 7 out of 32 recommendations made by the Internal Audit Service → i.e. the adoption of the Staff Regulation Implementing Rules regarding the recruitment of temporary staff in accordance with the Staff Regulations; the controls in the selection procedure to ensure more transparency and equal treatment of candidates; the development of a career planning strategy	— Calls on the Agency to rapidly implement the IAS very important recommendations, stresses in particular: — provide strategic planning and monitor the Agency's stakeholders with an overview of the residual oil pollution risks; — comply with administrative procedures; — analyse possible options for equipment management and evaluation of their financial and operational impact; — document vessels mobilisation decisions; — Notes that the IAS recommendations which still need to be implemented by the Agency include establishing; — an internal risk assessment; — an inventory of existing internal procedures; — a roadmap for the development and implementation of the remaining procedures; — a record of the exceptions procedures; and — a review of the internal control system

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Maritime Safety Agency for the financial year 2010

(2012/581/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Maritime Safety Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Maritime Safety Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0137/2012),

1. Approves the closure of the accounts of the European Maritime Safety Agency for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 52.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 208, 5.8.2002, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Network and Information Security Agency for the financial year 2010

(2012/582/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Network and Information Security Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Network and Information Security Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 the European Network and Information Security Agency ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0136/2012),

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 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 15.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 77, 13.3.2004, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Network and Information Security Agency for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Network and Information Security Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Network and Information Security Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 the European Network and Information Security Agency ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0136/2012),

A. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts of the European Network and Information Security Agency ('the Agency') for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Executive Director of the Agency discharge for the implementation of its budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

— expressed its concern that the Court of Auditors reported appropriations carried forward to the following year of 19 % of the total budget of the Agency,

— urged the Agency to put in place an exhaustive physical inventory list and ensure the correctness of the accounting records,

([1]) OJ C 366, 15.12.2011, p. 15.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 77, 13.3.2004, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 186.

— urged the Agency to:

— improve the transparency of the estimates and of who has responsibility,

— strengthen its procurement authorisation at the financing decision and work-programme level,

— ensure that disclosure of exceptions in its Annual Activity Report (AAR) is made in a comprehensive manner,

— ensure adequate follow-up of potential irregularities,

— develop and report on *ex-post* controls,

C. whereas the overall budget of the Agency for the year 2010 was EUR 8 113 188, which is 0,05 % lower than its budget for 2009; whereas for 2010 the initial contribution of the Union to the budget of the Agency amounted to EUR 7 288 200 [1] compared with EUR 7 800 000 in 2009,

Budget and financial management

1. Recalls that the initial Union contribution to the Agency for 2010 amounted to EUR 7 288 200; notes however that EUR 640 000, coming from the recovery of surplus, was added to that amount which, as a result, makes a total Union contribution of EUR 7 928 200 for 2010;

2. Acknowledges from the annual accounts of the Agency for the financial year 2010 that its initial budget amounted to EUR 7 928 200; notes, however, that the Management Board amended the budget to reflect the contribution of the EFTA countries of EUR 184 988;

3. Establishes from the annual accounts that appropriations were committed at a rate of 99,95 % compared with 94,40 % in 2009, while payments reached the level of 76,46 % of the total appropriations managed, compared with 75,67 % in 2009;

Carryovers appropriations

4. Notes from the annual accounts of the Agency that EUR 1 987 011 of the commitment appropriations contracted by the end of 2010 but not yet paid were carried forward to 2011; also notes that the total of carried forward appropriations cancelled in 2010 represents EUR 89 185;

5. Is concerned that, once again, the Court of Auditors reported 52 % of carryovers from the Agency's operational budget (Title III); expresses concern that this situation indicates delays in the implementation of the Agency's activities that are financed from Title III and is at odds with the budgetary principle of annuality; once more, urges the Agency to inform the discharge authority of the action taken by the Agency to address this deficiency;

Procurement procedures

6. Acknowledges that in 2011 the Agency implemented *ex-post* controls in order to improve the internal control performance in procurement procedures; urges the Agency nevertheless to, in addition, put in place effective *ex-ante* verification measures to prevent deficiencies in procurement; and calls on the Court of Auditors to check the effectiveness of those measures;

7. Is informed by the Agency that it improved transparency both in respect of estimates and of who has responsibility for projects; it strengthened its procurement authorisation at financing-decision and work-programme level; it ensured that the disclosure of exceptions in its AAR was made in a comprehensive manner; and it ensured adequate follow-up of potential irregularities; calls, nevertheless, on the Court of Auditors to assure the discharge authority of the efficiency of these measures;

[1] OJ L 64, 12.3.2010, p. 759.

8. Sees from its AAR that the Agency had the following outturn of contracts awarded as a result of procurement procedures launched in 2010:

— contracts: 52, including 20 service contracts and 9 framework service contracts;

— purchase orders: 233 of which 79 were issued under an existing framework service contract;

— procurement procedures launched: 36, including 13 open procedures;

Refund from the tax authorities of the host Member State

9. Notes, once more, with disappointment, that there has been no progress on the previous year concerning the refund of EUR 45 000, which is the amount of VAT paid in advance by the Agency to the tax authorities of the host Member State; urges the Agency, therefore, to inform the discharge authority when this refund is made by the host Member State;

Human resources (HR)

10. Is concerned that, once again, the deficiencies in staff selection procedures still remain and put at risk the transparency of the procedures; acknowledges that the Court of Auditors reported that neither the thresholds that candidates were required to meet in order to be invited to interview nor those standards necessary in order for them to be put on the reserve list were fixed in advance by the selection boards; urges, therefore, the Agency to address this situation and inform the discharge authority of the action taken; notes also that the measures taken by the Agency until now have been shown to be insufficient in this respect; is of the opinion that the discharge authority should no longer accept a recurrence of this deficiency;

11. Observes from its annual accounts that the Agency's staff at the end of year 2010 comprised of 40 Temporary Agents (TA) and 11 Contract Agents (CA); notes also that 4 TA and 2 CA posts were vacant at the end of 2010 and that the recruitment procedures for 3 TA vacant posts had been completed in the fourth quarter of 2010, while the recruitment procedures for CA were launched in early 2011;

12. Notes, in addition, from the AAR that the priorities of the HR section of the Agency for 2010 were:

— recurrent resource planning (Staff Policy Plan);

— affirmative measurable measures for staff retention;

— services through electronic workflows;

calls, therefore, on the Court of Auditors to confirm to the discharge authority that these priorities were effectively implemented;

Internal control systems

13. Acknowledges that the Agency is implementing and consolidating its internal procedures and internal controls for all financial circuits as provided for in its Work Programme for 2010;

Internal audit

14. Acknowledges in addition that the Internal Audit service (IAS) conducted a light-risk assessment for the Agency to update the audit priorities and the IAS audit plan for 2010-2012; notes in particular that the Agency has an enhanced risk in its planning, accounting, budget execution, IT development and management, business continuity, stakeholder relations, external communication, and impact assessment and evaluation; urges the Agency, therefore, to promptly establish the necessary measures to reduce the risks in the above-mentioned subjects;

15. Notes that in 2010 the IAS carried out an audit of 'planning: stakeholders and operations objectives' in order to assess and provide reasonable assurance on the adequacy and effectiveness of the internal control system, related to the input and needs of stakeholders, and the effectiveness of allocation of resources with respect to priorities in operational activities;

16. Acknowledges from the Agency that the IAS made 10 recommendations, three of which were rated 'very important' and seven as 'important'; notes that these 'very important recommendations' concern:

— the development of a map of stakeholders' expectations;

— the involvement of stakeholders in project planning;

— the improvement of the management of stakeholders' relations through a suitable IT tool;

17. Urges, therefore, the Agency to further:

— involve the stakeholders prior/during drafting its provisional Work Programme;

— develop a multi-annual framework determining main areas of interest and setting priorities;

— reinforce use of stakeholders' feedback;

calls, in addition, on the Agency to inform the discharge authority of the measures taken in this respect;

18. Notes that the four very important recommendations related to the 2009 audit on procurement are reported as implemented by the Agency and are currently under IAS review;

19. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

20. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Network Information Security Agency	2006	2007	2008	2009
Performance	n.a.	n.a.	— Calls on the Agency to set out a diachronic analysis of operations carried out in this and the previous years	n.a.
Budgetary and financial management	— The implementation of the Agency's budget did not strictly observe the principles of annuality and specification: in the last quarter of the year there was a concentration of transactions	— Weaknesses in the implementation of operational activities: 40 % of commitments and more than 50 % of payments concerning operational activities were executed in November and December — Weaknesses in the procurement procedure (the pre-selection of bids was not justified, the evaluation documents were not signed by the evaluation committee, files were not structured and incomplete)	— The ECA found deficiencies in procedures: under-estimation of the budgets of a framework contract (i.e. for a three year framework service contract, needs were underestimated and the available budget for this expenditure for the entire year was used within six months) — Calls on the Commission to examine ways of ensuring that the principle of needs-based cash management is implemented in full — Calls on the Commission to ensure that the Agency's cash reserves are kept as low as possible on a long-term basis	— Concerned that the Court of Auditors reported appropriations carried forward to the following year of 19 % of the total budget of the Agency
Internal audit and human resources	— Undocumented internal control procedures — they should ensure transparency and sound financial management	n.a.	— Accomplishments in the implementation of all eight recommendations of the Internal Audit Service: i.e. staff policy, renewal of contracts ending in 2008, independence of the selection committees, training services and transparency in the promotion procedure	— Deficiencies in staff selection procedure — Calls on the Agency to put in place *ex-post* controls with the help of a professional supplier — Urges the Agency to put in place an exhaustive physical inventory list & ensure the correctness of the accounting records

European Network Information Security Agency	2006	2007	2008	2009
Procurement Procedure	n.a.	n.a.	n.a.	— Calls on the Agency to strengthen its internal controls in order to make sure that contracts & procurement procedures are correctly applied — Urges the Agency to: — Improve transparency in estimates & who has responsibility; — strengthen its procurement authorisation at financing decision & work programme level; — ensure that disclosure of exceptions in its Annual Activity Report is made in a comprehensive manner; — endure adequate follow up of potential irregularities; — develop & report an *ex-post* controls

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Network and Information Security Agency for the financial year 2010

(2012/583/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Network and Information Security Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Network and Information Security Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 the European Network and Information Security Agency [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0136/2012),

1. Approves the closure of the accounts of the European Network and Information Security Agency for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 15.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 77, 13.3.2004, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Railway Agency for the financial year 2010

(2012/584/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Railway Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0118/2012),

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 2010;

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 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 100.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 164, 30.4.2004, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Railway Agency for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Railway Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0118/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Executive Director of the European Railway Agency discharge for implementation of the Agency's budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge, inter alia:

— called on the Agency to address the problem of appropriations being carried forward from one year to the next. The carry-over of 41 % of Title II represents a serious breach of the budgetary principle of annuality,

— noted that the Court of Auditors highlighted cancellations and delays in procurement procedures, recurrent delays in the execution of payments and significant changes made to the work programme during the year,

([1]) OJ C 366, 15.12.2011, p. 100.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 164, 30.4.2004, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 191.

— urged the Agency to create a consolidated recruitment procedure to be used as a manual for all staff involved in new recruitment,

C. whereas the overall budget for the Agency for the year 2010 was EUR 24 147 240, which is an increase of 14,9 % compared to 2009; whereas the initial contribution of the European Union to the budget of the Agency for 2010 was EUR 23 260 000 compared to EUR 16 060 000 in 2009, which represents an increase of 44,83 %,

Budget and financial management

1. Recalls that the initial Union contribution to the Agency for 2010 amounted to EUR 23 260 000; notes however that EUR 214 000, coming from the recovery of surplus, was added to it which, as a result, makes a total Union contribution of EUR 23 474 000 for 2010;

2. Notes from the Agency's Annual Activity Report (AAR) that 99 % of appropriations were committed and 77 % have been used for payments; notes in particular that:

— under Title I, the total committed appropriations amounted to EUR 14 507 149 from which 99 % has been used for payment execution while 77 % of the appropriations carried over to 2010 has been used for payment execution,

— under Title II, nearly 100 % of the appropriations have been committed and 62 % has been used for payment execution while 92 % of the appropriations carried over to 2010 have been used for payment execution,

— under Title III, nearly 100 % of the appropriations have been committed from which 62 % has been consumed with payments while 95 % of the appropriations carried over to 2010 have been used for payment execution,

appreciates the fact that the Agency provides information on the use of the appropriations carried forward from 2009 to 2010;

3. Takes the view that it is extremely important to optimise the use of budgetary resources at a time of financial crisis and urges the Commission and the Agency to analyse and establish the real budgetary requirements in order for the Agency to be able to carry out all the tasks assigned to it;

Transfers

4. Acknowledges from the Agency's Report on Budgetary and Financial Management Information (RBFMI) that in December 2009 the Agency realised that Chapter 11 (staff expenditure) was not correctly forecasted for the 2010 budget since Title I was underestimated by approximately EUR 1 500 000; understands from the Agency that the situation was due to:

— a systemic miscalculation of the forecasts for the staff expenditure, since the calculation of the forecasts was based on the 2007 basic salaries grid, three annual indexations were therefore missing,

— the increase in the number of contract agents resulting from the cut in the new permanent posts requested by the Agency;

5. Takes note of the Agency's decision to transfer an amount of EUR 500 000 from Title II to Title I and to transfer an amount of EUR 500 000 from Title III to Title I; notes from the Agency that the decision has been approved by the Administrative Board and the Commission;

6. Notes moreover that to cover the remaining gap the Agency implemented complementary measures to reduce expenditure under Title I; notes from the Agency that these measures allowed for an extra saving of less than EUR 300 000; takes note that this amount has been transferred back to Title II;

7. Regrets that the errors in budgetary forecasts resulted in the cancellation or delay of certain investments; urges the Agency to inform immediately the discharge authority of the measures implemented in order to allow for better expenditure forecasts;

8. Is concerned that the situation was not reported by the Court of Auditors in its report on the annual accounts of the Agency for the financial year 2010; calls on the Court of Auditors to explain this omission to the discharge authority;

Carry-over of appropriations

9. Acknowledges from the Court of Auditors that the appropriations carried forward to 2011 amounted to EUR 5 500 000, of which EUR 4 300 000 (78 %) are related to goods and services that were to be provided in 2011;

10. Recalls that the Agency already carried over a substantial amount of appropriations in the financial years 2008 and 2009 to the financial year 2010; considers that these serious breaches of the budgetary principle of annuality can no longer be accepted in the future and that discharge should be refused on the next occasion, in the event that there is a further breach of that budgetary principle; calls on the Agency to take the measures required to remedy the situation without delay;

11. Is of the opinion that the Agency did not adequately address the problem of appropriations being carried forward from one year to the next; recalls the importance of the budgetary principle of annuality; calls on the Agency to inform the discharge authority about actions taken to improve the annual budget implementation and to decrease the carry-overs of budget appropriations;

12. Notes nevertheless the Agency's reply which argues that it is analysing the possibility to conclude framework contracts for studies much sooner after the adoption of the budget; notes also that the Agency committed, for the years 2011 and 2012, to review its budget forecasts to better align them to its real needs and to optimise the use of its budgetary resources;

13. Calls on the Agency to inform the discharge authority when the report to be attached to each year's budget on the unspent appropriations carried over from previous years, will be ready; reminds the Agency that this request was already made during the previous discharge procedure;

Public procurement

14. Notes that in the Annual Work Programme (AWP) the Agency, in order to facilitate annual procurement planning, will introduce ABAC Contract to support the decentralised contract management;

15. Observes from the Agency's AAR that 21 procurement procedures (negotiated and opened) were launched in 2010 and 12 were completed in 2010;

Accounting system

16. Observes from the Agency's AAR that the Agency updated its Manual for Financial procedures in line with the modules of ABAC Workflow and ABAC assets;

17. Welcomes the Agency's implementation, as of 1 September 2010, of a centralised system for registration of incoming invoices; stresses that this measure is necessary to ensure the timely recording of all invoices and contributes to avoiding delays in processing payments;

Human resources

18. Notes from the Agency's RBFMI that on 31 December 2010 the Agency employed 133 temporary agents (TAs) and 9 contract agents (CAs); takes also note that recruitment procedures are still ongoing in order to reach the 139 TAs foreseen in the 2010 establishment plan and subsequently the 144 TAs foreseen in 2011;

19. Notes from the RBFMI that the Agency included 6 seconded national experts in 2010;

20. Acknowledges from the Agency that it has developed a consolidated manual on different rules, instructions and guidelines governing staff recruitment; stresses that it is important to process and manage individual recruitment without compromising the principle of equal treatment of candidates;

Performance

AWP and strategic planning

21. Calls on the Agency to include in its AWP clearer information on the global budgetary envelope reserved for procurements and the indicative number and types of contracts envisaged; notes in fact that Article 60(3) of the Agency's Financial Regulation requires so when stating that 'the work programme of the Agency shall be equivalent to a financing decision for the activities it covers, provided that they are clearly identified and the underlying criteria are spelled out precisely';

22. Urges moreover the Agency to create a Multi-Annual Plan translating long-term objectives into multi-annual tasks and associated Key Performance Indicators; underlines that this would better provide stakeholders with information on the objectives/activities, strategic priorities and resource allocation;

23. Notes from the AAR that the Agency's business planning and budget structure was reviewed in 2010 with a view to introducing activity based planning from 2012;

Two locations

24. Considers that using two locations (Lille and Valenciennes) for carrying out its activities exposes the Agency to additional costs; notes, also, that this observation has been made since 2006 and that no action has been taken by the Council to change the Decision 2004/97/EC, Euratom [1] obliging the Agency to have a double seat;

Internal audit

25. Acknowledges from the Agency that the Internal Audit Service (IAS) carried out an audit on the planning and budgeting processes in 2010 in order to provide reasonable assurance on the internal control system of the Agency as regards its planning and budgeting processes; notes that the IAS recommendations concern the strategic planning, the coherence and accuracy of the draft estimate revenue and expenditure, the AWP as financing decision and mid-term IT strategy; calls therefore on the Agency to implement the necessary measures to fulfil these IAS recommendations;

26. Calls on the Agency to implement the IAS recommendations related to the audit on Human Resources (HR) management undertaken by the IAS in 2009; notes that the implementation of three of these recommendations (on HR management in annual planning, on compliance with rules and principles of transparency in staff appraisal, on the disclosure of an exception to the staff regulation) have experienced a delay of 6-12 months; calls on the Agency to inform the discharge authority about the progress of implementation of these IAS recommendations;

[1] Decision 2004/97/EC, Euratom taken by common agreement between the Representatives of the Member States, meeting at Head of State or Government level, of 13 December 2003, on the location of the seats of certain offices and agencies of the European Union (OJ L 29, 3.2.2004, p. 15). See Article 1(f) thereof.

27. Welcomes the Agency's initiative of having set up at the end of 2007 an Internal Audit Capability that is dedicated to providing support and advice to its Executive Director and management on internal control, risk assessment and internal audit;

28. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

29. Draws the Agency's attention to the Resolution of the European Parliament of 10 May 2011 on the 2009 discharge: performance, financial management and control of EU agencies ([1]); calls on the Agency to comply with it;

30. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 ([2]) on the performance, financial management and control of the agencies.

([1]) OJ L 250, 27.9.2011, p. 269.
([2]) Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Railway Agency	2006	2007	2008	2009
Performance	The Agency carries out its operations in two locations, exposing it to additional costs: the Agency has not yet found ways of offsetting the costs resulting from its obligation to be located in two cities	— The principle of sound financial management was not rigorously fulfilled: the Agency's cash forecast had not been prepared properly — The Agency carries out its operations in two locations, exposing it to additional costs (direct posts: EUR 450 000)	— Calls on the Agency to set out a diachronic analysis of operations carried out in this and the previous years — Calls on the Agency to set SMART objectives and RACER indicators, as well as to make a Gannt diagram → promoting a result-oriented approach — Inefficiency led by having two locations for one Agency — The Agency carries out its operations in two locations, exposing it to additional costs	— Using two locations exposes the Agency to additions costs — Calls on the Agency to set out a comparison of the operations that were carried out during the year for which discharge is to be granted and during the previous financial year
Carry-over of appropriations	The budgetary principle of annuality was not strictly observed: the Agency implemented 72 % of its commitment appropriations. The levels of carry-over for administrative expenditure and operating expenditure were 37,5 % and 85 % respectively	— The Agency had difficulties in the programming and the budgeting of its activities: more than 35 % of the final 2007 appropriations had not been used during the year — Calls on the Agency to strive to increase the level of budget implementation	The Agency had difficulties in the programming and the budgeting of its activities	— Agency failed to address the problem of appropriations being carried forward from one year to the next. The carry-over of 41 % of Title II represents a serious breach of the budgetary principle of annuality — Requests that a report be attached to each years budget on the unspent appropriations carried over from previous years — Court of Auditors highlighted cancellations and delays in procurement procedures, recurrent delays in the execution of payments and significant changes made to the work programme during the year

European Railway Agency	2006	2007	2008	2009
Procurement procedures	The Agency must launch procurement procedures for those areas currently covered by contracts which had not been the subject of regular procedure	— Transparency issues at the level of selection criteria and at the level of award criteria: the use of a negotiated procedure was not justified — Recalls on improving procurement management	Transparency issues at the level of selection criteria and at the level of award criteria	n.a.
Human resources	n.a.	n.a.	n.a.	— Calls on the Agency to better reflect in its work programme and Annual Activity Report the planned allocation of staff resources — Expresses concern about the failure to follow Staff Regulations and their implementing rules retroactively — Urges the Agency to create consolidated recruitment procedure to be used as a manual for all staff involved in new recruitment
Internal audit	The internal control system showed weaknesses: the Agency did not adopt implementing rules for its financial regulations	The Agency does not strictly follow the Staff Regulations	Calls on the Agency to take steps to fulfil four out of 36 recommendations made by the Internal Audit Service → i.e. to implement certain internal control standards to bank signatures, segregation of duties, sensitive posts and maintenance of delegation powers	Acknowledges that six out of 10 recommendations made by the IAS on human resources management still need to be implemented

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Railway Agency for the financial year 2010

(2012/585/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Railway Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0118/2012),

1. Approves the closure of the accounts of the European Railway Agency for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 100.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 164, 30.4.2004, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Training Foundation for the financial year 2010

(2012/586/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Training Foundation for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Training Foundation for the financial year 2010, together with the Foundation's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Regulation (EC) No 1339/2008 of the European Parliament and of the Council of 16 December 2008 establishing a European Training Foundation ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0135/2012),

1. Grants the Director of the European Training Foundation discharge in respect of the implementation of the Foundation's budget for the financial year 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 145.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 354, 31.12.2008, p. 82.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its decision on discharge in respect of the implementation of the budget of the European Training Foundation for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Training Foundation for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Training Foundation for the financial year 2010, together with the Foundation's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Regulation (EC) No 1339/2008 of the European Parliament and of the Council of 16 December 2008 establishing a European Training Foundation ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0135/2012),

A. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Director of the European Training Foundation discharge for implementation of the Foundation's budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

— urged the Foundation to draw up budgetary procedures more rigorously in order to avoid the considerable number of budgetary transfers,

([1]) OJ C 366, 15.12.2011, p. 145.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 354, 31.12.2008, p. 82.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 196.

— called on the Foundation to fulfil its obligation to show a summary statement of the schedule of payments, so that in subsequent financial years budget commitments entered into in earlier financial years will be met,

— called on the Foundation to obtain the authorisation of its Governing Board when transfers are required, which is required by the Foundation's Financial Regulation,

C. whereas the overall budget of the Foundation for the year 2010 was EUR 19 300 000, compared with EUR 20 200 000 in 2009, which represents a decrease of 4,46 %,

D. whereas the initial contribution of the Union to the budget of the Foundation for 2010 was EUR 18 282 000 compared with EUR 14 772 000 in 2009 ([1]),

Budget and financial management

1. Notes that the Union contribution for 2009 amounted to a total of EUR 19 872 000 and that this amount was made up of the initial contribution of the Union, i.e. EUR 14 772 000, and EUR 5 100 000, coming from the recovery of surplus from previous years; recalls moreover that the initial Union contribution to the Foundation for 2010 amounted to EUR 18 282 000; notes however that EUR 1 178 000, coming from the recovery of surplus, was added to it which, as a result, makes a total Union contribution of EUR 19 460 000 for 2010 ([2]);

2. Takes note that the Foundation's Annual Financial Statements mention that the contribution of the Union for 2010 amounted in fact EUR 19 196 840,29; acknowledges the Foundation's statement that the actual contribution granted by the Union in 2010 totalled EUR 19 297 822, i.e. EUR 19 460 000 minus EUR 162 178 which represents the Union contribution in kind; also takes note from the Foundation that, of the amount received from the Union, it used EUR 19 196 840,29 and returned the remaining EUR 100 981,71 to the Commission;

3. Establishes from the Foundation's Annual Financial Statements that its budget for 2010 was amended in November 2010 to partially offset the unforeseen reduction in the Foundation's revenue;

4. Observes from the Foundation's Annual Activity Report that it achieved a commitment rate of 99,9 %, compared with 99,8 % in 2009 and 98,5 % in 2008 and a payment execution rate of 96,5 %, compared with approximately 90 % in 2009 and 2008;

Transfers and carry-overs

5. Notes from the Foundation's Annual Activity Report that it has reduced the number of budgetary transfers to 15 in 2010, compared with 33 in 2009, and carried forward only 12,8 % of the 2010 amount committed, compared with 17 % in 2009, 15 % in 2008;

Registration of the exceptions

6. Notes from the Foundation's Annual Activity Report that 10 exceptions were registered on the Register of Exceptions in 2010, compared with 12 in 2009;

7. Notes that none of them involve a financial risk higher than EUR 50 000; notes in particular that these exceptions have a total financial value of EUR 100 183, which represents 0,53 % of the total Foundation budget in 2010;

([1]) OJ L 64, 12.3.2010, p. 926.
([2]) OJ L 64, 12.3.2010, p. 927.

Public procurement

8. Acknowledges from the Foundation's Annual Activity Report that it stipulated 8 direct agreements with external contractors, none of which has a financial exposure higher or equal to EUR 50 000; notes that the total value of direct agreements is EUR 93 575, which represented 0,50 % of the total Foundation budget in 2010;

Human resources

9. Notes from the Annual Activity Report that at the end of 2010 the Foundation had 4 vacant posts in its establishment plan, compared to 10 at the end of 2009;

10. Observes also that the number of staff at the Foundation now stands at 128, with 15 staff members joining the Foundation and 10 leaving in 2010;

11. Takes note from the Annual Activity Report that the number of posts available for the implementation of the Foundation mandate are:

— 96 temporary posts,

— 33 contract and local agents, and

— 6 seconded national experts;

Performance

12. Observes from the Annual Activity Report that the Foundation developed a revised list of Corporate Performance Indicators with the aim of enhancing the relevance and measurability of its objectives and to provide data on how the Foundation performs at an aggregated level in relation to its core business and its functioning;

13. Notes, in addition, that the Foundation developed the 'dashboard' project which aims to ensure key live data for daily monitoring of its activities and notably for management and reporting;

14. Observes moreover that a risk based differentiation of payment circuits was successfully implemented in early 2010, introducing simplified circuits for low risk transactions;

15. Welcomes the fact that the Foundation successfully implemented the first year of the Torino Process, which provides a concise, documented, comprehensive analysis of vocational education and training reform in each country, including identification of key policy trends, challenges, constraints, as well as good practice and opportunities;

Cooperation with the European Centre for the Development of Vocational Training (Cedefop)

16. Notes that, in November 2009, the cooperation agreement between the Foundation and Cedefop was renewed for the period 2010-2013; acknowledges that each year the Foundation and Cedefop draft, in the context of the cooperation framework, a joint work programme which is annexed to the work programmes of both agencies; welcomes the Foundation's intention to devote further space to reporting on the implementation of this joint work programme in future Annual Activity Reports;

Internal audit

17. Acknowledges that the Internal Audit Service (IAS) undertook an audit of planning and monitoring in 2010; notes in particular that the IAS made eight recommendations, one of which was rated as 'very important' and concerns the need for the Foundation to clearly define and describe the utility of its annual planning approach;

18. Urges, in this context, the Foundation to focus on cost effective reporting relevant to the Foundation's Governing Board and key stakeholders, allowing them to check the performance of the Foundation;

19. Calls also on the Foundation to implement the remaining recommendations of the IAS from the previous audits;

20. Acknowledges from the Foundation's Annual Activity Report that it adopted the revised 16 standards for effective management as set out in the internal control standards framework;

21. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

22. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Training Foundation	2006	2007	2008	2009
Performance	n.a.	n.a.	— Calls on the Foundation to set out a diachronic analysis of operations carried out in this and the previous years — Calls, in view of the fact that some areas of interest are shared, for close cooperation and synergies between the Foundation and Cedefop and calls for information to be provided regularly in the activity reports by the Directors of both agencies — Difficulties in establishing a direct link between the results of the Foundation's projects and the institutions' activities	Calls on the Foundation to set out a comparison of the operations that were carried out during the year for which the discharge is to be granted and during the previous financial year
Budgetary and financial management	The Foundation did not respect the rules for budget presentation: the Foundation only published the commitment appropriations for its 2006, not considering the payment appropriations	In the amending budget, the amount of the assigned revenue is incorrect. It should have been EUR 1 200 000 instead of the EUR 3 400 000 shown, which erroneously included assigned revenue carried over from the previous year	n.a.	— Urges the Foundation to draw up budgetary procedures more rigorously in order to avoid the considerable number of budgetary transfers — Calls on the Foundation to obtain the authorisation of its Governing Body when transfers are required, which is required by the Foundations Financial Regulation — Reminder to fulfil its obligation to show a summary statement of the schedule of payments due in subsequent financial years to meet budget commitments entered into in earlier financial years

European Training Foundation	2006	2007	2008	2009
Human resources	n.a.	n.a.	— Calls (see internal audit) on the Foundation to address weaknesses in the recruitment procedures → The Recruitment Assessment Boards must provide sufficient information on the procedures followed, including justifications for decisions and dates on which they were taken in order to ensure the transparency of these procedures — Calls on the Foundation to comply with Council Directive 2000/78/EC [1]	n.a.
Internal audit	n.a.	n.a.	Calls on the Foundation to take steps to fulfil 15 out of 27 recommendations made by the Internal Audit Service → i.e. to put in place without delay certain internal control standards (regarding the documentation of procedures, supervision of financial transactions and continuity of operations) and certain human resources management recommendations (regarding human resources management in annual planning and activity reporting; objective setting; time recording of the staff)	Acknowledges that 11 out of 15 recommendations made by IAS have been closed in 2009

[1] OJ L 303, 2.12.2000, p. 16.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Training Foundation for the financial year 2010

(2012/587/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Training Foundation for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Training Foundation for the financial year 2010, together with the Foundation's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EC) No 1339/2008 of the European Parliament and of the Council of 16 December 2008 establishing a European Training Foundation [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0135/2012),

1. Approves the closure of the accounts of the European Training Foundation for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 145.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 354, 31.12.2008, p. 82.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Agency for Safety and Health at Work for the financial year 2010

(2012/588/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0117/2012),

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 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 45.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 216, 20.8.1994, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its 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 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0117/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Director of the European Agency for Safety and Health at Work discharge for implementation of the Agency's budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

— called on the Agency to reduce the increased cancellation rate and inform the discharge authority of the actions taken,

([1]) OJ C 366, 15.12.2011, p. 45.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 216, 20.8.1994, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 201.

— called on the accounting officer of the Agency to describe the methodology used in the validation of its accounting system, supports the idea of developing cooperation within the existing Inter Agency Accountants Networks in order to come up with common requirements and develop a common methodology for validation of the accounting systems agencies,

— stressed that the carry-forward of EUR 3 500 000 (47 % of the Agency's operation appropriations) relating to operational activities delays the implementation of the Agency's activities and is at odds with the budgetary principle of annuality, which is partly because of the multi-annuality of the important projects,

C. whereas the overall budget of the Agency for the financial year 2010 was EUR 15 500 000, which represents an increase of 3,3 % over the financial year 2009; whereas the initial Union contribution to the budget of the Agency for 2010 was EUR 13 743 434 compared to EUR 13 800 000 in 2009 [1], which represents a decrease of 0,41 %,

Budget and financial management

1. Recalls that the initial Union contribution to the budget of Agency for 2010 amounted to EUR 13 743 434; notes, however, that EUR 506 566, arising from the recovery of surplus, was added to this which, as a result, makes a total Union contribution of EUR 14 250 000 for 2010;

2. Establishes from the annual accounts that the original budget of the Agency for 2010 has been amended twice and that transfers have taken place; calls on the Agency to provide the discharge authority with information on the reasons behind these changes;

3. Acknowledges from the Agency's Annual Activity Report (AAR) that of the budget available in 2010, 96,1 % was committed by the end of the year;

Carry-over appropriations

4. Notes an improvement in the Agency's carry-over appropriations over the years; notes in particular, that in 2010 it reduced its cancellation rate to 11 % from 19 % in 2009; calls, nevertheless, on the Agency to further improve the situation by avoiding delay in the implementation of its activities;

Human resources

5. Observes from the Agency's AAR that the total number of staff as of 31 December 2010 stood at 66; notes, in addition, that the staffing is comprised of 44 temporary agents (TA), 21 contract agents (CA) and 1 CA post situated in Networking and Coordination funded from the IPAC2 programme;

6. Calls on the Agency to inform the discharge authority about the measures the Agency took to fulfil the below objectives set out in its Work Annual Programme:

— organising and monitoring selection procedures for TA and CA,

— managing and administering the human resources function in an effective and timely manner,

— getting the necessary qualified staff for the Agency to meet the Agency's strategy and objectives to implement its annual management plans;

Performance

7. Acknowledges from its AAR that the Agency detailed data comparing one year to another so as to enable the discharge authority to assess more effectively the Agency's performance; considers this a best practice to be followed by the other agencies;

[1] OJ L 64, 12.3.2010, p. 507.

8. Welcomes the Agency's initiative of launching 'foresight' on the health and safety impact of technological innovations in 'green jobs' by 2020; notes that the dissemination of the results of these projects to their target audiences has now started at the World Congress and in a seminar series; would therefore appreciate receiving the feedback of these initiatives from the Agency;

Internal audit

9. Welcomes the Agency's initiative of automatically providing to the discharge authority the Internal Audit Service (IAS)'s Annual Internal Audit Report on the Agency; considers this to be an indication of transparency and an example of best practice to be followed by all other agencies; considers that the IAS's audit reports often help further developed processes and measures mitigating/controlling the Agency's risks;

10. Acknowledges from the Agency that the IAS undertook a follow-up on the open recommendations of past audits; welcomes in particular that in relation to the follow-up of earlier recommendations from the IAS, the internal auditor assessed that all very important recommendations are adequately implemented and closed except the one on validation of accounting systems, which was downgraded to 'important' due to partial implementation; calls, therefore, on the Agency to fully implement this recommendation in addition and to inform the discharge authority on the measures taken;

11. Notes, in addition, that the IAS performed an audit on website and external communication in November 2010; notes in particular that on this audit the IAS raised seven recommendations, none of them were rated as 'critical' but two were considered as 'very important' and were related to:

— the service level agreement documentation,

— the adoption and implementation of a security policy,

calls therefore on the Agency to promptly implement these two recommendations and to inform the discharge authority on the measures taken;

12. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

13. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Agency for Safety and Health at Work	2006	2007	2008	2009
Performance	n.a.	n.a.	— Calls on the Agency to set out a diachronic analysis of operations carried out in this and the previous years — Congratulates the Agency on having significantly improved its financial management over the last three years; encourages it to continue to strive for the highest standards in budgetary planning, implementation and control	Calls on the Agency to set out in a table annexed to the Court of Auditors next report a comparison of the operations that were carried out during the year for which discharge is to be granted and during the previous financial year so as to enable the discharge authority to assess more effectively the Agency's performance from one year to the next
Governance of the Agency	n.a.	n.a.	— The Agency's governance costs are not insignificant (84-member Governing Board and employs 64 staff)	
Operating appropriations carried over	The budgetary principle of specification was not strictly observed. (The Director signed 19 decisions for approximately EUR 880 000 authorising budgetary transfers from article to article within chapters. Contrary to the Financial Regulation, the Governing Board did not receive the required information)	n.a.	— Calls in the interests of sound financial management, for the budget forecasts to be adjusted to reflect actual needs (the state of affairs was at odds with the principle of annuality)	— Acknowledges that the Agency carried forward EUR 3 500 000 (47 % of its operation appropriations) in respect of the operational activities. Stresses that this situation delays in the implementation of the Agency's activities and is at odds with the budgetary principle of annuality, which is partly because of the multiannuality of important projects — Calls on the Agency to reduce the increased cancellation rate and inform the discharge authority of the actions taken
Procurement procedures	n.a.	n.a.	Calls on the Agency to resolve the problem of using public procurement framework contract beyond its maximum value, in order to give effect to European budgetary law	

European Agency for Safety and Health at Work	2006	2007	2008	2009
Human resources and internal audit	n.a.	n.a.	Calls on the Agency to take steps to fulfil 14 out of 33 recommendations made by the Internal Audit Service, notes that six of them are considered to be very important: i.e. management of the stakeholders' expectations and the implementation of certain internal control standards, namely dealing with individual file problems, the annual report on internal control and promoting internal control procedures	— Calls on the accounting officer of the Agency to describe the methodology used in the validation of its accounting system, supports the idea of developing cooperation within the existing Inter Agency Accountants Networks in order to come up with common requirements and develop a common methodology for validation of the accounting systems in agencies — Encourages the Agency to revise the checklists to match the specifications of different financial transactions and to make them available to all staff — Calls on the Agency to finalise its documentation procedures — Calls on the Agency to produce an exhaustive list of the main processes to be matched with required procedures and for this list to be systematically updated

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Agency for Safety and Health at Work for the financial year 2010

(2012/589/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Agency for Safety and Health at Work for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0117/2012),

1. Approves the closure of the accounts of the European Agency for Safety and Health at Work for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 45.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 216, 20.8.1994, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Euratom Supply Agency for the financial year 2010

(2012/590/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Euratom Supply Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Euratom Supply Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 — C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Decision 2008/114/EC, Euratom of 12 February 2008 establishing Statutes for the Euratom Supply Agency [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0131/2012),

1. Grants the Director-General of the Euratom Supply Agency discharge in respect of the implementation of the Agency's budget for the financial year 2010;

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-General of the Euratom Supply 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 6.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 41, 15.2.2008, p. 15.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Euratom Supply Agency for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Euratom Supply Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Euratom Supply Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 — C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Decision 2008/114/EC, Euratom of 12 February 2008 establishing Statutes for the Euratom Supply Agency ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0131/2012),

A. whereas, under Decision 2008/114/EC, Euratom, the Euratom Supply Agency ('the Agency'), established in Luxembourg in 1958, has new Statutes and has become an Agency,

B. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts of Agency for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

C. whereas the Court of Auditors also emphasised in its report for the financial year 2010 that the Agency's Statutes' lack compliance with Article 54 of the Treaty establishing the European Atomic Energy Community,

1. Notes that in 2010 the Agency did not receive any subsidy to cover its operations and that the Commission bore all expenses incurred by the Agency for the implementation of its budget; notes that this situation has persisted since the creation of the Agency in 2008;

2. Notes that in the absence of an autonomous budget, the Agency is de facto integrated into the Commission and that this situation is at odds with its Statutes;

([1]) OJ C 366, 15.12.2011, p. 6.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 41, 15.2.2008, p. 15.
([4]) OJ L 357, 31.12.2002, p. 72.

3. Notes, however, that by letter of 31 March 2011 the Director-General acknowledged the abovementioned problem and detailed the actions taken as requested by the discharge authority; notes in particular that, in order to resolve this situation, an agreement has been reached to propose the reestablishment of a specific budget line for the Agency in the general budget of the European Union for 2012;

4. Notes also that on 20 April 2011 the Commission proposed line 32 01 06 for the Agency be credited with EUR 98 000 of the general budget of the European Union; considers that once adopted by the Union budgetary authorities, this would represent a major achievement in addressing the current concerns;

5. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

6. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

Euratom Supply Agency	2007	2008	2009
Performance	n.a.	n.a.	n.a.
Budgetary and Financial Management	38,7 % of the appropriations were carried over	In the absence of an autonomous budget, the Agency is de facto integrated in the Commission. this situation raises the issues of the need to maintain the Agency in its current form and organisation	In 2009 the Agency did not receive any subsidy to cover its operations and that the Commission bore all expenses incurred by the Agency for the implementation of the 2009 budget. The Agency is de facto integrated into the Commission
Human Resources	n.a.	n.a.	Acknowledges that, in accordance with Article 3 of its Statutes, the Agency has selected its own internal auditor, who took up his duties only on 1 July 2009
Internal Audit	n.a.	n.a.	n.a.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the Euratom Supply Agency for the financial year 2010

(2012/591/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Euratom Supply Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Euratom Supply Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Decision 2008/114/EC, Euratom of 12 February 2008 establishing Statutes for the Euratom Supply Agency [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0131/2012),

1. Approves the closure of the accounts of the Euratom Supply Agency for the financial year 2010;

2. Instructs its President to forward this Decision to the Director-General of the Euratom Supply 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 6.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 41, 15.2.2008, p. 15.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

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 2010

(2012/592/EU)

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 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2010, together with the Foundation's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0116/2012),

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 2010;

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 — Martin SCHULZ

The Secretary-General — Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 150.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 139, 30.5.1975, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its 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 2010

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 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2010, together with the Foundation's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0116/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Director of the European Foundation for the Improvement of Living and Working Conditions discharge for the implementation of the Foundation's budget for the financial year 2009 ([5]), and in its Resolution accompanying the discharge decision, inter alia:

— called on the Foundation to provide evidence of its staff selection decisions (e.g. evidence of candidate thresholds at the beginning of the recruitment process) in order to guarantee the transparency of the recruitment procedures,

([1]) OJ C 366, 15.12.2011, p. 150.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 139, 30.5.1975, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 210.

— called on the Foundation to make sure appropriations are made available only when the corresponding assigned revenue has been received,

— noted that the Court of Auditors was compelled to comment on the budgetary and financial statement of the Foundation which contained serious shortcomings, signalling weaknesses in its financial organisation,

C. whereas the overall Agency budget for the financial year 2010 was EUR 20 900 000, which represents an increase of 3,4 % over the financial year 2009; whereas the initial contribution of the Union to the budget of the Agency for 2010 was EUR 19 067 159 compared to EUR 19 450 000 in 2009 ([1]), which represents a decrease of 0,97 %,

Follow-up of the Court of Auditors' observations of 2009

1. Acknowledges from its Annual Activity Report (AAR) that the Foundation undertook the commitments and actions below following the Court of Auditors' observations of 2009:

— the Foundation committed itself to pay closer attention to the fact that, in future, appropriations are only to be made available when the corresponding assigned revenue has been received,

— the Foundation committed to substantially improve the efforts for the closure of the 2010 accounts through additional training and resources; it was ensured that all deadlines were kept with regard to the 2010 accounts and that no major weaknesses were detected in the provisional 2010 accounts,

— the missing Register of Exceptions was implemented on 1 July 2010,

— for staff selection procedures no evidence was found that thresholds which the candidates had to meet for invitation to interviews and for being part of the reserve list were set before examining applications; the Foundation has now included these thresholds in the reports of its Selection Committee,

— the Foundation took measures to further strengthen evaluation and review procedures in an effort to avoid errors in the procurement procedure in the future;

2. Calls on the Court of Auditors to confirm to the discharge authority that these actions and commitments are sufficient to redress the deficiencies found in the Foundation by the Court in 2009;

Budget and Financial management

3. Recalls that the initial Union contribution to the Agency for 2010 amounted to EUR 19 067 159; notes however that EUR 762 841, which came from the recovery of surplus, was added to this which, as a result, makes a total Union contribution of EUR 19 830 000 for 2010;

4. Takes note from entries in its Annual Accounts that the Foundation published an amended budget totalling EUR 20 848 000 very close to the year-end 2010; regrets the absence of information from the Agency on the reasons behind these changes; calls on the Agency to remedy the situation and inform the discharge authority about this matter;

5. Notes from its AAR that the Foundation had an execution rate of 98 % in terms of committed appropriations; notes in particular from the Annual Accounts that the utilisation rate of the Foundation under Title I (Staff expenditures), Title II (Administration) and Title III (Operational expenditures) were respectively of 99,8 %, 95,1 % and 96 %;

([1]) OJ L 64, 12.3.2010, p. 505.

6. Establishes from the Annual Accounts of the Foundation that the utilisation of appropriations carried over from 2009 to 2010 amounted to 96,1 % in payment terms compared to 94,2 % in 2009;

Human Resources

7. Observes from the Foundation's AAR that the percentage of staff posts filled, 91 %, has improved in 2010 compared to 2009 (78 %);

Performance

8. Underlines that the main activity of the Foundation is to contribute to the establishment of better living and working conditions by increasing and disseminating knowledge relevant to this subject through networks and surveys; observes that 68 % of the Foundation's staff is allocated to these operative activities while the rest of staff is allocated to administrative tasks; considers it therefore of high importance for the discharge authority to assess the efficiency and the effectiveness of the surveys' management process in the Foundation;

9. Notes in particular that in 2010 the Foundation has undertaken the following activities within its Network of European Observatories and surveys:

— within its European Industrial Relations Observatory (EIRO): 357 information updates added; five representativeness studies; annual updates on pay and working time and industrial action; annual review on industrial relations; six comparative analytical reports,

— within its European Working Conditions Observatory (EWCO): 107 information updates added; six comparative analytical reports on occupational promotion of migrant workers and the self-employed,

— within its European Restructuring Monitor (ERM): 1 258 restructuring fact sheets added; four comparative analytical reports,

— within its second European Quality of Life Survey: secondary analysis report on family life and work,

— within its third European Quality of Life Survey: preparation of field work,

— within its fifth European Working Conditions Survey: field work with 44 000 interviews in 34 countries; publication of first findings (résumé),

— within its European Company Survey: overview report published, secondary analysis on flexibility profiles of companies and on part-time work;

10. Urges the Foundation to register all the decisions of the Governing Board on surveys as the efficiency and effectiveness in communicating these decisions may be affected in the absence of proper standards for documenting decisions made; acknowledges, in particular, that the Foundation is deficient in this respect and that the Chairperson of the Governing Board does not necessarily sign and date the decisions taken;

11. Notes, in addition, that the Foundation's Advisory Committees, responsible for the Governing Board giving input to the preparation and evaluation phases of surveys, do not have Terms of Reference nor Rules of Procedure for the organisation of their meetings; considers that these deficiencies may lead to a misunderstanding of the roles and responsibilities of the Advisory Committees with detrimental effects on the preparation of the surveys; calls therefore on the Foundation to address this situation and inform the discharge authority on the measures taken in this respect;

12. Calls also on the Foundation to put in place written procedures describing its core activities; underlines that this could help the Foundation use its resources effectively and identify possible weaknesses;

13. Notes, nevertheless, the Foundation's efforts to strengthen control measures to improve the quality of its surveys; notes, in particular, that its staff visit some countries where the surveys are carried out to assess how contractors conduct interviews and its staff test the questionnaire used for conducting the surveys by carrying out cognitive interviews on a limited number of elements of the sample in some countries;

Internal audit

14. Notes that, since February 2010, the Foundation's Deputy Director fulfils the role of Internal Control Coordinator; takes note that the annual work plan for internal control is monitored in quarterly meetings of an Internal Control committee with the Head of Administration, Head of Human Resources and Head of Operations;

15. Acknowledges from the Foundation' AAR that the internal audit activities in 2010 were built on the strategic audit plan 2009-2011 which is based on the 2008 risk assessment; notes also that a new risk assessment was carried out in February 2011 resulting in a new strategic audit plan for 2011-2013 with the following topics:

— Audit on Surveys Management – second phase (2011),

— Reporting/Building Blocks of Assurance (2012);

16. Notes, moreover, that for 2012/2013 the prospective topics are:

— HR Management: Recruitment, Training, Appraisal and Promotion System,

— Products Quality Management/Customer relations/Stakeholders relations management,

— Document Management,

— Management of meetings;

17. Notes that the Internal Audit Service (IAS) planed to perform in 2010 an audit on the Foundation's surveys management; is concerned that due to limited availability of key Foundation staff during the audit engagement and incomplete documentation of the surveys management, the IAS was unable to collect sufficient audit evidence with regard to some modules of the risk-based scope; notes, however, that an additional phase of this audit was conducted at the beginning of 2011 and that the results will be presented in the annual internal audit report for 2011; calls on the Foundation to provide the discharge authority with this report in a timely manner;

18. Is concerned that the IAS recommendation on the validation of Accounting Systems has been delayed; notes in particular that this recommendation is considered by the IAS as 'critical'; urges the Foundation, therefore, to take immediate steps in this regard and to inform the discharge authority of the measures taken to redress this deficiency;

19. Establishes that five 'very important' recommendations of the IAS were still open at year-end 2010; notes that these recommendations relate to the need to:

— document the procedure for surveys management,

— ensure that the information for the planning of surveys is accurate and of good quality and monitor the planned activities,

— update procedures manual for procurement and re-enforce compliance and good practice,

— document financial circuits,

— put in place *ex-post* controls methodology,

notes from the Foundation's AAR that the three 'very important' recommendations on Financial Management are reported as implemented by the Foundation while the Annual Internal Audit Report establishes that they suffer delay with respect to the original action plan of the Foundation; calls, therefore, on the Foundation and IAS to inform the discharge authority of the actual status of these particular recommendations;

20. Urges the Foundation to properly address the recommendations issued by the IAS and to inform the discharge authority about the measures taken in this respect;

21. Observes, nevertheless, in the Foundation's AAR that following the IAS recommendation on Financial Management in 2009, the procedure for the *ex-post* verification was reviewed and updated with a risk assessment for the justification of the sample size selection;

22. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this Resolution;

23. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its Resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER THE PREVIOUS YEARS

European Foundation for the Improvement of Living and Working conditions	2006	2007	2008	2009
Performance	n.a.	n.a.	Calls on the Foundation to set out a diachronic analysis of operations carried out in this and previous years, similarly to the *ex-post* analysis done in the previous years	— Encourages the Foundation to further develop its 'Eurofound Performance Monitoring System' to ensure that the results of its performance monitoring are fed back into management decision making & planning & that periodic surveys are carried out in order to obtain feedback from target audiences — Supports the external evaluators recommendation to better define the Foundations target audiences at national level & to set up a network of focal points based on national authorities represented on its Governing Board
Operating appropriations carried over	The implementation rate for 2006 commitment appropriations was more than 97 %. Carryover rates were 43 % for operating activities. Thus, the budgetary principle of annuality was not strictly observed	n.a.	The Foundation should take action to prevent shortcomings in the planning and programming, in order to fulfil the principle of annuality	— Calls on the Foundation to make sure appropriations are made available only when the corresponding assigned revenue has been received — Notes that the Court of Auditors was compelled to comment on the budgetary & financial statement of the Foundation which contained serious shortcomings, signally weaknesses in the financial organisation of the Foundation
Budget transfers without supporting documents	n.a.	n.a.	Budget transfers were not properly justified	n.a.
Procurement procedures	n.a.	Anomalies regarding the financial evaluation procedure and selection criteria not allowing proper performance of an evaluation of the final capacity of the candidates	Calls on the Foundations to take steps to improve the monitoring of its contracts and the programming of its procurement procedures	Calls on the Foundation to take steps to improve its evaluation & review procedure to avoid repetition of errors in its procurement procedure in the future

European Foundation for the Improvement of Living and Working conditions	2006	2007	2008	2009
Human Resources	The recruitment procedure are not completely transparent and non-discriminatory	The recruitment procedure are not completely transparent and non-discriminatory	— Calls on the Foundations to take steps to make better provision in advance for the departure of key staff member; to enter staff number in the activity report in a transparent manner — Improvements have been undertaken in the Foundation's recruitment procedures	Calls on the Foundation to provide evidence of its staff selection decisions to guarantee the transparency of the recruitment procedures. Urges the Foundation to rapidly redress the situation & inform the discharge authority as to the progress made.
Internal Audit	Calls on improving the financial management: i.e. two contracts were not charged to the budget of the related year	— Calls on improving the financial management: i.e. recoverable VAT for the 2007 financial year of EUR 376 611 was not claimed by the end of the year	— Calls on the Foundation to take steps to improve its financial statements — Calls on the Foundation to take steps to fulfil 28 out of 54 recommendations made by the Internal Audit Service → i.e. to put in place the internal control standards; to follow up the implementation of other internal control standards; to introduce an effective planning and monitoring system	— 2 out of the 8 recommendations of the IAS have been implemented — Urges the Foundation to implement the recommendations of the IAS Financial Management report without delay & inform the discharge authority on the progress made in this respect

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2010

(2012/593/EU)

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 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2010, together with the Foundation's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 — C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0116/2012),

1. Approves the closure of the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 150.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 139, 30.5.1975, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of Eurojust for the financial year 2010

(2012/594/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of Eurojust for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of Eurojust for the financial year 2010, together with Eurojust's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0128/2012),

1. Grants the Administrative Director of Eurojust discharge in respect of the implementation of Eurojust's budget for the financial year 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 140.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 63, 6.3.2002, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of Eurojust for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of Eurojust for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of Eurojust for the financial year 2010, together with Eurojust's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0128/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of Eurojust for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Administrative Director of Eurojust discharge for implementation of the Agency's budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

— called on the Agency to inform the discharge authority of the steps taken to avoid carrying forward appropriations,

— expressed concern at the fact that the Court of Auditors had again noted shortcomings in the planning and implementation of recruitment procedures; noted in particular that the level of vacant posts (24 %) was still too high, although less than in 2008 (26 %) and in 2007 (33 %),

([1]) OJ C 366, 15.12.2011, p. 140.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 63, 6.3.2002, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 215.

— called on the Agency to take immediate action on improving the recruitment procedure, reducing the number of interim staff, restructuring the Human Resources (HR) Unit, developing an HR management plan, reinforcing the monitoring of HR activities and reviewing the content of the register of exceptions,

C. whereas the budget of the Agency for the financial year 2010 was EUR 32 300 000, which is an increase of 14,5 % on the financial year 2009,

D. whereas the Union's contribution to the budget of the Agency for 2010 was EUR 30 163 220 compared to EUR 24 799 400 in 2009 [1], which represents an increase by 21,62 %,

Budget and financial management

1. Notes from its Annual Activity Report (AAR) that the Agency executed 97,8 % of its commitment appropriations from the operating budget in 2010; notes in particular that compared to 2009 the executed budget increased by:

— 18,6 % under Title 1 (Staff expenditure),

— 6 % under Title 2 (Administration),

— 34 % under Title 3 (Operational expenditure);

2. Acknowledges that the Agency was granted EUR 2 159 000 from the Commission for participation in criminal justice programmes (Joint Investigation Teams) and received 95 % of this amount in 2010;

Transfers and carry-over of appropriations

3. Establishes from the AAR that six budgetary transfers were made in 2010;

4. Ascertains from the AAR that automatic carry-overs of the commitment appropriations (excluding grants) increased from 16 % in 2009 to 20 % in 2010 with a total of EUR 6 100 000 in 2010;

5. Calls on the Agency to inform the discharge authority of the steps taken to avoid carrying forward appropriations; is concerned, in particular, by the excessive carry-overs under Title III, which amounted to 38 % of the Title III total budget, and stresses that this deficiency has been underlined by the Court of Auditors for several years;

6. Regrets the high level of operational expenditure carried forward to 2011; takes note of the Agency's reply that this was mainly due to the Organisational Structural Review project, a new computer infrastructure and the costs related to data processing; welcomes the measures to be taken in 2012 by the Agency, especially the establishment of specific procurement plans for each unit; calls on the Agency to implement those measures without further delay; welcomes the assurance that necessary authorisations and commitments for procurement will be granted as early as possible in the year and calls on the Agency to adhere to this assurance;

Procurement procedures

7. Acknowledges from the AAR that nine open procedures, seven negotiated procedures, three inter-institutional procedures and one joint procedure with an international organisation were completed in 2010 and resulted in 29 new contracts;

[1] OJ L 64, 12.3.2010, p. 1052.

8. Acknowledges the observations from the Court of Auditors that in one case the evaluation committee failed to apply the weightings published in the tender specifications; therefore calls on the Agency to prevent further similar mistakes and to ensure that the quality standards of procedure used in the tender are respected;

Register of exceptions

9. Establishes from the AAR that in 2010, six new exception decisions were entered in the Register of Exceptions, of which four concerned budget, finance and procurement matters and two concerned HR matters;

10. Notes in particular that, on budget, finance and procurement matters, the four exceptions were respectively related to:

— delegation of the right to make transfers as per Article 23(1) of the Eurojust Financial Regulation,

— Article 75 of the Eurojust Financial Regulation and the award of a grant by Eurojust — European Judicial Network and that the exception expired on 31 December 2010,

— the extension of a contract that should have been terminated and that the situation ended on 27 December 2010 with the signature of a new contract following the completion of a tender procedure,

— the increase of the earmarked amount of a 2008 award decision (in 2008),

calls on the Agency to inform the discharge authority on the status of the two exceptions, which were still ongoing at the end of 2010;

11. Notes, with regard to HR matters, that the two exceptions related to:

— the extension of the appointment of a staff member, whereby that staff member continued temporarily to occupy the post of Head of Unit,

— the temporary transfer of a staff member in the interest of the service pursuant to Article 7 of the Staff Regulations,

acknowledges the Agency's statement that the two situations came to an end on 15 October 2010;

Human resources (HR)

12. Expresses concern about the fact that the Court of Auditors has once again observed shortcomings in the implementation of recruitment procedures; notes in particular that the level of vacant posts (13 %) is still high, although lower than in 2009 (24 %), in 2008 (26 %) and in 2007 (33 %); accordingly, calls on the Agency to set up a comprehensive recruitment action plan to significantly reduce the vacancy rate and to inform the discharge authority about this;

13. Acknowledges the Court of Auditors' observation that, despite the fact that recruitment cannot be made from expired reserve lists, an official was recruited in 2010 using a reserve list which had expired in January 2009 and the extension of which was not accepted; calls on the Agency to ensure that all decisions concerning recruitment are adequately documented to avoid such a situation in the future;

14. Deplores that fact and calls on the Agency to monitor closely the validity of all reserve lists for recruitment in order to prevent such mistakes in the future; welcomes the Agency's reply that appointments from a reserve list will only take place after verification of the appropriateness of individual appointments;

15. Calls on the Agency to desist from such practices and to respect recruitment rules;

16. Deplores the fact that the evaluation committee failed to apply the weightings published in the tender specifications; welcomes the information given by the Agency that measures have been taken which include submission to the Administrative Director of full documentation concerning the substantial and commercial evaluation for each procurement before any contracts are awarded; welcomes the Agency's commitment to fair, transparent and accurate procurement, so as to contribute towards the financial credibility of the organisation, and calls on the Agency to take measures to fully ensure that it fulfils that commitment;

Performance

Organisational structure review

17. Notes from the AAR that the Organisational Structure Review, which started in 2009, continued in 2010, and that a proposal for the Multiannual Staff Policy Plan 2012-2014 and the Establishment Plans for the year 2011 and 2012 were drafted; also takes note that a detailed plan for the implementation phase was submitted by a consultancy by the end of 2010 and ultimately discussed and endorsed by the College of the Agency;

Financial reporting and analysis

18. Acknowledges the statement in the Agency's AAR that its Budget, Finance and Procurement Unit introduced an enhanced method of financial reporting and analysis at Unit level; understands that the Heads of Unit now receive complete information on their spending and commitments by budget line and that the information is issued monthly and quarterly, providing comparisons to the budget for the year and the previous year, by month and cumulatively;

19. Is of the opinion that a thorough implementation of this method should lead to better budgetary and financial management; calls on the Agency to inform the discharge authority of the concrete results following the implementation of this method;

Responsibilities of the Administrative Director

20. Recalls that the Administrative Director of the Agency is accountable to the discharge authority for the implementation of the revenue and expenditure of the budget and is responsible for putting in place the organisational structure, the internal management and control systems and procedures relevant for drawing up final accounts that are free from material misstatement, and for ensuring that the transactions underlying those accounts are legal and regular;

21. Acknowledges, however, the Court of Auditors' observation that the Administrative Director is not de facto responsible for the majority of the daily management decisions, which are taken by the College of the Agency on the basis of the relevant provisions of its founding Decision 2002/187/JHA; calls on the Agency to address and review this anomaly as soon as possible; points out that, if ambiguities persist, the envisaged new Regulation on the Agency should address this structural deficiency;

22. Notes from the Agency's statement that its College has no means to redefine the respective roles and responsibilities of the Administrative Director and the College so as to solve the accountability overlap, but that measures have been implemented to ensure that the Administrative Director can act in accordance with his responsibilities;

Annual Work Programme (AWP)

23. Underlines the importance of linking the Agency's indicators to its objectives, budget and AWP in order to allow stakeholders to evaluate the Agency's performance; urges the Agency, therefore, to inform the discharge authority of the key indicators established by the Agency and their links to its objectives, budget and AWP;

24. Considers that the Agency's internal process supporting the establishment of its AWP has a significant impact on the reliability of information that the Agency provides to its stakeholders and to the discharge authority; urges the Agency, therefore, to ensure consistency in its planning, adequate procedures and guidelines, and to furnish sufficient documentation supporting the AWP in order to provide information on all activities carried out and on the resources planned per activity;

25. Is concerned that the assignment of responsibility for the preparation and adoption of the AWP is not stated in its founding Decision 2002/187/JHA; considers that this may lead to confusion and lack of ownership for the preparation and adoption of the AWP; therefore calls on the Agency to rapidly address this deficiency and to inform the discharge authority of the action taken;

26. Urges the Agency to take action to ensure that the legal basis for executing its budget is not put in question and that its AWP is complete and contains all the information required (i.e. information on all activities carried out by the Agency and the resources planned per activities);

27. Calls also on the Agency to establish a multiannual IT strategy plan for both operational and support activities;

Internal audit

28. Acknowledges that 12 'very important' recommendations from the Internal Audit Service (IAS) are still open, including two that have been reported as implemented by the Agency, and calls on the IAS to clarify the actual stage of their implementation;

29. Notes that, for eight 'very important' recommendations, the implementation is delayed beyond the date defined by the Agency in its original action plan; notes that the delay is greater than 12 months in the case of six of these, relating to:

— the review of the content of the Register of Exceptions and its corrective actions,

— the development of a HR management plan,

— reinforcement of the monitoring of HR activities,

— the reduction of the number of interim staff,

— the redefinition of the set-up of the HR Unit,

— the implementation of an integrated HR IT tool;

30. Urges the Agency to properly address the recommendations issued by the IAS and to inform the discharge authority of the measures taken in this respect;

31. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

32. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

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[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

Eurojust	2006	2007	2008	2009
Performance		n.a.	The lack of indicators, the deficits in measurement of user satisfaction and the lack of coordination between the budget and the work programme make it difficult to evaluate Eurojust's performance	Calls on the Agency to inform the discharge authority on the Key Performance Indicators and their links to the Agency's objectives, budget and work programmes of the Agency
Carry-over appropriations	The annuality and the specification principles are not strictly observed: the management of the budget showed a high number of transfers of appropriations between budget lines and in many cases the supporting documentation was insufficiently detailed	The annuality principle was not strictly observed: high levels of carry-overs and weaknesses in the programming and monitoring (budget: EUR 18 900 000; appropriations: EUR 18 000 000; carry-over: EUR 5 200 000)	— The annuality principle was not strictly observed: the level of appropriations carried over from the previous year and then cancelled (EUR 1 000 000, or 25 % of appropriations carried over) was high — Calls on the Commission to keep Eurojust's cash holdings as low as possible; Eurojust has a permanently high level of cash holdings (December 2008: EUR 4 612 878,47)	— The Court of Auditors does not comment on the level of carry-overs and cancellations of appropriations in 2009 — Calls on the Agency to inform the discharge authority of the steps taken to avoid carrying forward appropriations, such has been a constant issue during the previous discharge procedures
Procurement procedures	Deficiencies in the procurement procedures	Deficiencies in the procurement procedures, as in the two previous years (i.e. the Agency extended existing contracts in a manner contrary to the rules)	Deficiencies in procurement procedures, as in the three previous years: in most procurement cases no prior estimation of the market value was made before the procedure was launched; weaknesses in the monitoring of contracts and the programming of procurements; calls on the Agency to inform the discharge authority on the plan to overcome this situation	Congratulates the Agency for establishing measures to estimate the market value of relevant products/services before commencing a procurement procedure; considers this initiative an important practice to be followed by other agencies; welcomes, in addition, the Agency's annual procurement plan for 2009, which greatly helped the Agency's units and services in the management of their tenders; considers that these initiatives improve the authorising officer's guidance and control

Eurojust	2006	2007	2008	2009
Human resources	n.a.	— Weaknesses in the recruitment procedures — Reduction of the vacancy rate from 34 % at the end of 2007 to 25 % at the end of 2008 — Shortcomings in the recruitment planning	— Shortcomings in the planning and implementation of recruitment procedures: 26 % of the posts are still vacant — Eurojust has not respected the principle of specification — Calls on the Agency to inform the discharge authority about its new recruitment procedure	— The Court of Auditors notes shortcomings in the planning and implementation of the recruitment procedures (24 % of posts remain vacant) — Calls on the Agency to set up a comprehensive recruitment action plan to significantly reduce the vacancy rate and to inform the discharge authority about this — Calls on the Agency to reduce the number of temporary staff to the number recommended by the IAS — Expresses concern that the Court of Auditors has reported that three out of six middle management posts at the Agency were filled on a temporary basis by 'acting' staff members
Internal audit	n.a.	n.a.	Calls on the Agency to implement 26 out 26 recommendations made by the Internal Audit Service; calls on the Agency to put in place without delay the following recommendations on human resources management: preparing short term to fill the current vacancies; redefining the set-up of the Human Resources Unit; reducing the number of temporary staff; strengthening the recruitment procedure; adopting the implementing rules for career development; ensuring the independence of the members of the Selection Board; and making sure that the public procurement procedures are correctly implemented	Calls on the Agency to inform the discharge authority of the reasons for the delay in resolving the recommendations made by the IAS on 31 December 2008 and to take immediate action on improving the recruitment procedure, reducing the number of interim staff, restructuring the HR unit, developing a HR management plan, reinforcing the monitoring of the HR activities and reviewing the content of the register of exceptions

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of Eurojust for the financial year 2010

(2012/595/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of Eurojust for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of Eurojust for the financial year 2010, together with Eurojust's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 — C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0128/2012),

1. Approves the closure of the accounts of Eurojust for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 140.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 63, 6.3.2002, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Police Office for the financial year 2010

(2012/596/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Police Office for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Police Office for the financial year 2010, together with the Office's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 — C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol) [3], and in particular Article 43 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0111/2012),

1. Grants the Director of the European Police Office discharge in respect of the implementation of the Office's budget for the financial year 2010;

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 Office, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

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[1] OJ C 366, 15.12.2011, p. 179.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 121, 15.5.2009, p. 37.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Police Office for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Police Office for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Police Office for the financial year 2010, together with the Office's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 — C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol) ([3]), and in particular Article 43 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0111/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas the overall budget of the Office for the year 2010 was EUR 92 800 000, whereas the contribution of the Union to the budget of the Office for 2010 was EUR 79 724 150 ([5]),

Budget and financial management

1. Deplores the high level of appropriations carried forward matched by the low level of accrued expenditure; takes note of the Office's reply that a significant amount of the carry-over was due to the Office's move to its new headquarters; welcomes the additional measures taken by the Office and the commitment to monitor the implementation of the budget on a monthly basis in 2012, with a particular focus on carry-forwards.

([1]) OJ C 366, 15.12.2011, p. 179.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 121, 15.5.2009, p. 37.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 64, 12.3.2010, p. 1046.

2. Acknowledges from its Annual Activity Report (AAR) that the Office's initial budget for 2010 was EUR 80 100 000; notes that the budget was amended by almost EUR 12 700 000 which came from appropriations carried over from 2009 to 2010 integrated into the 2010 budget, grants from the Commission and some additional revenue; takes note of observations from the Office that the reason for amending the initial budget was to facilitate its transition to becoming an agency;

3. Establishes from its AAR that the Office's overall implementation rates for the end of 2010 were 98,3 % for commitments and 73,6 % for payments;

4. Welcomes that, following the request of the discharge authority, the final accounts for the financial year 2010 have been made publicly available on the Office's website on 17 February 2012; underlines nevertheless that the final accounts for the financial year 2010 should have been made public immediately after their adoption on 13 September 2011; calls therefore on the Office to do so in the future in order to promote its transparency;

Carry-over appropriations

5. Calls on the Office to take immediate action to reduce the high amount of carry-overs; notes that the Court of Auditors stated that there were carry-overs of EUR 22 600 000 representing 25 % of the 2010 budget; notes also with disappointment that the carry-forward rate was 49 % in Title II — Administrative expenditure and 59 % in Title III — Operational expenditure;

6. Notes that the breakdown of the carry-forward (EUR 22 600 000) is as follows:

— EUR 11 300 000 for expenditure relating to the new Europol headquarters,

— EUR 1 800 000 relates to Chapter 26 (Article 58(4) Europol Council Decision — ECD: liabilities concerning the previous legal framework of Europol),

— EUR 9 500 000 for other expenditure;

7. Considers that the high level of appropriations carried forward, matched by the low level of accrued expenditure (EUR 2 900 000), is excessive and at odds with the budgetary principle of annuality;

8. Notes, nevertheless, that the significant amount of the carry-over was due to the unique circumstance of the Office's move to its new headquarters in 2011, given the delay in the delivery of the building in 2010;

Human Resources

9. Observes from the Office's AAR that the vacancy rate at the end of the year was 4,5 % instead of the estimated 2,5 %;

10. Calls on the Office to adopt the Implementing Rules to the Staff Regulations (and related internal instruments) and prepare a learning and development framework;

Performance

11. Welcomes the fact that the Office's Annual Work Programme (AWP) is aligned with its Strategy 2010-2014 and contains key performance indicators, critical risks and resources assigned to each annual objective;

12. Calls nevertheless on the Office to include in its AWP information on the overview of planned procurement activities to serve as a 'financing decision', required by the implementing provisions of the Framework Financial Regulation;

13. Calls also on the Office to finalise the translation of its organisational mission statement into concise descriptions of roles and objectives for the departments and units;

14. Notes in the Office's AAR that the SIENA 2.0 information platform connecting law enforcement authorities was successfully deployed on 22 October 2010 and that by the end of 2010, 21 Member States were connected to SIENA and 8 Member States national asset recovery offices were also linked to it;

15. Notes, in addition, in the Office's AAR that as of 31 December 2010, on the basis of the assessment of the AWP 2010, very good progress had been made on 14 (82 %) of the AWP objectives and good progress was made on the remaining three objectives (18 %);

16. Notes also that the Office's Strategy 2010-2014 and the Strategy Implementation Plan were adopted by the Board of Management in 2010;

17. Recommends that the Office, in the interest of fostering transparency, provides a list of the members of its Management Board which should include their name, declaration of interest and curriculum vitae with their work and educational background; notes with satisfaction that the Office's procurement activities and list of contractors concluded for 2010 has been published on the Office's website;

Internal audit

18. Acknowledges that the Internal Audit Service (IAS) performed an audit on the implementation of internal control standards in order to assess the status of their implementation, notably in respect of the areas of mission and values, human resources, planning and risk management process, operations and controls activities, information and financing reporting, and evaluation and audit;

19. Notes that the IAS issued five 'very important' recommendations related to:

— the segregation of duties,

— ex-post controls,

— the exceptions to processes,

— the business continuity plans,

— the continuity of operations;

calls on the Office to implement all the recommendations of the IAS and to inform the discharge authority on the actions taken;

20. Considering the complementarities between the European Police College and European Police Office, as well as the potential synergies, calls on the Commission to prepare a comprehensive impact assessment regarding a potential merger of these two agencies setting out the cost and benefits by March 2013;

21. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

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[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Police Office for the financial year 2010

(2012/597/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Police Office for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Police Office for the financial year 2010, together with the Office's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol) ([3]), and in particular Article 43 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0111/2012),

1. Approves the closure of the accounts of the European Police Office for the financial year 2010;

2. Instructs its President to forward this Decision to the Director of the European Police Office, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 179.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 121, 15.5.2009, p. 37.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2010

(2012/598/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Union Fundamental Rights Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0122/2012),

1. Grants the Director of the European Union Agency for Fundamental Rights discharge in respect of the implementation of the Agency's budget for the financial year 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 9.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 53, 22.2.2007, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Union Fundamental Rights Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], 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 [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0122/2012),

A. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the European Union Agency for Fundamental Rights ('the Agency') for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Director of the Agency discharge for implementation of its budget for the financial year 2009 [5], and in its resolution accompanying the discharge decision, inter alia:

— urged the Agency to improve its budgetary and recruitment planning in order to address the lack of consistency between its budgetary and staff forecasting,

— called on the Agency to make progress in ensuring a realistic evaluation of tenders,

[1] OJ C 366, 15.12.2011, p. 9.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 53, 22.2.2007, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.
[5] OJ L 250, 27.9.2011, p. 220.

— called on the Agency to remedy the four outstanding recommendations of the Internal Audit Service (IAS),

C. whereas the overall budget of the Agency for the financial year 2010 was EUR 20 200 000, which is an increase of 17,44 % compared to 2009,

D. whereas the initial contribution of the Union to the budget of the Agency for 2010 was EUR 19 100 000 compared to EUR 17 000 000 in 2009 [1], which represents an increase of 12,35 %,

Budgetary and financial management

1. Recalls that the initial Union contribution to the Agency for 2010 amounted to EUR 19 100 000; notes, however, that EUR 900 000, coming from the recovery of surplus, was added to this amount which, as a result, makes a total Union contribution of EUR 20 000 000;

2. Acknowledges from the Agency's Report on Budgetary and Financial Management (RBFM) that two amending budgets took place during the financial year 2010 and amounted to EUR 212 010; notes in particular that the purpose of the two amending budgets was twofold:

— to take into consideration Croatia's participation in the work of the Agency;

— to acknowledge that the Agency received one third of the monthly rent for the period January to June 2010 from the Austrian authorities;

3. Notes from the RBFM that EUR 13 830 000 was allocated to administrative expenses and EUR 6 170 000 was allocated to the operational expenditure; notes that these figures represent an increase of 13 % for administrative expenditure and an increase of 26 % for operational expenditure compared to the 2009 final budget;

4. Ascertains from the Agency that the implementation rate of the Union contribution followed the previous year's trend and remained at 100 %, and that the budget execution rate in terms of payments reached 61,65 % in 2010 compared to 60,64 % in 2009; notes with concern that under Title III (Operational expenditure) the budget execution rate in terms of payments reached only 28,08 %; therefore calls on the Agency to make further efforts and to take appropriate actions to ensure a greater level of budget execution in terms of payment, in particular under Title III;

5. Welcomes the Agency's ICT software development for project management (i.e. MATRIX), which constitutes an effective computer-aided tool for setting up project plans and documenting them in a uniform manner and for implementing and managing projects, and which, based on the IAS audit on planning and monitoring of March 2011, was stated to constitute best practice and a source of strength; also welcomes the Agency's initiative to link MATRIX with ABAC, the budgetary system, in order to provide information on the level of commitment and payment appropriations execution;

Carry-over appropriations and transfers

6. Urges the Agency to improve its budgetary implementation planning in order to reduce its high level of carry-overs (EUR 6 900 000); notes in particular from the Court of Auditors that the Agency committed 48 %, i.e. EUR 4 600 000, of its annual Title III (Operational expenditure) in December 2010; is of the opinion that such concentration of spending in the final weeks of the year has a significant impact on the level of carry-overs and indicates a clear need to improve the Agency's budgetary implementation planning; notes from the Agency that it has recently adopted a budget module which should enable it to plan annually its level of carry-overs;

7. Acknowledges, nevertheless, the Agency's statement that it has taken appropriate measures (e.g. planning two years in advance) to improve spreading budget implementation throughout the year, thereby avoiding concentration during the last month;

[1] OJ L 64, 12.3.2010, p. 1037.

8. Ascertains from the Agency that the implementation rate of appropriations carried forward automatically from 2009 to 2010 reached 94 % in 2010, leaving EUR 414 633 unused;

9. Notes from the RBFM that the Management Board approved two budgetary transfers totalling EUR 2 791 055; takes note that these transfers were linked to the allocation of the surplus generated under Title 1 (Staff expenditure) due to delays in recruitment;

10. Establishes from the RBFM that the Director of the Agency authorised 14 budgetary transfers totalling EUR 228 111; notes from the Agency that these transfers mainly relate to corrective actions required for the efficient implementation of its Annual Work Programme as well as for administrative expenditure;

11. Notes with concern the Court of Auditors' comment on the commitment of 48 % of the operational expenditure in the last month of 2010 and on the high level of carry-overs as a consequence; supports the efforts of the Agency to avoid this situation in the future, namely by planning its activities two years in advance and setting objectives during the course of the year in respect of budget implementation; calls on the Agency to ensure that its budget planning allows for ad hoc requests by Parliament; notes that almost all amounts carried over to 2011 were used, leading to a final 2010 outturn of 98,55 %;

12. Invites the Agency to take the necessary steps to determine and resolve the main obstacles related to budget expenditure, project funding, recruitment, and legal and administrative constraints, in order to ensure the efficient management of its budget;

Human resources

13. Notes from its RBFM that the Agency faced difficulties in attracting candidates to respond to the call for expressions of interest for the posts of Seconded National Experts; notes with disappointment that two successful candidates withdrew their expressions of interest in secondment to the Agency;

14. Notes that discharge in respect of the implementation of the budget of the Agency should continue to be based on its performance throughout the year;

15. Notes with concern the delay in completing recruitment procedures, meaning that only 59 out of 72 posts could be filled during 2010; calls on the Agency to take all necessary steps to prevent a recurrence of this situation; notes with concern the allegations of harassment of staff and the lawsuit that has been filed; requires the Agency to address those allegations adequately; calls on the Agency to clarify the treatment of whistleblowers and to provide a written report to Parliament on the application of the rules in place to protect whistleblowers;

16. Notes with concern that, during the 2009 discharge procedure, the Court of Auditors already commented that the Agency could improve its budgetary and recruitment planning, notably in respect of the high vacancy rate (21 %) and the high volume of appropriations carried forward; reiterates that the Agency should take all necessary steps to improve the situation;

Performance

17. Acknowledges from its Annual Activity Report that the Agency adopted a code of good administrative behaviour which, together with the Staff Regulations, aims to ensure ethical conduct, avoid conflicts of interest, prevent fraud and encourage reporting of irregularities; notes, moreover, that specific measures for awareness-raising and avoiding conflicts of interest (declarations) are taken during recruitment procedures and procurement selection panels;

18. Notes with satisfaction that, in order to further strengthen this internal control, the Agency aims to improve the application of the whistleblowing rules and the protection of whistleblowers, and that this improvement is planned to take place during 2012; calls on the Agency to inform the discharge authority of the measures adopted and implemented in this respect;

Internal audit

19. Acknowledges that the IAS followed up the implementation of its recommendations made in 2010; notes in particular that all those recommendations were closed;

20. Notes from the Agency that the IAS performed an audit on planning and monitoring in March 2011 and formulated 11 recommendations, one of which was rated as 'very important', seven as 'important' and three as 'desirable'; takes note of the Agency's statement that the IAS considered 10 of the 11 recommendations to be implemented and that the remaining 'important' recommendation was considered to be still in progress;

21. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

22. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER THE PAST YEARS

Agency for Fundamental Rights	2006	2007	2008	2009
Performance	n.a.	— The Agency should strive for synergies with other institutions active in the field of human rights	— SMART objectives and RACER indicators should be introduced in the assessments of the achievements	n.a.
Budgetary and Financial Management: procurement procedures	— The Agency did not respect the rules for budget presentation — Issues in the budgetary management	— The principle of sound financial management has been threatened by the published evaluation method; it has decreased the relative importance of the price criterion (awaiting for a new evaluation method) — Almost all appropriations were committed (EUR 13 900 000 out of EUR 14 200 000)	— The principle of sound financial management has been threatened by the published evaluation method; it has decreased the relative importance of the price criterion	— Urges the Agency to improve its budgetary and recruitment planning in order to redress the lack of consistency between its budgetary and staff forecasting — Calls on the Agency to make progress in ensuring a realistic evaluation of tenders
Human resources	n.a.	n.a.	n.a.	n.a.
Internal audit	n.a.	n.a.	— The Agency fulfilled all the recommendations made by the Internal Audit Service	— Out of nine recommendations of the IAS, four have yet to be implemented by the Agency

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Union Agency for Fundamental Rights for the financial year 2010

(2012/599/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Union Agency for Fundamental Rights for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Union Fundamental Rights Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 — C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0122/2012),

1. Approves the closure of the accounts of the European Union Agency for Fundamental Rights for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 9.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 53, 22.2.2007, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

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 2010

(2012/600/EU)

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 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 — C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0133/2012),

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 2010;

([1]) OJ C 366, 15.12.2011, p. 39.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 349, 25.11.2004, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its 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 2010

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 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 — C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0133/2012),

A. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Executive Director of the European Agency for the Management of Operational Cooperation at the External Borders discharge for implementation of the Agency's budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

([1]) OJ C 366, 15.12.2011, p. 39.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 349, 25.11.2004, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 224.

— urged the Agency to improve the level of use of appropriations by putting in place appropriate instructions and procedures for the analysis of potential carry-forwards to be reduced to a minimum amount of appropriations carried forward,

— was concerned that the Agency had to cancel appropriations of EUR 13 900 000 for 2009 and of EUR 13 000 000 for 2008,

— called on the Agency to set out a comparison of the operations that were carried out during the year for which discharge is to be granted and in the previous financial year,

C. whereas the overall budget of the Agency for the year 2010 was EUR 93 200 000, which is an increase of 4,95 % compared to the financial year 2009, whereas the initial contribution of the Union to the budget of the Agency for 2010 was EUR 83 000 000 compared to EUR 78 000 000 in 2009 [1], which represents an increase of 6,41 %,

Budget and financial management

1. Recalls that the initial Union contribution to the Agency for 2010 amounted to EUR 83 000 000; notes however that EUR 2 550 000, coming from the recovery of surplus, was added to this which, as a result, makes a total Union contribution of EUR 85 550 000 for 2010;

2. Establishes from the definitive adoption of the Union's general budget for the financial year 2010 that under Title I (Staff expenditure) and Title II (Administration), the Union's appropriations for 2010 amounted to EUR 23 633 000 in terms of commitments and EUR 19 000 000 in terms of payments; notes also that under Title III (Operational expenditure) it amounted to EUR 59 367 000 in terms of commitments and EUR 38 000 000 in terms of payments;

3. Acknowledges from its General Report that in 2010 the Agency used 95 % of its available budget of commitment appropriations and that the differences between the titles were limited, with Title I at 99 %, Title II at 80 %, and Title III at 97 %;

4. Establishes from the Final Accounts that the level of payments of the 2010 budget improved from 61 % in 2009 to 69 % in 2010; moreover notes from the Agency that the payment levels for the 2010 operational budget reached 79 % compared with 65 % in 2009;

Carry-over appropriations

5. Is concerned that the Court of Auditors has reported carry-overs since 2006; notes in particular that for the year 2010 an amount of EUR 26 500 000, representing 28 % of the available budget, was carried forward to 2011 and that only EUR 12 000 000 of this amount was matched by accruals; calls on the Agency to submit information to the discharge authority at latest by 15 December 2012; takes note of the justifications given by the Agency, namely the need to ensure continuity in the Agency's operational activities and to allocate funds for deployment in the first quarter of the following year; reiterates that the practice of carry-overs of appropriations should be strongly curtailed and should not hamper sound financial management practices; requests that the Agency follow the principle of annuality in the future;

6. Points out once more that a high level of carry-overs and cancellations is indicative of the inability of the Agency to manage such a large increase in its budget; wonders whether it would not be more responsible for the budgetary authority to take greater care in the future when deciding on increases in the Agency's budget in the light of the time needed to carry out new activities; calls on the Agency therefore to provide it with fuller details on the feasibility of future commitments;

7. Is conscious that the permanent or long-time nature of the Agency's joint operations makes it unavoidable that the execution of the corresponding commitments extends beyond the year-end; urges the Agency, nevertheless, to continue to decrease as much as possible the volume of appropriations carried forward by strengthening its monitoring of joint activities in order to adjust the grants as early as possible;

8. Notes some action on the Agency's revision of the so-called REM (running expenses of means) sheets in 2010 in order to improve the programming and monitoring;

[1] OJ L 64, 12.3.2010, p. 1016.

Accounting system

9. Acknowledges the Court of Auditors' observations of weaknesses in relation to the Agency's accounting system; notes in fact that the system has still to be validated by the Accounting Officer, as required by the Financial Regulation; notes nevertheless the Agency's reply which states that it started a Business Process Mapping project for financial processes in the beginning of 2011 and that the validation was supposed to be completed during the second half of 2011; calls therefore on the Court of Auditors to be reassured on this point;

10. Notes the Court of Auditors' observations of weaknesses in the system for reconciling suppliers' statements with the corresponding records at the Agency; takes note of the Agency's reply that most of the public entities do not have centralised accounting systems and some of them do not implement accrual-based accounting, making the process of vendor balances' reconciliation difficult; notes the Agency's commitment to make contact with the national authorities to try to implement alternative procedures with a view to reconciling its balances with those of its suppliers; calls on the Agency to regularly inform the discharge authority of the progress made with the national authorities to solve the issue;

11. Asks that the Court of Auditors, in its report on the annual accounts of the Agency for the financial year 2011, assesses in greater detail the operations' budget expenditure in relation to the objectives pursued by the Agency and its achievements;

Public procurement and grants

12. Acknowledges from the Final Accounts that the Agency has two ongoing litigation cases related to tender procedures and that the applicants have claimed damages for a total amount of EUR 10 794 806; urges the Agency to regularly inform the discharge authority of developments in these two cases;

13. Sees from the Financial Accounts that the Agency concluded 751 grant agreements or Specific Financing Decisions with its partners, the total amount in co-financed activities being EUR 53 000 000;

14. Notes, in addition, that out of the 751 grants, the Agency has not processed the final payment for 270 grants and that for 92 of those grants the Agency has paid the pre-financing amount of EUR 5 100 000;

Grant management

15. Calls on the Agency to carry out *ex post* controls in form of on-the-spot visits;

16. Notes, nevertheless, that the Agency undertook a revision of the REM sheets, which are the basis for budget estimations and reimbursement claims;

Human resources

17. Establishes from the General Report that 74 recruitment procedures were carried out in 2010; notes that the recruitment procedures for four new posts from 2010 were ongoing and were expected to be completed in the first quarter of 2011, and that the total staff at the Agency at the end of 2010 was 294 members from a total approved Establishment Plan figure of 298;

Performance

18. Calls on the Agency to further develop coherence in the strategic and annual planning of its operations; notes, in fact, that the objectives of the Annual Work Programme (AWP) for 2010 are not clearly linked with those for 2010 in the Multi-Annual Plan 2010-2013; reminds the Agency that the absence of a clear link and consistency between the different planning documents might have a negative impact on the delivery of the strategic plan;

19. Sees from its General Report that despite the fact that the Agency's budget rose in 2010, the net allocated operational activities fell from EUR 48 200 000 to EUR 47 400 000 but the number of operational man hours rose by 27 % to 6 411;

20. Welcomes the efforts of the Agency to improve its monitoring of the operations' budget; acknowledges that the first Rapid Border Intervention Teams were deployed in November 2010 and that this resulted in significant changes to the Agency's budget;

21. Notes that discharge in respect of the implementation of the budget of the Agency should continue to be based on its performance throughout the year.

Internal audit

22. Acknowledges that in 2010 the Internal Audit Service (IAS) performed an audit on operational planning based on internal and external stakeholders' input; notes in particular that the scope of this audit covered:

— the coherence of strategic planning and annual planning of operations,

— the adequacy of the process for the preparation of the operational planning with a special focus on the involvement of relevant stakeholders,

— the adequacy of the process for the collection of feedback from operational activities and its use for the preparation of future planning,

— the adequacy of the process to handle ad hoc requests by stakeholders concerning the operational planning;

23. Calls in this respect on the Agency to ensure that all objectives in the Multi-Annual Plan are appropriately and clearly translated into the AWP;

24. Welcomes the fact that the Agency, nevertheless, addresses in its operational plans the risks for each specific operation; notes in addition with pleasure that the Agency uses the lessons learned during the implementation of its operations to improve the preparation of subsequent operational plans;

25. Acknowledges that the IAS still needs to review the Agency's implementation of seven 'very important' recommendations from the IAS's previous audits; notes in particular that these recommendations concern:

— the 2009 audit on grant management, and notably the assessment of the need to request a certificate to process a payment request, the preparation of a policy on checks and controls, the legal agreement on operational plans with partners, and the description of the assessment criteria,

— the 2008 follow-up audit on the Internal Control System, and notably the appropriate staffing to achieve its objectives,

— the 2007 audit on the Internal Control System, and notably the revision of the registration procedure and the proper complete job description and communication to staff;

26. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

27. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER THE PAST YEARS

Frontex	2006	2007	2008	2009
Performance	n.a.	n.a.	— Calls on the Agency to establish a link promptly between its work programme and its financial institution → The Agency adopted a multiannual plan for the period 2010-2013 despite the lack of provision for this in its basic regulation — Calls on the Agency to set out a diachronic analysis of operations carried out in this and the previous years	— Calls on the Agency to establish a link between its work programme and its financial forecasts — Calls on the Agency to set out a comparison of the operations that were carried out during the year for which discharge is to be granted and in the previous financial year — Calls on the Agency to provide information on the impact of its operations and to inform the discharge authority thereof
Budgetary and financial management	— Legal commitments were entered into before budgetary commitments — The budgetary principles of annuality and specification were not strictly observed: the rate of carry-over was more than 70 % overall and nearly 85 % for operating expenditure	— Recurrent problems in the Agency's commitment system: budgetary commitments were made after legal commitments (25 cases) and grant agreements with the partner countries were signed for actions already started or even closed — Weaknesses in the programming and monitoring of the Agency's activities (70 % of the appropriations available were not spent; commitments carried over made on the basis of excessive costs estimations)	— Calls on the Agency to exercise its function to the full and to continue improving its financial management — Calls on the Agency to improve its financial management with regard to reimbursement of costs contracted by Member States by identifying the roots of the problem — The Agency should introduce an effective system for scheduling and monitoring the contractual deadlines laid down; a risk assessment process for its activities; a system of differentiated appropriations in future budgets for making grants in order to remedy the high level of carry-overs and cancellations; the fact that legal commitments were entered into before the corresponding budgetary commitments; the fact that recruitment procedures depart from the rules (transparency — non-discriminatory procedures)	— Urges the Agency to improve the level of use of appropriations by putting in place appropriate instructions and procedures for the analysis of potential carry-forwards to be reduced to a minimum volume of appropriations carried over — Concerned that the Agency had to cancel appropriations (EUR 13 900 000 for 2009, EUR 13 000 000 for 2008) — A high level of carry-overs and cancellations is indicative of the inability of the Agency to manage such a large increase in its budget, calls on the Agency therefore to provide it with fuller details on the feasibility of future commitments — Calls on the Agency to improve its grant management

Frontex	2006	2007	2008	2009
Human resources	n.a.	n.a.	— Issues in the recruitment procedures	n.a.
Internal audit	n.a.	n.a.	Calls on the Agency to fulfil four out of 23 recommendations made by the IAS: i.e. completing job descriptions and the setting of objectives for staff members, strengthening security, improving mail registration, strengthening the grant management process and ensuring compliance with the Financial Regulation	— Acknowledges out of the 19 recommendations issued by IAS, six have been adequately and effectively implemented, 10 are in progress and three are completed but still need to be verified by the IAS

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

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 2010

(2012/601/EU)

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 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 — C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0133/2012),

1. 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 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 39.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 349, 25.11.2004, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2010

(2012/602/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European GNSS Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EU) No 912/2010 of the European Parliament and of the Council of 22 September 2010 setting up the European GNSS Agency [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0127/2012),

1. Grants the Executive Director of the European GNSS Agency discharge in respect of the implementation of the Agency's budget for the financial year 2010;

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 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 112.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 276, 20.10.2010, p. 11.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European GNSS Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Regulation (EU) No 912/2010 of the European Parliament and of the Council of 22 September 2010 setting up the European GNSS Agency ([3]), 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0127/2012),

A. whereas the European GNSS Agency ('the Agency') became financially autonomous in 2006,

B. whereas the Court of Auditors stated that it was unable to form an opinion on the accounts of the Agency for the financial year 2007 and points out that the entire architecture of the Galileo project was being revised in 2007 and that the Agency's accounts were prepared in an uncertain legal environment,

C. whereas the Court of Auditors nuanced its statement of assurance on the reliability of the annual accounts of the Agency for the financial year 2008 and on the legality and regularity of the underlying transactions,

D. whereas the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Agency for the financial year 2009 are reliable and that the underlying transactions are legal and regular,

([1]) OJ C 366, 15.12.2011, p. 112.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 276, 20.10.2010, p. 11.
([4]) OJ L 357, 31.12.2002, p. 72.

E. whereas the Court of Auditors in its report on the annual accounts of the Agency for the financial year 2010 qualified its opinion with regard to the reliability of its annual accounts for 2010,

F. whereas on 10 May 2011 Parliament granted the Executive Director of the Agency discharge for implementation of the Agency's budget for the financial year 2009 [1], and in its resolution accompanying the discharge decision, inter alia:

— urged the Agency to remedy the deficiencies in the final budget published by the Agency on 31 March 2010 as it did not reflect the final budget for 2009 approved by the Administrative Board and did not include revenue,

— urged the Agency to remedy the deficiencies in staff selection procedures which infringe the principle of equal treatment in the application of the eligibility criteria in recruitment procedures open to both internal and external candidates,

— called on the Agency to remedy the exclusion criteria for the seventh research framework programme (FP7) which were not published and checked,

— noted that the discharge authority did not systematically prove that small and medium enterprises criteria, for the potential beneficiaries in one of the topics which were not met, had been verified,

G. whereas in 2011 the Agency took the steps required by Parliament to guarantee transparency, equal treatment, and effectiveness in its staff selection procedures,

H. whereas the budget of the Agency for the financial year 2010 was EUR 15 900 000 compared to EUR 44 400 000 in 2009, which represents a decrease of 64,19 %; whereas the Agency reported a contribution of the Union to its budget for 2010 of EUR 8 690 000,

Reliability of the accounts

1. Notes that, in keeping with the accounting practice of the Galileo programme, components in the amount of EUR 4 400 000, namely Satellite magneto-torquers, satellite propulsion thrusters, satellite fuel tanks (In Orbit Validation) and ground rubidium atomic clocks (Full Operational Capability), were recorded by the Agency in 2010 as research expenditure;

2. Notes that these assets have been recorded as research expenditure instead of being classified as assets held for transfer by the Agency to the Commission; points out that this accounting practice is in line with the Union requirements for the accounting treatment of Galileo components;

3. Notes that, in the report sent to Parliament on 28 February 2012, the Agency explained why these components were dealt with in its accounts as described above;

4. Takes notes of the Agency's reply to the Court of Auditors on this respect and acknowledges that the Agency justified not having recorded this equipment as assets in its accounts for the following reasons:

— the objective of the IOV/FOC phase is to assess the technical feasibility of the system, which was not validated in 2010, given that the Commission, which administers, and is in charge of, the Galileo programme, does not intend to carry out the validation until later,

— according to the Matimop Arrangement the equipment was never intended to be acquired by the Agency and was never and shall never be under its control; this is one of the main conditions for recognition of an asset according to Union accounting standards,

[1] OJ L 250, 27.9.2011, p. 232.

— from an accounting perspective it was found to be not prudent to recognise an asset without any economic benefit/value for the Agency,

— based on the above and in line with a Commission's consistent accounting practice in such a situation, the costs for the equipment were booked as research expenditure in 2010;

5. Acknowledges in addition the Court of Auditors' observations that, following the entry into force of Regulation (EC) No 683/2008 of the European Parliament and of the Council of 9 July 2008 on the further implementation of the European satellite navigation programmes (EGNOS and Galileo) ([1]), most of the activities and assets related to the EGNOS and Galileo programmes were transferred to the Commission in December 2009 but at 31 December 2010 the status of EUR 2 000 000 held by the Agency in respect of technical support from the European Space Agency had still to be determined; notes from the Agency that the transfer of EUR 2 000 000 was finalised on 3 October 2011;

Budget and financial management

6. Takes note from the Agency that the final contribution made by the Union to the Agency for 2010 amounted to EUR 8 690 000 and that this amount includes the initial budget of EUR 5 135 000 complemented by the recovery of surplus of EUR 2 755 000 and an additional amount of EUR 800 000 of payment appropriations to reinforce Title III (Operational expenditure);

7. Acknowledges from its Report on Budgetary and Financial Management (RBFM) that the budget of the Agency for the financial year 2010 was subject to one amendment by the Administrative Board; takes note that the amending budget reflected a decision from DG ENTR to reinforce the Agency's payment appropriations on budget line 3100 'Expenditure for studies' by EUR 800 000 in order to maintain payment capacity on commitments carried over from previous years and on those entered into in 2010;

8. Establishes its RBFM that the budget execution rate of the Agency reached 97 % for expenditure financed by the Union operation subsidy and 89 % for the operational activities financed from earmarked revenue; notes in particular that the budget execution rate of the Agency reached:

— 96 % in terms of commitments and 89 % in terms of payments under Title I (Staff expenditure),

— 99 % in terms of commitments and 78 % in terms of payments under Title II (Administration expenditure),

— 99 % in terms of commitments and 60 % in terms of payments under Title III (Operational expenditure),

is concerned that under Title III the Agency's execution rate in terms of payments was only of 60 % compared to 97 % in 2009; welcomes the fact that the Agency has taken the necessary measures to remedy this situation, which have in fact translated into a high out-turn of payments in 2011 (90 % for Title III and 94 % for the budget as a whole);

9. Ascertains from the RBFM that two internal transfers of a total value of EUR 205 000 were authorised by the Executive Director in 2010;

10. Takes note from its Annual Activity Report (AAR) that the Agency received pre-financing from the Commission amounting to EUR 2 606 675 and EUR 4 556 158 in accordance with the FP7 Delegation Agreement;

([1]) OJ L 196, 24.7.2008, p. 1.

Grant procedures

11. Calls on the Agency to rectify the deficiencies identified by the Court of Auditors in the evaluation process as regards the FP7/Galileo/Second Call grant procedures which has a budget of EUR 26 000 000; acknowledges in particular the Court of Auditors' observations according to which the criteria for assessing the applicants' financial capacity were not defined and although the status of the applicant determined the maximum reimbursement rate, such status was not verified by the Agency;

12. Urges the Agency, in addition, to remedy the weaknesses found by the Court of Auditors on two grant agreements within the sixth research framework programme (FP6)/Third Call; notes in particular that the cost claims submitted by the beneficiaries were based on standard rates, instead of actual costs; reminds the Agency that this is not in compliance with the non-profit principle for Union financial contributions and that the Agency should promptly redress the situation;

13. Acknowledges, in addition, the Court of Auditors' observations according to which five audited grants, related to the FP6, showed delays of between one and three years in their implementation and successive increases in the initial value of the contracts were noted; notes that the Agency justified those delays by stating that the technological leading-edge nature of the activities is subject to constant change and therefore the Agency decided that those amendments and extensions were necessary and useful for the entire Galileo programme; notes that, in any case, the Agency states that it never exceeded the limit laid down in the budget for contracts as a whole;

Procurement activities

14. Notes from its AAR that the Agency had the following procurement activities in 2010:

— 65 purchase orders corresponding to an overall amount of approximately EUR 900 000,

— six negotiated procedures corresponding to an overall amount of EUR 470 000,

— three open calls corresponding to an overall amount of EUR 9 400 000;

Consistency of the Annual Work Programme (AWP) and the AAR

15. Notes that the Agency's AAR does not necessarily mirror its AWP; establishes, in addition, that the objectives of its AWP are rather vague and therefore is quite difficult to assess and check whether they have been fulfilled; urges the Agency, therefore, to improve its AWP in order to allow the discharge authority to better evaluate the efficiency of the Agency; points out that the Agency has taken note of the Court of Auditors' recommendations, and welcomes the fact that, as a result, the format of the next AWPs will conform to the requirements;

Human resources

16. Urges the Agency to improve the selection procedures in order not to jeopardise the transparency of recruitment; acknowledges the Court of Auditors' observations according to which in the staff selection procedures audited, threshold scores were not determined for admission to written tests and interviews or for inclusion in the list of suitable candidates;

17. Notes from its AAR that the Agency launched 16 recruitment processes and reached a total headcount of 40 by the end of 2010;

18. Notes also from its AWP that the Agency provided for 42 total staff, whereas the total staff in employment as at 31 December 2010 were 40 (five more than in 2009): 18 operational, 14 administrative and eight mixed;

Internal audit

19. Acknowledges from its AAR that the Agency finalised its risk management policy and a risk register was developed;

20. Notes in addition from the Agency's AAR that at the end of 2010 there were no critical recommendations open by the Internal Audit Service, but there were five open recommendations related to:

— the disclosure of objectives and performance indicators in the AWP,

— the need to formalise the appointment of the Accounting Officer by the Administrative Board,

— the establishment of adequate financing decisions,

— the reinforcement of key controls in grant management,

— the update of financial delegations and the regular assessment of ABAC users' rights;

21. Welcomes the fact that, according to the Agency's annual implementation review of recommendations issued in December 2011, the above mentioned five open recommendations have been implemented;

22. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

23. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER THE PAST YEARS

European GNSS Agency	2006	2007	2008	2009
Budgetary and financial management	— Weaknesses in the operation of the management and control systems: in 12 cases, the initiating official for the transaction did not have the delegated authority and the appropriate financial circuit was not followed — Uncertainties with regard to Galileo and EGNOS project assets	— Weaknesses in the management of the budget: absence of a clear link between the Authority's work programme and the budget, transfers neither adequately justified nor documented, repeated late booking of recovery orders in the budgetary accounts and inconsistent presentation of the budget's implementation — Even with a de facto 50 % budget reduction, the consumption level of commitment and payment appropriations for operational activities was low: 63 % for commitments an 51 % for payments — Regrets that the Court of Auditors nuanced its statement of assurance on the reliability of the annual accounts for the financial year 2007 and on the legality and regularity of the underlying transactions — Uncertainties with regard to Galileo and EGNOS project assets	— Weaknesses in the management of the budget: No proper amending budget was established — Regrets that the Court of Auditors nuanced its statement of assurance on the reliability of the annual accounts for the financial year 2008 and on the legality and regularity of the underlying transactions — Uncertainties with regard to Galileo and EGNOS project assets	— The exclusion criteria for the framework programme 7 were not published and checked and the Authority did not systematically evidence that it had verified that the small and medium enterprises criteria for the potential beneficiaries participating in one of the topics were not met — The final budget published by the Authority on 31 March 2010 did not reflect the final budget for 2009 approved by the Administrative Board and did not include its revenue, urges the Authority therefore to remedy the situation and inform the discharge authority of the change
Human resources	n.a.	n.a.	n.a.	— Deficiencies in staff selection procedures — The need to remedy deficiencies which infringe the principle of equal treatment in the application of the eligibility criteria in recruitment procedures open to both internal and external candidates
Internal audit	n.a.	n.a.	Calls on the Agency to fulfil the last two recommendations made by the Internal Audit Service in 2007: i.e. sensitive posts and job description	Acknowledges two remaining important IAS recommendations yet to be implemented relate to sensitive posts and job descriptions

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European GNSS Agency for the financial year 2010

(2012/603/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European GNSS Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European GNSS Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EU) No 912/2010 of the European Parliament and of the Council of 22 September 2010 setting up the European GNSS Agency [3], 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0127/2012),

1. Approves the closure of the accounts of the European GNSS Agency for the financial year 2010;

2. Instructs its President to forward this Decision to the Executive Director of the European GNSS 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 112.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 276, 20.10.2010, p. 11.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Artemis Joint Undertaking for the financial year 2010

(2012/604/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Artemis Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Artemis Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 — C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 74/2008 of 20 December 2007 on the establishment of the 'Artemis Joint Undertaking' to implement a Joint Technology Initiative in Embedded Computing Systems ([3]), and in particular Article 11(4) 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of and Annex VI to its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0109/2012),

1. Grants the Executive Director of the Artemis Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010;

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 Artemis Joint Undertaking, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 368, 16.12.2011, p. 1.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 30, 4.2.2008, p. 52.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Artemis Joint Undertaking for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Artemis Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Artemis Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 — C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 74/2008 of 20 December 2007 on the establishment of the 'Artemis Joint Undertaking' to implement a Joint Technology Initiative in Embedded Computing Systems ([3]), and in particular Article 11(4) 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 Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of and Annex VI to its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0109/2012),

A. whereas the Artemis Joint Undertaking was set up in December 2007 for a period of 10 years to define and implement a 'Research Agenda' for the development of key technologies for embedded computing systems across different application areas in order to strengthen European competitiveness and sustainability, and allow the emergence of new markets and societal applications,

B. whereas the Joint Undertaking started to work autonomously in October 2009,

C. whereas the Court of Auditors states that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

D. whereas the maximum contribution for the period of 10 years from the Union to the Joint Undertaking is EUR 420 000 000 to be paid from the budget of the seventh research framework programme,

E. whereas the budget of the Joint Undertaking for the financial year 2010 amounted to EUR 38 500 000,

([1]) OJ C 368, 16.12.2011, p. 1.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 30, 4.2.2008, p. 52.
([4]) OJ L 357, 31.12.2002, p. 72.

Budget and Financial Management

1. Notes with concern that the budget of the Joint Undertaking for the financial year 2010 was not adopted by the end of the previous year; takes note of the Joint Undertaking's reply that its 2010 budget was adopted in January 2011 due to the fact that the operational part of the budget depends on the commitment of the Member States and that for most of them the amount of commitment can only be ascertained after the adoption of their national budgets; calls on the Joint Undertaking and the contributing Member States to reach an agreement on a timetable and practical arrangements for the disclosure of their respective commitments to enable the adoption of the Joint Undertaking's budget in due time and to keep the discharge authority informed on this matter;

2. Is concerned that the structure and presentation of the Joint Undertaking's 2010 budget were not in line with the provisions of the Joint Undertaking's financial rules; understands from the Joint Undertaking that the structure and presentation of the budget have been adapted in the 2011 budget; calls on the Court of Auditors to assure the discharge authority that the structure and presentation of the Joint Undertaking's budget are now fully in line with its financial rules;

3. Acknowledges from the Joint Undertaking 2010 Annual Activity Report (AAR) that the commitment credits implemented by the Joint Undertaking for operational expenditures amounted to EUR 36 000 000; takes note that with regards to the administrative expenditure the Joint Undertaking and the Commission agreed on the following split:

   — the Joint Undertaking and Artemisia: EUR 1 000 000;

   — the Commission: EUR 1 500 000;

   notes, however, that the needs of the Joint Undertaking for administrative expenditures reached EUR 1 900 000 and that as a consequence the contribution of the Commission was limited to EUR 935 315,91;

4. Notes that the Joint Undertaking's final budget included payment appropriations of EUR 27 000 000; acknowledges from the final annual accounts that the appropriations were committed at a rate of 99,9 % but regrets that the utilisation rate only reached the level of 37,78 %;

5. Is concerned about the low implementation rate of the budget and, moreover, about the underlying activities of the Joint Undertaking; underlines that the deposits in bank accounts at the end of 2010 totalled EUR 16 600 000 representing 60 % of the available payment appropriations;

Internal control systems

6. Calls on the Joint Undertaking to fully implement its internal controls and financial information systems in particular on the operational verification of cost claims, on the assurance provided by the national authorities' certificates and the *ex post* audit strategy;

7. Is concerned that in the area of *ex ante* verification, reliance is placed entirely upon the certificates provided by the national authorities and that the Joint Undertaking does not perform any other checks to ensure the legality and regularity of the expenses declared by the beneficiaries; urges the Joint Undertaking to establish an *ex ante* verification mechanism in order to avoid errors and/or fraud in the expenses declared;

8. Notes that the *ex post* audit of cost claims related to projects has been fully delegated to the Member States; is therefore of the opinion that the Joint Undertaking will have difficulties in ensuring that the financial interests of its members are adequately protected and that the underlying transactions are legal and regular; calls on the Joint Undertaking to reconsider its strategy towards the *ex post* audit of cost claims and to inform the discharge authority on the mechanism implemented to ensure compliance with Article 12 of its Founding Regulation (EC) No 74/2008;

9. Notes the Court of Auditors' finding that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission; stresses, however, that the strategic IT planning and monitoring cycle, the security policies and rules, IT Risk management and Business Continuity Plan and Disaster Recovery Plan is lagging behind; calls on the Joint Undertaking to remedy the situation and provide the discharge authority with an up-to-date report on the matter;

10. Takes note that the Accounting Officer of the Joint Undertaking validated the financial and accounting systems (ABAC and SAP); notes, however, that the underlying business processes were not validated, in particular the one providing financial information about the validation and payment of the cost claims received from the national authorities; asks the Joint Undertaking to inform the discharge authority on the state of validation of the underlying business processes;

Internal audit

11. Takes note that the Joint Undertaking's financial rules have not yet been amended to include the provision referring to the powers of the Commission's internal auditor regarding the general budget as a whole;

12. Notes, however, that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission's Internal Audit Service and the Joint Undertaking's internal auditing function are clearly defined;

Call for proposals and projects negotiations

13. Acknowledges from the AAR that the Joint Undertaking's Call 2010 was published on 26 February 2010 and that 73 proposals for research projects were submitted in response to Project Outline (PO) phase of this Call, of which 72 satisfied the eligibility criteria; notes that the 11 selected proposals range in size from EUR 45 000 000 to EUR 3 400 000, with four projects of EUR 15 000 000 or more, representing 66 % of the total investment; notes, however, that of the original 11 projects for which the Executive Director was mandated to negotiate, one had to be deemed irrevocably unsuccessful, leaving a total of 10 projects successfully negotiated;

14. Notes the introduction of the concept of 'Maturity Index' during the Call 2010; understands that the tool, which aims to help further analysis, was used at PO phase to judge the subjective quality of the POs and to observe the level of maturity of the response of the Artemis community to the work programme;

15. Establishes from the AAR that with regards to the negotiation and start of R & D projects, some delay was recorded in the delivery of the 'production environment' for the Joint Undertaking contract negotiations due to some change of priority in the Commission's services responsible for the management of the FP7 IT tools; takes note from the Joint Undertaking that the technical delay is under control and that a fully operational production environment was expected to be delivered by mid-January 2011; notes, however, that as a mitigating action to prevent further delays in the Joint Undertaking contract negotiations, a back-up solution based on manual processing is in place that would allow the closure of all negotiations in the first quarter 2011 (assuming that national contracts are signed), in case the IT tools were not yet ready;

16. Ascertains from the AAR that at year-end 2010 the Joint Undertaking grant agreements were signed for the 13 projects of Call 2009 and that all projects were launched;

17. Considers that it is positive that the Joint Undertaking monitored and reviewed the 2008 Calls projects; observes, however, that the evaluation of the projects' outcomes often lack details to assess their performance; notes in particular that the outcomes of the projects CHARTER, eDIANA, SYSMODEL, iLAND, INDEXYS, CHESS and CESAR are only rated as 'positive'; calls on the Joint Undertaking to develop and implement more precise performance indicators for the future monitoring and review of its projects;

Performance

18. Notes from the AAR that the Commission's report on the first interim evaluation of the Artemis and ENIAC Joint Technology Initiatives was adopted on 16 December 2010;

19. Underlines that the interim evaluation formulated three recommendations to the Joint Undertaking:

— to solve the 'free riding' problem, the Joint Undertaking should establish a system where each non-member beneficiary pays a percentage of its Union contribution as a fee to the costs of the Joint Undertaking;

— the evaluation and selection processes should be modified to improve the match of the portfolio of supported projects to the strategic European aims of the programme;

— Member States and the Industrial Associations should work together to establish processes whereby potential proposers can be given early, constructive feedback on their prospects for support;

asks the Joint Undertaking to inform the discharge authority about the measures introduced following the results of this first interim evaluation;

20. Takes note of the Commission's proposal establishing the Specific Programme Implementing Horizon 2020 — The Framework Programme for Research and Innovation (2014-2020) — where the Commission raises a possibility of combining Artemis and ENIAC Joint Undertakings into one initiative and the possibility to set up new Joint Undertakings in the context of implementing the 'Societal challenges' part of Horizon 2020; calls on the Commission to keep the discharge authority informed about this matter;

Lack of host State agreement

21. Reiterates that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it as provided by its Founding Regulation (EC) No 74/2008;

Horizontal observations on the Joint Undertakings

22. Underlines that seven Joint Undertakings have so far been established by the Commission under Article 187 of the Treaty on the Functioning of the European Union; notes that six Joint Undertakings (IMI, Artemis, ENIAC, Clean Sky, FCH and ITER-F4E) are in the research area under the Commission's DGs RTD and INFSO and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE;

23. Notes that the total indicative resources deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 21 793 000 000;

24. Notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11 489 000 000;

25. Notes that, for the financial year 2010, the overall Union contribution to the budget of the Joint Undertakings amounted to EUR 505 000 000;

26. Calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers;

27. Welcomes the initiative of Artemis to include information in its AAR on the monitoring and review of its ongoing projects; believes this is a practice that should be followed by the other Joint Undertakings;

28. Recalls that Joint Undertakings are public–private partnerships and that as a consequence public and private interests are intertwined; is of the opinion that under the circumstances the likelihood of conflicts of interest should not be dismissed but addressed properly; calls therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest;

29. Notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically concentrated; believes therefore that they should pool their resources where possible;

30. Calls on the Court of Auditors to provide the discharge authority with a follow-up on the comments it has made for each of the Joint Undertakings in their respective report on the annual accounts for the financial year 2011;

31. Invites the Court of Auditors to provide, within a reasonable deadline, a special report to the Parliament, on the added value of the establishment of the Joint Undertakings for the efficient execution of Union research, technological development and demonstration programmes; further notes that the same report should include an assessment of the effectiveness of the Joint Undertakings' establishment.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the Artemis Joint Undertaking for the financial year 2010

(2012/605/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Artemis Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Artemis Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking [1],

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 — C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 74/2008 of 20 December 2007 on the establishment of the ARTEMIS Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems [3], and in particular Article 11(4) 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0109/2012),

1. Approves the closure of the accounts of the Artemis Joint Undertaking for the financial year 2010;

2. Instructs its President to forward this Decision to the Executive Director of the Artemis Joint Undertaking, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 368, 16.12.2011, p. 1.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 30, 4.2.2008, p. 52.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Clean Sky Joint Undertaking for the financial year 2010

(2012/606/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Clean Sky Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Clean Sky Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 71/2008 of 20 December 2007 setting up the Clean Sky Joint Undertaking ([3]), and in particular Article 11(4) thereof,

— having regard to the Financial Rules of the Clean Sky Joint Undertaking adopted by Decision of its Governing Board on 7 November 2008,

— having regard to Opinion No 2/2011 on the Clean Sky Joint Undertaking's Financial Rules, delivered by the Court of Auditors on 8 February 2011,

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0115/2012),

1. Grants the Executive Director of the Clean Sky Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010;

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 Clean Sky Joint Undertaking, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 368, 16.12.2011, p. 8.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 30, 4.2.2008, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Clean Sky Joint Undertaking for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Clean Sky Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Clean Sky Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking [1],

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 71/2008 of 20 December 2007 setting up the Clean Sky Joint Undertaking [3], and in particular Article 11(4) thereof,

— having regard to the Financial Rules of the Clean Sky Joint Undertaking adopted by Decision of its Governing Board on 7 November 2008,

— having regard to Opinion No 2/2011 on the Clean Sky Joint Undertaking's Financial Rules, delivered by the Court of Auditors on 8 February 2011,

— 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0115/2012),

A. whereas the Clean Sky Joint Undertaking ('the Joint Undertaking') was set up in December 2007 for a period of 10 years to accelerate the development, validation and demonstration of clean air transport technologies in the Union for earliest possible deployment,

B. whereas the Joint Undertaking started to work autonomously in November 2009,

C. whereas the Court of Auditors states that it has obtained reasonable assurances that the Joint Undertaking's annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

[1] OJ C 368, 16.12.2011, p. 8.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 30, 4.2.2008, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

D. whereas the maximum contribution for the period of 10 years from the Union to the Joint Undertaking is EUR 800 000 000 to be paid from the budget of the Seventh Research Framework Programme,

E. whereas the budget of the Joint Undertaking for the financial year 2010 amounted to EUR 168 553 053,

Budget and Financial Management

1. Notes that the structure and presentation of the Joint Undertaking's 2010 budget were not in line with the requirements of its founding Regulation (EC) No 71/2008 nor with its Financial Rules; understands from the Joint Undertaking that the structure and presentation of the budget have been adapted in the 2011 budget; calls on the Court of Auditors to assure the discharge authority that the structure and presentation of the Joint Undertaking's budget are now fully in line with its Founding Regulation (EC) No 71/2008 and its Financial Rules;

2. Acknowledges that the Joint Undertaking's final budget included commitment appropriations of EUR 168 000 000 and payment appropriations of EUR 129 000 000;

3. Highlights from the final annual accounts of the Joint Undertaking that while the utilisation rate for commitment appropriations was 96 %, the rate for payment appropriations was only 58 %; notes with concern that it reflects the significant delays in the implementation of the activities as compared with the initial plan;

4. Is concerned about the low implementation of the budget of the Joint Undertaking for the financial year 2010 and regrets the EUR 53 000 000 cash balance, at the end of the year representing 41 % of the available payment appropriations;

Internal Control Systems

5. Notes from the Court of Auditors that the Joint Undertaking has not completely implemented its internal controls and financial information systems during 2010 and that further work is needed on the *ex-ante* control procedures applied for the validation of cost claims; urges the Joint Undertaking to implement the necessary measures for finalising its internal controls and financial information systems;

6. Acknowledges from its 2010 Annual Activity Report (AAR) that the Joint Undertaking created a checklist for the Integrated Technology Demonstrators to improve the quality of the submitted cost claims and to clarify the reporting needs for certain aspects of claims;

7. Recognises that the Joint Undertaking rejected cost claims in cases where a member or an associate did not submit the required audit certificate in accordance with the terms of reference of the grant agreements; notes in particular from the Final Account that in 2010 the Joint Undertaking has validated costs claimed by members for the execution of projects in 2008 and 2009 and that the assessment of the eligibility of certain costs resulted in the rejection of approximately 11 % of the expenses; notes with satisfaction that overpaid pre-financing was recovered by the Joint Undertaking;

8. Notes that the Court of Auditors stated that, when validating the cost claims, the Joint Undertaking did not take into account exceptions included in the audit certificates in four cases; calls therefore on the Joint Undertaking to take into due account the exceptions included in the audit certificates when validating the underlying cost claims;

9. Establishes from the AAR that the Joint Undertaking has developed an *ex-post* audit strategy which was adopted in December 2010; calls on the Joint Undertaking to inform the discharge authority about the level of implementation of the strategy and on the results achieved; asks the Court of Auditors, in addition, to evaluate the strategy and inform the discharge authority about its conclusions;

10. Ascertains from the AAR that the Joint Undertaking, together with the Innovative Medicines Initiative Joint Undertaking and the Fuel Cells and Hydrogen Joint Undertaking, launched the procurement procedure for *ex-post* audit services from external firms; notes that the first *ex-post* audits were to take place in the second quarter of 2011 following the signature of the contracts with the winning tenderers;

11. Notes the Court of Auditors' finding that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission; stresses, however, that the formalisation of policies and procedures in strategic IT planning and monitoring cycle, security policies and rules, IT Risk management, Business Continuity Plan and Recovery Plan is lagging behind; calls on the Joint Undertaking to remedy the situation and provide the discharge authority with an up-to-date report on the matter;

12. Takes note that the Joint Undertaking's Accounting Officer validated the financial and accounting systems (ABAC and SAP); notes however that the underlying business processes were not validated, in particular the system providing financial information about the validation of the cost claims; calls on the Joint Undertaking to remedy the situation and provide the discharge authority with an up-to-date report on the matter;

13. Welcomes the fact that the Joint Undertaking adopted a comprehensive strategic internal audit plan for the period 2010-2012; regrets, nevertheless, that some of the key processes, such as the *ex-ante* validation of the cost claims and the *ex-post* audits were not planned to start before 2011;

Call for Proposals and Projects Negotiations

14. Notes from the Joint Undertaking that it has launched five Calls in 2010; notices that the statistics related to these Calls, which were supposed to be included in Annex 6, are missing from the AAR; urges the Joint Undertaking to publish them;

15. Acknowledges from the AAR that the Joint Undertaking invited three different observers in 2010 to ensure transparency in the evaluation process; notes from the Joint Undertaking that each of them had full access to all stages of the evaluation and to consensus meetings;

16. Calls on the Joint Undertaking to inform the discharge authority about the verification mechanisms that it implements to ensure the full independence of experts and observers and therefore to mitigate the risks of conflicts of interest during the evaluation of tenders;

17. Underlines that the Joint Undertaking mentioned in its AAR that the observers' evaluation reports were available on its website; regrets however that this is not the case and calls therefore on the Joint Undertaking to publish these reports immediately;

Protection of Intellectual Property

18. Points out that, at the end of 2010, the Joint Undertaking had not yet completed the internal procedures to supervise the application of the provisions included in the consortium and grant agreements regarding the protection, use and dissemination of research results;

Performance

19. Notes that the first interim evaluation by the Commission of the Joint Undertaking took place at the end of 2010; acknowledges that the interim evaluation identified the following weaknesses:

— the accumulation of significant delays compared to the initial plans due to difficulties in establishing the Joint Undertaking's internal procedures and regulations as well as building up the teams,

— delays of a technical nature identified by the 'bottom-up' work plan in June 2010,

— the lack of preparedness, both at administrative and technical levels, when starting the Joint Undertaking;

20. Observes that the first interim evaluation draw a list of 34 recommendations to the Joint Undertaking and a list of 8 recommendations to its Management Board; asks the Joint Undertaking to inform the discharge authority on the measures introduced following the results of this first interim evaluation;

Internal Audit

21. Takes note that the Joint Undertaking's Financial Rules have not yet been amended to include a provision referring to the powers of the Commission's internal auditor regarding the general budget as a whole;

22. Notes however that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission's Internal Audit Service and the Joint Undertaking's internal auditing function are clearly defined;

Lack of Host State Agreement

23. Reiterates that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it as provided by its Founding Regulation (EC) No 71/2008; remarks the Joint Undertaking's response that a draft of the Host state agreement has been submitted to the Belgian Government for approval.

Horizontal Observations on the Joint Undertakings

24. Underlines that seven Joint Undertakings have so far been established by the Commission under Article 187 of the Treaty on the Functioning of the European Union; notes that six Joint Undertakings (IMI, Artemis, ENIAC, Clean Sky, FCH and ITER-F4E) are in the research area under the Commission's DGs RTD and INFSO and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE;

25. Notes that the total indicative resources deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 21 793 000 000;

26. Notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11 489 000 000;

27. Notes that, for the financial year 2010, the overall Union contribution to the budget of the Joint Undertakings amounted to EUR 505 000 000;

28. Calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers;

29. Welcomes the initiative of Artemis to include information in its AAR on the monitoring and review of its ongoing projects; believes this is a practice that should be followed by the other Joint Undertakings;

30. Recalls that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined; is of the opinion that under the circumstances the likelihood of conflicts of interest should not be dismissed but addressed properly; calls therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest;

31. Notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically-concentrated; believes therefore that they should pool their resources where possible;

32. Calls on the Court of Auditors to provide the discharge authority with a follow-up on the comments it has made for each of the Joint Undertakings in their respective report on the annual accounts for the financial year 2011;

33. Invites the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings for the efficient execution of Union research, technological development and demonstration programmes; further notes that the same report should include an assessment of the effectiveness of the Joint Undertakings' establishment.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the Clean Sky Joint Undertaking for the financial year 2010

(2012/607/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Clean Sky Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Clean Sky Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 — C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 71/2008 of 20 December 2007 setting up the Clean Sky Joint Undertaking ([3]), and in particular Article 11(4) thereof,

— having regard to the Financial Rules of the Clean Sky Joint Undertaking adopted by Decision of its Governing Board on 7 November 2008,

— having regard to Opinion No 2/2011 on the Clean Sky Joint Undertaking's Financial Rules, delivered by the Court of Auditors on 8 February 2011,

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0115/2012),

1. Approves the closure of the accounts of the Clean Sky Joint Undertaking for the financial year 2010;

2. Instructs its President to forward this Decision to the Executive Director of the Clean Sky Joint Undertaking, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 368, 16.12.2011, p. 8.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 30, 4.2.2008, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2010

(2012/608/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the ENIAC Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 72/2008 of 20 December 2007 setting up the ENIAC Joint Undertaking ([3]),

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0112/2012),

1. Grants the Executive Director of the ENIAC Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010;

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 ENIAC Joint Undertaking, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 368, 16.12.2011, p. 48.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 30, 4.2.2008, p. 21.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the ENIAC Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 72/2008 of 20 December 2007 setting up the ENIAC Joint Undertaking ([3]),

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0112/2012),

A. whereas the ENIAC Joint Undertaking ('the Joint Undertaking') was set up in 20 December 2007 for a period of 10 years to define and implement a 'research agenda' for the development of key competences for nanoelectronics across different application areas,

B. whereas the Joint Undertaking was granted its financial autonomy in July 2010,

C. whereas the Joint Undertaking is in a start-up phase and had not yet fully established its internal control and financial reporting systems by the end of 2010,

D. whereas the Court of Auditors in its reports on the annual accounts of the Joint Undertaking for the financial year 2010, qualified its opinion with regard to the reliability of the accounts on the grounds that the Joint Undertaking has not included in the accounts the Budgetary Outturn Account and its reconciliation to the Economic Outturn Account,

E. whereas the Court of Auditors in its reports on the annual accounts of the Joint Undertaking for the financial year 2010 states that it has obtained reasonable assurance that the underlying transactions are legal and regular,

([1]) OJ C 368, 16.12.2011, p. 48.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 30, 4.2.2008, p. 21.
([4]) OJ L 357, 31.12.2002, p. 72.

F. whereas the maximum contribution for the period of 10 years from the Union to the Joint Undertaking is EUR 450 000 000 to be paid from the budget of the seventh research framework programme,

G. whereas the budget of the Joint Undertaking for the financial year 2010 amounted to EUR 38 440 000,

Reliability of the Joint Undertaking's accounts

1. Is concerned that the Joint Undertaking received a qualified opinion from the Court of Auditors on the reliability of the accounts, on the grounds that it has not included in the accounts the Budgetary Outturn Account and its reconciliation to the Economic Outturn Account as required by EC Accounting Rule 16 'Presentation of budget information in the annual accounts';

2. Notes from the Joint Undertaking that the qualified opinion is due to the fact that the Joint Undertaking and the Court of Auditors referred to different dates to establish when the Joint Undertaking started to work autonomously;

Budget and financial management

3. Acknowledges that the Joint Undertaking's budget was managed by DG INFSO from 1 January 2010 to 4 May 2010; notes that the administrative appropriations were transferred to the Joint Undertaking in May 2010 but that the operational budget lines were not transferred and remained inaccessible in the accounting system until the Joint Undertaking was officially granted financial autonomy on 26 July 2010; highlights that the Joint Undertaking acquired the capacity to implement its own budget from 22 September 2010 with the transfer of appropriations for the operational activities;

4. Notes from the Joint Undertaking that the final budget included commitment and payment appropriations amounting to EUR 38 440 000, of which EUR 36 168 000 is devoted to the Call 2010;

5. Acknowledges that the utilisation rates for the available commitment and payment appropriations were 99 % and 24 % respectively; is concerned about the low implementation rate of the payments' budget and, moreover, about the underlying activities of the Joint Undertaking; underlines that the cash balance stood at EUR 20 000 000 at the end of the year representing 53 % of the available payment appropriations for 2010;

6. Remarks that the low implementation of the payment appropriations is the result of the delayed transfer of the operational activities and the corresponding funding from the Commission to the Joint Undertaking;

7. Notes from comments of the Joint Undertaking that a Manual of Procedures ensuring segregation of duties has been elaborated and has enabled the identification of the five following exceptions that happened in the initial phase of implementing the own budget:

— three contracts signed while the ABAC transactions were still progressing towards completion, because the duration of the ABAC procedure had been underestimated,

— one contract linked to an existing commitment has been signed prior to determining that it required a new commitment,

— one missing contract has been discovered during the handover at autonomy and has been signed after the first payments were approved,

takes note that the corrective actions have been implemented and no further exceptions were recorded;

Internal control systems

8. Urges the Joint Undertaking to complete its internal controls and financial information systems; calls on the Joint Undertaking in particular, to establish and document important elements of its internal control system, such as accounting procedures and controls relating to the closure of the accounts and to the recognition and measurement of the operational expenditure;

9. Notes the Court of Auditors' finding that control weaknesses were detected in the area of *ex-ante* financial verification of pre-financing payments, in particular regarding the calculation and validation of the amounts paid; underlines that full reliance was placed on the certificates received from the National Funding Authorities for pre-financing payments and for acceptance of costs and that no other checks were performed to ensure the legality and regularity of the expenses declared;

10. Notes that the *ex-post* audit of cost claims related to the projects has been fully delegated to the Member States; finds it important, nevertheless, that the Joint Undertaking ensures that the financial interests of its members are adequately protected and that the underlying transactions are legal and regular; is therefore of the opinion that the Joint Undertaking will have difficulties in ensuring that the financial interests of its members are adequately protected and that the underlying transactions are legal and regular; calls on the Joint Undertaking to reconsider its strategy of *ex-post* audit of cost claims and to inform the discharge authority of the mechanism implemented to ensure compliance with Article 12 of its Founding Regulation (EC) No 72/2008;

11. Takes note that the Accounting Officer of the Joint Undertaking validated the financial and accounting systems (ABAC and SAP); notes however that the underlying business processes were not validated, in particular the one providing financial information about the validation and payment of the cost claims received from the national authorities; asks the Joint Undertaking to inform the discharge authority about the state of validation of the underlying business processes;

12. Notes the Court of Auditors' finding that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission; stresses, however, that the IT strategic planning cycle, the data classification according to confidentiality and integrity requirements and Disaster Recovery Plan is lagging behind; calls on the Joint Undertaking to remedy the situation and provide the discharge authority with an up-to-date report on the matter;

Internal audit

13. Takes note that the Joint Undertaking's financial rules have not yet been amended to include the provision referring to the powers of the Commission's internal auditor regarding the general budget as a whole;

14. Notes, however, that the mission charter of the Commission's Internal Audit Service was adopted by the Governing Board of the Joint Undertaking;

Delayed financial autonomy

15. Reiterates that the Joint Undertaking was set up in February 2008 but started to work autonomously in July 2010; expresses its great concern that the Joint Undertaking has used one quarter of its envisaged duration, up to 31 December 2017, to achieve financial autonomy; notes that it was just after September 2010, when the cash transfer from the Commission to the Joint Undertaking covering the operational appropriations was made, that the Joint Undertaking was able to make operational payments; insists that these delays should not, however, cause a prolongation of the 10-year period of its existence but should embolden the management of the Joint Undertaking to address all shortcomings and reach its objectives within the envisaged 10-year period;

Call for proposals and project management

Call 2010

16. Notes from the Joint Undertaking that the response to Call 3 for proposals has been strong; takes note that 10 proposals have been selected for funding but that 11 projects above threshold could not be funded because the available budget had been exhausted;

Calls 2008 and 2009

17. Is deeply concerned by the slow progression of the projects under Call 1 (2008) and Call 2 (2009);

18. Notes from the Joint Undertaking's 2010 Annual Activity Report (AAR) that for Call 1 the situation at year-end 2010 is as follows:

— of the total 166 partners, six partners (3,6 %) did not have an National Grants Agreements mainly due to paperwork in progress after changes,

— 15,1 % of the partners (25, mainly Italian partners) have closed a National Grants Agreements but did not sign the Accession Form;

19. Acknowledges from comments of the Joint Undertaking that the contracts progressed even slower for the projects arising from Call 2 for which only six Joint Undertaking Grant agreements could be signed before the end of 2010 while the remaining five projects have been delayed for the following reasons:

— three projects have Italian project coordinators who are still waiting for the national decree and did not agree to be replaced by partners from other countries,

— the SMART project has been redefined after France cancelled funding due to budgetary cuts several months after the Public Authorities Board funding decision,

— Mirandela was ready for signature but had a last minute change in the responsible person authorised to sign;

20. Establishes from the AAR that since the inception of the programme until the end of 2010, the Joint Undertaking executed more than 300 grant payments for a total of EUR 9 800 000; notes that the Joint Undertaking considers the situation of contracts and payments unacceptable and decided to take actions to:

— make sure that the entities involved in the process are knowledgeable on the procedures,

— clarify the sequence of events and the exchanges that must take place with the National Funding Authorities,

— define steps to be taken and accelerate the procedures,

— follow up on the progress through visits to the national entities to review status or clarify procedures;

21. Calls on the Joint Undertaking to provide the discharge authority with:

— an up-to-date report on the current situation regarding projects under Calls 1 and 2 in terms of progression of contract settlement and grant payments,

— an evaluation report on the measures undertaken to speed-up the contracting and payment process and the progress achieved through their implementation,

— an up-to-date report on the current situation regarding the projects under Call 3 both in terms of contracting and payment;

Performance

22. Notes from the AAR that the Commission's report on the first interim evaluation of the Artemis and ENIAC Joint Technology Initiatives was adopted on 16 December 2010;

23. Underlines that the interim evaluation formulated three recommendations to the Joint Undertaking:

— to solve the 'free riding' problem, the Joint Undertaking should establish a system where each non-member beneficiary pays a percentage of its Union contribution as a fee to the costs of the Joint Undertaking,

— the evaluation and selection processes should be modified to improve the match of the portfolio of supported projects to the strategic European aims of the programme,

— Member States and the Industrial Associations should work together to establish processes whereby potential proposers can be given early, constructive feedback on their prospects for support,

asks the Joint Undertaking to inform the discharge authority about the measures introduced following the results of this first interim evaluation;

24. Notes that the Joint Undertaking considers the underspending of its operational budget as the most important issue affecting its ability to fulfil its mission; notes that as a consequence the Joint Undertaking engaged in 2010 in identifying action items that would induce a positive evolution of the situation, including:

— the stimulation of the definition of strategically relevant projects,

— the identification of national programmes that would benefit from being elevated in a European context,

— the engagement of additional national funding entities,

— the optimisation of the funding split between Eureka cluster Catrene and the Joint Undertaking,

calls on the Joint Undertaking to inform the discharge authority of the state of implementation of these action items and on the results achieved;

25. Takes note of the Commission's proposal establishing the Specific Programme Implementing Horizon 2020 — The Framework Programme for Research and Innovation (2014-2020) — where the Commission raises a possibility of combining Artemis and ENIAC into one initiative and the possibility to set up new Joint Undertakings in the context of implementing the 'Societal challenges' part of Horizon 2020; calls on the Commission to keep the discharge authority informed on this matter;

Lack of host State agreement

26. Reiterates that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it as provided by its Founding Regulation (EC) No 72/2008;

Horizontal observations on the Joint Undertakings

27. Underlines that seven Joint Undertakings have so far been established by the Commission under Article 187 of the Treaty on the Functioning of the European Union; notes that six Joint Undertakings (IMI, Artemis, ENIAC, Clean Sky, FCH and ITER-F4E) are in the research area under the Commission's DGs RTD and INFSO and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE;

28. Notes that the total indicative resources deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 21 793 000 000;

29. Notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11 489 000 000;

30. Notes that, for the financial year 2010, the overall Union contribution to the budget of the Joint Undertakings amounted to EUR 505 000 000;

31. Calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers;

32. Welcomes the initiative of Artemis to include information in its AAR on the monitoring and review of its ongoing projects; believes this is a practice that should be followed by the other Joint Undertakings;

33. Recalls that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined; is of the opinion that under the circumstances the likelihood of conflicts of interest should not be dismissed but addressed properly; calls therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest;

34. Notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically-concentrated; believes therefore that they should pool their resources where possible;

35. Calls on the Court of Auditors to provide the discharge authority with a follow-up on the comments it has made for each of the Joint Undertakings in their respective report on the annual accounts for the financial year 2011;

36. Invites the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings for the efficient execution of Union research, technological development and demonstration programmes; further notes that the same report should include an assessment of the effectiveness of the Joint Undertakings' establishment.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the ENIAC Joint Undertaking for the financial year 2010

(2012/609/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the ENIAC Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 — C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 72/2008 of 20 December 2007 setting up the ENIAC Joint Undertaking ([3]),

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0112/2012),

1. Approves the closure of the accounts of the ENIAC Joint Undertaking for the financial year 2010;

2. Instructs its President to forward this Decision to the Executive Director of the ENIAC Joint Undertaking, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 368, 16.12.2011, p. 48.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 30, 4.2.2008, p. 21.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010

(2012/610/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking [1],

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 521/2008 of 30 May 2008 setting up the Fuel Cells and Hydrogen Joint Undertaking [3],

— having regard to Council Regulation (EU) No 1183/2011of 14 November 2011 amending Regulation (EC) No 521/2008 setting up the Fuel Cells and Hydrogen Joint Undertaking [4],

— 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 on the Financial Regulation applicable to the general budget of the European Communities [5], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0110/2012),

1. Grants the Executive Director of the Fuel Cells and Hydrogen Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010;

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 Fuel Cells and Hydrogen Joint Undertaking, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

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[1] OJ C 368, 16.12.2011, p. 40.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 153, 12.6.2008, p. 1.
[4] OJ L 302, 19.11.2011, p. 3.
[5] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 521/2008 of 30 May 2008 setting up the Fuel Cells and Hydrogen Joint Undertaking ([3]),

— having regard to Council Regulation (EU) No 1183/2011 of 14 November 2011 amending Regulation (EC) No 521/2008 setting up the Fuel Cells and Hydrogen Joint Undertaking ([4]),

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([5]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0110/2012,

A. whereas the Fuel Cells and Hydrogen Joint Undertaking ('the Joint Undertaking') was set up in May 2008 for a period until 31 December 2017 to focus on developing market applications and hence facilitating additional industrial efforts towards a rapid deployment of fuel cells and hydrogen technologies,

B. whereas the Joint Undertaking enjoyed financial autonomy only from November 2010,

C. whereas the Court of Auditors states that it has obtained reasonable assurances that the Joint Undertaking's annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

([1]) OJ C 368, 16.12.2011, p. 40.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 153, 12.6.2008, p. 1.
([4]) OJ L 302, 19.11.2011, p. 3.
([5]) OJ L 357, 31.12.2002, p. 72.

D. whereas the Founding Members of the Joint Undertaking are the Union represented by the Commission, and the European Fuel Cell and Hydrogen Joint Technology Initiative Industry Grouping (Industry Grouping),

E. whereas the maximum contribution for the entire period from the Union to the Joint Undertaking is EUR 470 000 000 to be paid from the budget of the Seventh Research Framework Programme,

F. whereas the budget of the Joint Undertaking for the financial year 2010 amounted to EUR 97 400 000,

Budget and Financial Management

1. Notes from the final annual accounts of the Joint Undertaking for the financial year 2010 that the its budget was managed by DG RTD from 1 January 2010 to 14 November 2010; takes note that the Joint Undertaking became autonomous on 15 November 2010;

2. Acknowledges from the final annual accounts that during the year 2010 the Joint Undertaking has carried out two budget amendments; acknowledges in particular that:

— the first budget amendment aimed at restructuring the expenditure lines according to the needs of the Joint Undertaking and at redistributing the revenue taking into account the late autonomy of the Joint Undertaking in 2010;

— the second budget amendment merged two income lines based on a request from the Commission;

3. Establishes from the final annual accounts that in 2010 the Executive Director authorised three budget transfers representing a total of 0,11 % of the payment appropriations for 2010;

4. Notes from the final annual accounts that for 2010 the Joint Undertaking had a budget execution rate of 99,01 % in terms of commitment appropriations and of 88,7 % in terms of payment appropriations; takes note in particular of:

— the low execution rate on Staff appropriations both in terms of commitment and payment appropriations, i.e. 19,14 % and 13,63 % respectively, which is mainly due to delays in recruitment;

— the low execution rate on Infrastructure payment appropriations, i.e. 15,39 %, related to the late autonomy of the Joint Undertaking;

asks the Joint Undertaking to explain to the discharge authority the delays in recruitment; urges the Joint Undertaking, moreover, to inform the discharge authority about the measures adopted and implemented to redress the situation and enable a greater execution rate of its budget both in terms of commitments and payments;

5. Notes that all the 2010 operational payments to beneficiaries were made during the last six weeks of 2010;

Internal Control Systems

6. Calls on the Joint Undertaking and in particular its Accounting Officer to formalise and validate the underlying business processes as required by its financial rules;

7. Notes the Court of Auditors' finding that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission; stresses, however, that the formalisation of policies and procedures in strategic IT planning cycle, data classification according to confidentiality and integrity requirements and Business Continuity Plan and Disaster Recovery Plan is lagging behind; calls on the Joint Undertaking to remedy the situation and provide the discharge authority with an up-to-date report on the matter;

8. Reiterates that the Joint Undertaking was set up in May 2008 but started to work autonomously on November 2010; expresses its concern that the methodology for evaluating contributions in-kind, in compliance with its financial rules and based on the Rules for Participation of the Seventh Research Framework Programme, has not yet been developed; notes from the Joint Undertaking's reply to the Court of Auditors that it has drafted a methodology in the second quarter of 2011 and that it was submitted to the Governing Board for adoption in November 2011; calls on the Joint Undertaking to update the discharge authority about the latest developments concerning the adoption and implementation of the methodology;

Internal Audit

9. Takes note that the Joint Undertaking's financial rules have not yet been amended to include a provision referring to the powers of the Commission's internal auditor regarding the general budget as a whole;

10. Notes, however, that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission's Internal Audit Service and the Joint Undertaking's internal auditing function are clearly defined;

Call for Proposals and Project Management

11. Notes from the Joint Undertaking's Annual Activity Report (AAR) that during 2009 the Joint Undertaking finalised the selection process for the Call for Proposals 2009 by signing Grant Agreement for 28 projects and that first payments were made, for all project consortia but one, by year-end 2010;

12. Establishes from the AAR that the Call for Proposals 2010 was published on 18 June 2010 and that the Joint Undertaking's financial contribution to the Call was EUR 89 100 000; takes note that 71 proposals were submitted by the deadline of which 43 passed the evaluation thresholds and that the contract negotiations took place in 2011;

13. Asks the Joint Undertaking to provide the discharge authority with:

— an up-to-date report on the current situation regarding projects under Calls for Proposals 2009 in terms of payments and preliminary results;

— an up-to-date report on the current situation regarding the projects under Call for Proposals 2010 both in terms of contracting and payment;

14. Acknowledges that the evaluation of the Call for Proposal 2010 was carried out by 32 independent experts and a chairperson, and that two independent observers monitored that the evaluation procedure was carried out in a fair, impartial and confidential manner; calls on the Joint Undertaking to inform the discharge authority on the verification mechanisms that it implements to ensure the full independence of experts and observers and therefore to mitigate the risks of conflicts of interests during the evaluation of tenders;

Lack of host State agreement

15. Reiterates that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it as provided by its Founding Regulation (EC) No 521/2008;

Horizontal observations on the Joint Undertakings

16. Underlines that seven Joint Undertakings have so far been established by the Commission under Article 187 of the Treaty on the Functioning of the European Union; notes that six Joint Undertakings (IMI, Artemis, ENIAC, Clean Sky, FCH and ITER-F4E) are in the research area under the Commission's DGs RTD and INFSO and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE;

17. Notes that the total indicative resources deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 21 793 000 000;

18. Notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11 489 000 000;

19. Notes that, for the financial year 2010, the overall Union contribution to the budget of the Joint Undertakings amounted to EUR 505 000 000;

20. Calls on the European Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers;

21. Welcomes the initiative of Artemis to include information in its AAR on the monitoring and review of its ongoing projects; believes this is a practice that should be followed by the other Joint Undertakings;

22. Recalls that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined; is of the opinion that under the circumstances the likelihood of conflicts of interest should not be dismissed but addressed properly; calls therefore on the Joint Undertakings to inform the discharge authority about the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest;

23. Notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically-concentrated; believes therefore that they should pool their resources where possible;

24. Calls on the Court of Auditors to provide the discharge authority with a follow-up on the comments it has made for each of the Joint Undertakings in their respective report on the annual accounts for the financial year 2011;

25. Invites the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings for the efficient execution of Union research, technological development and demonstration programmes; further notes that the same report should include an assessment of the effectiveness of the Joint Undertakings' establishment.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010

(2012/611/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 — C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 521/2008 of 30 May 2008 setting up the Fuel Cells and Hydrogen Joint Undertaking ([3]),

— having regard to Council Regulation (EU) No 1183/2011 of 14 November 2011 amending Regulation (EC) No 521/2008 setting up the Fuel Cells and Hydrogen Joint Undertaking ([4]),

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([5]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0110/2012),

1. Approves the closure of the accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010;

2. Instructs its President to forward this Decision to the Executive Director of the Fuel Cells and Hydrogen Joint Undertaking, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 368, 16.12.2011, p. 40.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 153, 12.6.2008, p. 1.
([4]) OJ L 302, 19.11.2011, p. 3.
([5]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2010

(2012/612/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Innovative Medicines Initiative Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 73/2008 of 20 December 2007 setting up the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines ([3]), and in particular Article 11(4) 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0108/2012),

1. Grants the Executive Director of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010;

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 Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 368, 16.12.2011, p. 17.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 30, 4.2.2008, p. 38.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Innovative Medicines Initiative Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 73/2008 of 20 December 2007 setting up the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines ([3]), and in particular Article 11(4) thereof,

— having regard to the Financial Rules of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines adopted by Decision of its Governing Board on 2 February 2009,

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0108/2012),

A. whereas the Innovative Medicines Initiative Joint Undertaking ('the Joint Undertaking') was set up in December 2007 for a period of 10 years to significantly improve the efficiency and effectiveness of the drug development process with the long-term aim that the pharmaceutical sector produces more effective and safer innovative medicines,

B. whereas the Joint Undertaking started to work autonomously on 16 November 2009,

C. whereas the Court of Auditors states that it has obtained reasonable assurances that the annual accounts of the Joint Undertaking for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

([1]) OJ C 368, 16.12.2011, p. 17.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 30, 4.2.2008, p. 38.
([4]) OJ L 357, 31.12.2002, p. 72.

D. whereas the maximum contribution for the period of 10 years from the Union to the Joint Undertaking is EUR 1 000 000 000 to be paid from the budget of the Seventh Research Framework Programme,

E. whereas the budget of the Joint Undertaking for the financial year 2010 amounted to EUR 107 150 584,

Budget and Financial Management

1. Notes with concern that the budget of the Joint Undertaking for the financial year 2010 and the implementation plan were adopted by the Governing Board only on 16 March 2010 and therefore, for almost the entire first quarter of the year, the Joint Undertaking was obliged to use provisional twelfths budget rule to make payments;

2. Is concerned that the members of the Joint Undertaking could not establish and agree in due time the scientific priorities to be included in the annual implementation plan which delayed the launch of the 2010 annual call for proposals until 22 October 2010;

3. Notes that the 2010 final budget of the Joint Undertaking included commitment appropriations of EUR 107 150 584 and payment appropriations of EUR 29 009 840; notes that the utilisation rates for available commitment and payment appropriations were as low as 6 % and 35 %, respectively;

4. Is concerned about the low implementation rate of the budget and, moreover, about the underlying activities of the Joint Undertaking; underlines that the cash balance at year-end stood at EUR 70 731 612,03 representing 65 % of the available payment appropriations in 2010;

5. Notes that the Joint Undertaking argued that the low utilisation rates for commitment and payment appropriations and the high level of the cash balance were due to:

— the delays in the definition of the Joint Undertaking's scientific priorities and call topics, which led to delays in the publication of calls for proposals and in the related evaluation and selection process,

— the pre-financing payments to successful Call 3 collaborative projects which were made in 2011 instead of 2010 as originally budgeted because of delays within the selected consortia which affected the signature of grant agreements,

calls, nevertheless, on the Joint Undertaking and its members to take appropriate actions to ensure a timely definition of the scientific priorities and call topics and to enable the budget to be balanced in future financial years;

Evaluation of contributions in kind

6. Recalls that the Joint Undertaking was set up in December 2007 and started to work autonomously on 16 November 2009; expresses its grave concern that the methodology for evaluating contributions in-kind to be defined in the Joint Undertaking's internal rules and procedures in compliance with its financial rules has not yet been approved by the Governing Board and therefore the European Federation of Pharmaceutical Industries and Associations (EFPIA) members of the Joint Undertaking were unable to report on the costs incurred during the first reporting period as established in the grant agreements;

7. Notes from the Joint Undertaking's reply that there are ongoing consultations on the methodology to be used for the evaluation of in-kind contributions by member companies of EFPIA in the Joint Undertaking's projects and that individual reports on the in-kind contributions will be submitted following the approval by the Governing Board of the revised model grant agreement; urges the Joint Undertaking and its Governing Board to update the discharge authority about this matter;

Procurement Procedures

8. Establishes from its Annual Activity Report (AAR) that the Joint Undertaking has adopted in 2010 the 'IMI Guidelines for low-value procurement procedures' which aim to facilitate its compliance with the General Guide for Public Procurement of the European Commission and reflects the Public Procurement threshold levels set in its Financial Rules for Procurement Procedures;

9. Notes, in addition, that during 2010, the Joint Undertaking had two high-value Procurement Procedures, for the IT infrastructure and *ex-post* audits respectively, which led to framework contracts being published in the Official Journal; underlines that these procedures were launched jointly with other Joint Undertakings; finds the Joint Undertakings' initiative to issue joint procurement procedures interesting; believes that it would enable the Joint Undertakings to realise economies of scale and to save taxpayers' money; encourages the Joint Undertakings, therefore, to resort as often as possible to joint procurement procedures;

10. Acknowledges that the Joint Undertaking launched low value procurement procedures for the development of its website, for the organisation of communication events held during the year, and for the purchase of office furniture in the new premises;

11. Notes that as part of its legal obligations, the Joint Undertaking made available on its website a list of awarded contracts; notices that the list presents the contracts awarded from the creation of the Joint Undertaking until 31 October 2010; urges the Joint Undertaking to regularly update its list of contracts awarded;

Call for Proposals and Projects Negotiations

12. Recalls that the Joint Undertaking issued a third call for proposals which was launched on 22 October 2010;

13. Acknowledges that in 2010 the Joint Undertaking finalised the negotiation process for the second call for proposals and started to receive and pay cost claims from the beneficiaries participating in the projects funded under the first call for proposals, managed by the Commission, and launched on April 2008;

14. Notes from the Joint Undertaking's AAR that, in the framework of the second call for proposals, independent experts participated in the evaluation panels except for final assessment and without voting rights and that in addition the Executive Office of the Joint Undertaking invited independent observers to the two-stage evaluation process; calls on the Joint Undertaking to inform the discharge authority about the verification mechanisms that it implements to ensure the full independence of experts and observers and therefore to mitigate the risks of conflict of interests during the evaluation of tenders;

15. Takes note from the AAR that the independent observers are responsible for issuing a report for each stage of the evaluation process; notes also that an action plan based on the Independent Observers' Report of the Evaluation of Stage Two was published in September 2010 and that the Executive Office of the Joint Undertaking is implementing these actions for the third call for proposals; asks the Joint Undertaking to inform the discharge authority of the level of implementation of each of the measures included in the action plan;

16. Acknowledges from the Joint Undertaking that several implementing measures have been put in place in its operational processes to prevent conflicts of interest; notes in particular that any individual involved in the activities of the Joint Undertaking has to comply with well-established and enforced prescriptive rules; calls on the Joint Undertaking to develop an Action Plan with concrete measures and deadlines to prevent conflicts of interest and strengthen transparency and to provide it to the discharge authority;

Internal control systems

17. Urges the Joint Undertaking to complete its internal controls and financial information systems; calls on the Joint Undertaking in particular, to establish and document important elements of its internal control system like the accounting procedures and controls relating to the closure of accounts and the recognition and measurement of the operational expenditure;

18. Calls, in addition, on the Joint Undertaking and in particular its Accounting Officer to formalise and validate the underlying business processes in due time as required by the financial rules; notes the Joint Undertaking's response that validation of the underlying business processes supporting the accounting system was concluded in June 2011; calls on the Joint Undertaking to explain this delay to the discharge authority;

19. Notes the Court of Auditors' finding that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission; stresses, however, that the formalisation of policies and procedures in strategic IT planning and monitoring cycle, IT Risk management and Business Continuity Plan and Disaster Recovery Plan is lagging behind; urges the Joint Undertaking to develop an Action Plan with concrete measures and deadlines to speed up the formalisation of policies and procedures in the aforementioned areas and to report the progress achieved to the discharge authority;

20. Points out that the *ex-post* audit strategy of the Joint Undertaking was adopted by a Governing Board decision on 14 December 2010; urges the Joint Undertaking to implement the strategy without delay by carrying out on-the-spot checks and financial audits among the participants of the Research Activities funded by the Joint Undertaking and to submit to the discharge authority an annual report drawn up by its Executive Director with the conclusions of such audits, the recommendations made and the financial corrections imposed;

Internal Audit

21. Takes note that the Joint Undertaking's Financial Rules have not yet been amended to include the provision referring to the powers of the Commission's internal auditor regarding the general budget as a whole;

22. Notes, however, that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission's Internal Audit Service (IAS) and the Joint Undertaking's internal auditing function are clearly defined;

23. Notes comments from the Joint Undertaking that the need to further clarify the role of the IAS in the Joint Undertaking's Financial Rules will be assessed after the finalisation of the on-going revision of the Framework Financial Regulation;

24. Ascertains from the Joint Undertaking's 2010 AAR that it established its own Internal Audit Capability (IAC) in November 2010;

25. Acknowledges from the Joint Undertaking's reply to the Court of Auditors that the roles of the Joint Undertaking's internal audit function and the IAS were clarified and formalised through the approval, in March 2011, of the IAS and IAC Audit Charters; also takes note that a coordinated strategic audit plan for the period 2012-2014 is also being prepared to ensure that the impact of planned audits is optimised and any duplication of audit work between the IAS and IAC is minimised; calls therefore on the Joint Undertaking to inform the discharge authority about the state of preparation and implementation of the strategic audit plan for the period 2012-2014;

Performance

26. Notes that the Commission commissioned an interim review pursuant to Article 11(2) of the Joint Undertaking's Founding Regulation (EC) No 73/2008 and that the review focused on the quality, efficiency and contribution of the Joint Undertaking towards the achievement of set objectives;

27. Acknowledges that the interim evaluation identified certain weaknesses:

— internal governance structures are not yet working optimally,

— proactive communication activities have been lacking,

— the advisory potential of several stakeholders is not fully exploited,

— the lack of identified and used key performance indicators by the Joint Undertaking risks making the output of the whole initiative diffuse,

notes that the interim evaluation was concluded in December 2010 and that it formulated seven recommendations; duly takes note that the Joint Undertaking has committed to address and follow-up on the conclusions of the interim evaluation;

28. Requires the Joint Undertaking, therefore, to communicate to the discharge authority the measures adopted, with their implementation timeframe, to address the recommendations of the interim review and to provide regular updates on the progress achieved;

Lack of host State agreement

29. Reiterates that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it as provided by its Founding Regulation (EC) No 73/2008;

Horizontal observations on the Joint Undertakings

30. Underlines that seven Joint Undertakings have so far been established by the Commission under Article 187 of the Treaty on the Functioning of the European Union; notes that six Joint Undertakings (IMI, Artemis, ENIAC, Clean Sky, FCH and ITER-F4E) are in the research area under the Commission's DGs RTD and INFSO and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE;

31. Notes that the total indicative resources deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 21 793 000 000;

32. Notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11 489 000 000;

33. Notes that, for the financial year 2010, the overall Union contribution to the budget of the Joint Undertakings amounted to EUR 505 000 000;

34. Calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers;

35. Welcomes the initiative of Artemis to include information in its AAR on the monitoring and review of its ongoing projects; believes this is a practice that should be followed by the other Joint Undertakings;

36. Recalls that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined; is of the opinion that under the circumstances the likelihood of conflicts of interest should not be dismissed but addressed properly; calls therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest;

37. Notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically-concentrated; believes therefore that they should pool their resources where possible;

38. Calls on the Court of Auditors to provide the discharge authority with a follow-up on the comments it has made for each of the Joint Undertakings in their respective report on the annual accounts for the financial year 2011;

39. Invites the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings for the efficient execution of Union research, technological development and demonstration programmes; further notes that the same report should include an assessment of the effectiveness of the Joint Undertakings' establishment.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2010

(2012/613/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the Innovative Medicines Initiative Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 — C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 73/2008 of 20 December 2007 setting up the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines ([3]), and in particular Article 11(4) 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0108/2012),

1. Approves the closure of the accounts of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2010;

2. Instructs its President to forward this Decision to the Executive Director of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 368, 16.12.2011, p. 17.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 30, 4.2.2008, p. 38.
([4]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010

(2012/614/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010, together with the replies of the Joint Undertaking [1],

— having regard to the conclusions of the European Parliament Joint Delegation of the Committee on Budgets and the Committee on Budgetary Control to ITER in Cadarache of 16-18 May 2011,

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Decision 2007/198/Euratom of 27 March 2007 establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it [3], and in particular Article 5 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0113/2012),

1. Grants the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010;

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 Joint Undertaking for ITER and the Development of Fusion Energy, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 368, 16.12.2011, p. 24.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 90, 30.3.2007, p. 58.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the conclusions of the European Parliament Joint Delegation of the Committee on Budgets and the Committee on Budgetary Control to ITER in Cadarache of 16-18 May 2011,

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Decision 2007/198/Euratom of 27 March 2007 establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it ([3]), and in particular Article 5 thereof,

— having regard to the Financial Regulation of the European Joint Undertaking for ITER and the Development of Fusion Energy, adopted by decision of 22 October 2007 of the Joint Undertaking's Governing Board (hereinafter 'ITER Financial Regulation'),

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0113/2012),

A. whereas the European Joint Undertaking for ITER and the Development of Fusion Energy ('the Joint Undertaking') was set up in March 2007 for a period of 35 years,

B. whereas the Court of Auditors states that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

C. whereas the ITER Financial Regulation is based on the framework Financial Regulation, which was recently amended to bring it into line with changes made to the general Financial Regulation,

([1]) OJ C 368, 16.12.2011, p. 24.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 90, 30.3.2007, p. 58.
([4]) OJ L 357, 31.12.2002, p. 72.

D. whereas on 9 October 2008 the Court of Auditors delivered Opinion No 4/2008 on the ITER Financial Regulation,

E. whereas the Joint Undertaking started to work autonomously on 18 March 2008,

F. whereas at the creation of the Joint Undertaking the indicative total resources deemed necessary for the period 2007 to 2014 were EUR 9 653 000 000,

G. whereas the final budget of the Joint Undertaking for the financial year 2010 included commitment appropriations of EUR 444 100 000 and payment appropriations of EUR 241 700 000,

Budget and financial management

1. Notes that in January 2010 the Governing Board accepted the resignation of the Joint Undertaking's first Director;

2. Notes with concern that the Court of Auditors draws attention to the requirement for substantially increased resources for the ITER project compared to the indicative total resources deemed necessary for the period 2007-2014;

3. Notes that the budget of the Joint Undertaking for the financial year 2010 was initially adopted for the collective amount of EUR 447 440 000 in commitment appropriations and EUR 254 900 000 in payment appropriations; understands from the Joint Undertaking's Final Accounts that its 2010 budget has been amended twice; acknowledges in particular that the purpose of the two amending budgets was fourfold:

   — to decrease by EUR 3 300 000 the Euratom administrative contribution in view to reaching full accordance between the initial Joint Undertaking's budget and the Union's general budget for 2010,

   — to update the ITER Host State Contribution: a debit note for the full amount provided for in the budget of EUR 13 600 000 was issued for the payment of the 2010 French contribution; on the basis of a real forecast in payment, EUR 8 000 000 have been cashed in 2010,

   — to update the membership contributions: the Joint Undertaking received a complement to the 2009 membership contributions but Italy and Hungary did not pay their contributions related to the 2010 budget, despite several reminders,

   — to record other additional revenues made of bank interest on the French contribution (EUR 104 506,54), interest on the 'current account' (EUR 34 629,49), and reimbursement from the Translation Centre for the Bodies of the European Union (EUR 1 389,00);

4. Takes note from comments by the Joint Undertaking that it has implemented 99,9 % of its 2010 budget in terms of commitment appropriations; is however concerned with the delays in implementing activities which resulted in a utilisation rate for payment appropriations of only 63,4 %;

5. Acknowledges with concern that carry-overs from 2009 amounted to EUR 106 800 000 in commitment appropriations and EUR 52 200 000 in payment appropriations and that these appropriations are mainly accruing from the ITER host state and assigned to the ITER construction;

6. Notes from the Joint Undertaking's Final Accounts that in 2010 cancelled commitment and payment appropriations for administrative expenditure amounted to EUR 1 090 550,73 while cancelled payment appropriations for operational expenditure amounted to EUR 50 713 452,82;

7. Underlines with concern the high cash balance, which amounted to EUR 78 800 000 at the end of the year representing 26,8 % of the available payment appropriations in 2010;

Procurement and grants

8. Notes from the Joint Undertakings' 2010 Annual Activity Report (AAR) that a total of 44 procurement contracts were awarded for a total value of EUR 826 000 000; notes, in particular, that 42 operational procurement procedures were initiated, 43 procurement evaluations were completed and 43 procurement contracts were signed; also establishes from the AAR that the Joint Undertaking issued a total of five administrative procurement procedures, awarded seven administrative procurement contracts for a total value of EUR 6 000 000 and signed six procurement contracts;

9. Ascertains that a total of 16 grant procedures were issued, 21 evaluations were completed, 23 agreements were awarded and 29 agreements were signed;

10. Acknowledges that the Court of Auditors tested a sample of nine procurement and six grant award procedures; is concerned that, out of the nine procurement procedures audited, three of them received only one offer; is furthermore concerned that for the grants, the average number of proposals received was only one per call; urges the Joint Undertaking to develop an Action Plan with concrete measures and deadlines to maximise competition and to follow the value-for-money principle in the call preparation, publication, evaluation and contract management phases;

11. Notes that the controls applied by the Joint Undertaking before payments are made under grant agreements are not sufficiently documented to provide assurance regarding compliance with the financial requirements and the eligibility of the underlying costs; underlines that the Internal Auditor of the Joint Undertaking has also noted that the *ex-ante* control approach for payments of cost claims is not effective and not well prepared to process cost claims; calls on the Joint Undertaking to take the necessary measures to reinforce controls before payments are executed and to keep the discharge authority informed on this matter;

12. Notes that the list of contracts and grant beneficiaries is not publicly available on the Joint Undertaking's website and is concerned by this lack of transparency; calls, therefore, on the Joint Undertaking to follow the examples set by the Joint Undertakings Clean Sky, FCH, IMI and SESAR and to update its website with a complete list of contracts and grants beneficiaries for 2010 as well as for the previous financial years;

Internal control systems

13. Notes with concern that the Joint Undertaking's internal control systems have not yet been fully established and implemented as required by its Financial Regulation; further regrets that concerns have been voiced on the financial circuits and the separation of duties; recognises that a new organisational structure became operational on 1 January 2011; notes however that the responsibility for the financial circuits has still not been fully assigned and that Joint Undertaking's key posts were still vacant;

14. Calls on the Joint Undertaking to validate the business processes that provide financial information to the accounting systems (ABAC and SAP); further urges the Joint Undertaking to put in place an appropriate tool for the management of the operational contracts integrated with the budget and financial reporting systems;

15. Appreciates that the Joint Undertaking set up an Audit Committee reporting directly to the Governing Board as requested by the discharge authority;

16. Notes that the Joint Undertaking has started to develop an *ex-post* audit strategy aiming to assess the legality and regularity of the underlying transactions, to be implemented in 2012; underlines that the Joint Undertaking started to work autonomously on March 2008;

Internal audit

17. Takes note that the Joint Undertaking's Financial Rules have not yet been amended to include the provision referring to the powers of the Commission's internal auditor regarding the general budget as a whole;

18. Notes however that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission's Internal Audit Service and the Joint Undertaking's internal auditing function are clearly defined;

Late payment of membership contributions and Host State agreement

19. Considers it to be essential that the deadline for paying membership contributions is respected by all Members of the Joint Undertaking; notes that measures were approved by the Governing Board for interest to be levied on Annual Membership Contribution in the event of late payment;

20. Recognises that, although a host agreement on the site and support, privileges and immunities was signed between the Kingdom of Spain and the Joint Undertaking, the permanent premises were yet not made available to the Joint Undertaking; notes however that the Joint Undertaking occupies temporary premises sponsored by the Kingdom of Spain;

Horizontal observations on the Joint Undertakings

21. Underlines that seven Joint Undertakings have so far been established by the Commission under Article 187 of the Treaty on the Functioning of the European Union; notes that six Joint Undertakings (IMI, Artemis, ENIAC, Clean Sky, FCH and ITER-F4E) are in the research area under the Commission's DGs RTD and INFSO and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE;

22. Notes that the total indicative resources deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 21 793 000 000;

23. Notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11 489 000 000;

24. Notes that, for the financial year 2010, the overall Union contribution to the budget of the Joint Undertakings amounted to EUR 505 000 000;

25. Calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers;

26. Welcomes the initiative of Artemis to include information in its AAR on the monitoring and review of its ongoing projects; believes this is a practice that should be followed by the other Joint Undertakings;

27. Recalls that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined; is of the opinion that under the circumstances the likelihood of conflicts of interest should not be dismissed but addressed properly; calls therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest;

28. Notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically-concentrated; believes therefore that they should pool their resources where possible;

29. Calls on the Court of Auditors to provide the discharge authority with a follow-up on the comments it has made for each of the Joint Undertakings in their respective report on the annual accounts for the financial year 2011;

30. Invites the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings for the efficient execution of Union research, technological development and demonstration programmes; further notes that the same report should include an assessment of the effectiveness of the Joint Undertakings' establishment.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010

(2012/615/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010, together with the replies of the Joint Undertaking [1],

— having regard to the conclusions of the European Parliament Joint Delegation of the Committee on Budgets and the Committee on Budgetary Control to ITER in Cadarache of 16-18 May 2011,

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 — C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Decision 2007/198/Euratom of 27 March 2007 establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it [3], and in particular Article 5 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A7-0113/2012),

1. Approves the closure of the accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010;

2. Instructs its President to forward this Decision to the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 368, 16.12.2011, p. 24.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 90, 30.3.2007, p. 58.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the SESAR Joint Undertaking for the financial year 2010

(2012/616/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the SESAR Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the SESAR Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 1361/2008 of 16 December 2008 amending Regulation (EC) No 219/2007 on the establishment of a joint undertaking to develop the new generation European air traffic management system (SESAR) ([3]), and in particular Article 4b 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0114/2012),

1. Grants the Executive Director of the SESAR Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010;

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 SESAR Joint Undertaking, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 368, 16.12.2011, p. 32.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 352, 31.12.2008, p. 12.
([4]) OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget for the SESAR Joint Undertaking for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the SESAR Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the SESAR Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 1361/2008 of 16 December 2008 amending Regulation (EC) No 219/2007 on the establishment of a joint undertaking to develop the new generation European air traffic management system (SESAR) ([3]), and in particular Article 4b thereof,

— having regard to the Financial Rules of the SESAR Joint Undertaking adopted by the SESAR Administrative Board on 28 July 2009 ('SESAR Financial Rules'),

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0114/2012),

A. whereas the SESAR Joint Undertaking ('the Joint Undertaking') was set up in February 2007 to run the Single European Sky Air Traffic Management Research (SESAR) programme,

B. whereas the Joint Undertaking started to work autonomously in August 2007,

C. whereas the Joint Undertaking will own all the tangible and intangible assets which it creates or which are transferred to it for the development phase of the SESAR project in accordance with specific agreements with its members,

D. whereas the Court of Auditors states that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

E. whereas in April 2010 the Court of Auditors delivered Opinion No 2/2010 on the SESAR Financial Rules,

([1]) OJ C 368, 16.12.2011, p. 32.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 352, 31.12.2008, p. 12.
([4]) OJ L 357, 31.12.2002, p. 72.

F. whereas the budget for the 2008-2013 development phase of the SESAR project is EUR 2 100 000 000,

G. whereas for the financial year 2010 the final budget of the Joint Undertaking amounted to EUR 143 000 000,

Budget and financial management

1. Takes note that the Joint Undertaking's final budget for the financial year 2010 included commitment appropriations of EUR 135 000 000 and payment appropriations of EUR 143 000 000; further acknowledges that the utilisation rates for commitment and payment appropriations were 97,3 % and 82,2 % respectively;

2. Establishes from the Court of Auditors that, at year-end 2010, the Joint Undertaking had a positive budget outturn of EUR 53 500 000 and that deposits in bank accounts represented EUR 57 200 000; notes that the situation resulted from:

— the contributions from members: EUR 55 600 000,

— the outturn of the previous year: EUR 86 500 000,

— payments to the Joint Undertaking: EUR 84 900 000,

— carry-over of appropriations: EUR 3 700 000;

3. Reminds the Joint Undertaking that this situation is against the budgetary principle of equilibrium; notes however the Joint Undertaking's replies to the Court of Auditors that the 2010 cash balance decreased by 34 % compared to 2009 and that out of the EUR 55 600 000 of contributions from members, EUR 43 800 000 were received in the last weeks of 2010 to ensure the funding of operations in 2011; calls on the Joint Undertaking to develop an Action Plan with concrete measures and deadlines to keep its budget balanced and to inform the discharge authority about this matter;

4. Underlines that according to Article 6 of the SESAR Financial Rules, no expenditure may be committed or authorised in excess of the appropriations authorised by the budget; is seriously concerned that for two budget headings — administrative expenditure, studies and development — authorised expenditure exceeded budgetary appropriations by 11 % and 9 % respectively; takes note that the Joint Undertaking considers that it can only enter the total payment appropriations once into the overall budget for 2007-2016, in order to avoid exceeding the total budget ceiling by the end of the SESAR development phase in 2016; reminds the Joint Undertaking that it must comply with its own Financial Rules and expects that authorised expenditure exceeding budgetary appropriations shall not occur in future financial years;

Internal control systems

5. Notes that in 2010, the Joint Undertaking began to use the financial reporting systems also used by the Commission (ABAC and SAP); regrets that the Joint Undertaking operational programme management system was not integrated into these financial reporting systems and that at the end of 2010, the underlying business processes had not been validated by the Accounting Officer as required by the SESAR Financial Rules;

6. Understands from the Joint Undertaking that it has developed an operational programme management system that complements the financial and budgetary information and considers that it has integrated its systems as far as possible, given the constraints on its use of ABAC and SAP; notes moreover that the Joint Undertaking planned to implement ABAC Assets and ABAC Contract by the end of 2011 and that the report of the Accounting Officer on the validation of the local systems was to be finalised in 2011;

7. Calls on the Joint Undertaking to inform the discharge authority about:

— the nature of the constraints experienced by the Joint Undertaking on its use of ABAC and SAP,

— the state of validation of the underlying business processes and in particular the local systems;

8. Urges the Joint Undertaking, nevertheless, to integrate its financial reporting systems (ABAC and SAP) with its operational programme management system allowing costs to be allocated to specific work packages and funding sources of operational costs to be identified;

Project management

9. Acknowledges from the Joint Undertaking 2010 Annual Activity Report (AAR) that the SESAR Programme consisted of 304 projects of which 171 were initiated in 2009 while 114 additional projects were launched in 2010; takes note that 80,9 % of the projects are in execution phase, excluding those projects that have been cancelled (3) or suspended (10); notes that, for each cancelled or suspended project, the Joint Undertaking provided justification and explained the corrective actions undertaken; notes in particular in respect of the currently suspended projects that:

— about 60 % are related to activities that require other projects to deliver first mature results before being re-started,

— about 20 % is related to projects which have not a reliable coupling with other programme activities,

the remaining 20 % has been suspended due to a lack of clear link with the future concept of operations or because of the lack of connection with the Master Plan;

10. Urges the Joint Undertaking to continue to inform the discharge authority on the stage of implementation of the projects under the SESAR programme and to present the results achieved;

Performance

11. Encourages the Commission and the Member States to increase the effectiveness of how the Single European Sky Regulations are applied, in order to increase the effectiveness of investments in the SESAR project;

12. Draws attention to the sound management of financial resources and emphasises the importance of the Joint Undertaking to the Single European Sky;

13. Establishes from the AAR that a comprehensive review of the SESAR Programme implementation approach was conducted and that its conclusions highlighted the need to break down the Programme high-level objectives into a more technical and operational level defining in detail what has to be done, by whom and when, and thus to clearly identify the SESAR validated deliverables which will contribute to the SESAR Development Phase objectives as well as to the specific 2012 Strategic Objectives; calls on the Joint Undertaking to develop an Action Plan with concrete measures and deadlines to address the results of the comprehensive review;

14. Notes moreover that, at the end of 2009, it was decided to establish a common SESAR execution framework to enable adequate programme/project management through streamlined monitoring and control activities; takes note that at year-end 2010 the execution framework has been completely defined and is about 85 % implemented and deployed; calls on the Joint Undertaking to inform the discharge authority of the current stage of implementation and deployment of the execution framework as well as the progress achieved;

15. Acknowledges that the Commission carried out the first intermediate evaluation of the Joint Undertaking in 2010; notes that the evaluation underlines the ability of the Joint Undertaking to provide an optimal response to the needs of the airspace users and service providers; is nevertheless of the opinion that interim evaluations and evaluations should be carried out by external and independent experts;

Internal audit

16. Welcomes the fact that at the end of 2010 the Executive Director of the Joint Undertaking established the Internal Audit Capability (IAC), appointed the former Joint Undertaking's Internal Auditor to assume the IAC role, and approved the IAC audit work programme for 2011;

17. Acknowledges from the final annual accounts that the Joint Undertaking signed a framework contract for audit services in May 2010;

18. Welcomes that the Joint Undertaking and the Commission have taken action to ensure a clearer definition of the respective operational roles of the Commission's Internal Audit Service (IAS) and of the internal auditing function of the Joint Undertaking; albeit notes that the Statutes of the Joint Undertaking have not been amended;

19. Notes with satisfaction that the IAS confirmed its responsibilities under the general Financial Regulation as the Internal Auditor of the Joint Undertakings and that the Joint Undertaking's Administrative Board has modified the charter of its internal auditing function accordingly;

Late payment of membership contributions

20. Is concerned that the deadline for payment of the cash contributions to the Joint Undertaking from its members was not respected; takes note that the payment delays ranged from 12 to 113 days and that at the end of 2010 two members had paid no contribution at all; notes the Joint Undertaking's reply that those contributions were received at the beginning of 2011;

Horizontal observations on the Joint Undertakings

21. Underlines that seven Joint Undertakings have so far been established by the Commission under Article 187 of the Treaty on the Functioning of the European Union; notes that six Joint Undertakings (IMI, Artemis, ENIAC, Clean Sky, FCH and ITER-F4E) are in the research area under the Commission's DGs RTD and INFSO and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE;

22. Notes that the total indicative resources deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 21 793 000 000;

23. Notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11 489 000 000;

24. Notes that, for the financial year 2010, the overall Union contribution to the budget of the Joint Undertakings amounted to EUR 505 000 000;

25. Calls on the European Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers;

26. Welcomes the initiative of Artemis to include information in its AAR on the monitoring and review of its ongoing projects; believes this is a practice that should be followed by the other Joint Undertakings;

27. Recalls that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined; is of the opinion that under the circumstances the likelihood of conflicts of interest should not be dismissed but addressed properly; calls therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest;

28. Notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically-concentrated; believes therefore that they should pool their resources where possible;

29. Calls on the Court of Auditors to provide the discharge authority with a follow-up on the comments it has made for each of the Joint Undertakings in their respective report on the annual accounts for the financial year 2011;

30. Invites the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings for the efficient execution of Union research, technological development and demonstration programmes; further notes that the same report should include an assessment of the effectiveness of the Joint Undertakings' establishment.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the SESAR Joint Undertaking for the financial year 2010

(2012/617/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the SESAR Joint Undertaking for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the SESAR Joint Undertaking for the financial year 2010, together with the replies of the Joint Undertaking [1],

— having regard to the Council's recommendation of 21 February 2012 (06086/2012 - C7-0050/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Council Regulation (EC) No 1361/2008 of 16 December 2008 amending Regulation (EC) No 219/2007 on the establishment of a joint undertaking to develop the new generation European air traffic management system (SESAR) [3], and in particular Article 4b 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0114/2012),

1. Approves the closure of the accounts of the SESAR Joint Undertaking for the financial year 2010;

2. Instructs its President to forward this Decision to the Executive Director of the SESAR Joint Undertaking, 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 368, 16.12.2011, p. 32.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 352, 31.12.2008, p. 12.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Environment Agency for the financial year 2010

(2012/618/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Environment Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Environment Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), and in particular Article 13 thereof,

— having regard to Regulation (EC) No 401/2009 of the European Parliament and of the Council of 23 April 2009 on 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 on the Financial Regulation applicable to the general budget of the European Communities ([5]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0105/2012),

1. Postpones its decision on granting the Executive Director of the European Environment Agency discharge in respect of the implementation of the Agency's budget for the financial year 2010;

2. Sets out its observations in the Resolution below;

([1]) OJ C 366, 15.12.2011, p. 57.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 120, 11.5.1990, p. 1.
([4]) OJ L 126, 21.5.2009, p. 13.
([5]) OJ L 357, 31.12.2002, p. 72.

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Environment Agency for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Environment Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Environment Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), and in particular Article 13 thereof,

— having regard to Regulation (EC) No 401/2009 of the European Parliament and of the Council of 23 April 2009 on 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 on the Financial Regulation applicable to the general budget of the European Communities ([5]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0105/2012),

A. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Executive Director of the European Environment Agency discharge for implementation of the Agency's budget for the financial year 2009 ([6]), and in its Resolution accompanying the discharge, inter alia:

([1]) OJ C 366, 15.12.2011, p. 57.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 120, 11.5.1990, p. 1.
([4]) OJ L 126, 21.5.2009, p. 13.
([5]) OJ L 357, 31.12.2002, p. 72.
([6]) OJ L 250, 27.9.2011, p. 155.

— encouraged the Agency to continue its efforts to further develop its communication methods in order to attract more media coverage for its findings, as such measures may lead to more transparent working methods and greater public interest in the Agency's work,

— was concerned about the Agency's practice of making transfers to increase a budget line in order to pay rent for the Agency's premises for the first quarter of 2010 and charge it to the 2009 budget, as this practice is at odds with the principle of annuality,

— called on the Agency to address deficiencies in the recruitment procedures which put at risk the transparency of these procedures,

C. whereas the budget of the Agency for the year 2010 was EUR 50 600 000, which is 26 % higher than in 2009; whereas the contribution of the Union to the budget of the Agency for 2010 was EUR 35 258 000, compared with EUR 34 560 000 in 2009 ([1]), which represents an increase of 2 %,

1. Postpones the discharge to the Agency and awaits substantial replies and actions on the critical remarks and requests made;

Budget and Financial Management

2. Notes that the Agency's levels of budget execution in terms of committed appropriations and of payment appropriations were respectively of 100 % and of 90,75 %;

3. Ascertains from the Agency's Final Accounts that, for the financial year 2010, the total payments of the Agency represented EUR 38 898 533,88;

4. Notes that, for five months, from 22 May 2010 to October 2010, the Agency covered its building with a green façade which cost EUR 294 641 and that the contract was realised by the companies Ramboll, as general contractor, and Green Fortune; is surprised that there has been no public tender; demands from the Agency's Director details on how the companies were chosen as contractors; takes note from the Agency's Director, in her letter of 11 April 2012, that these costs were covered by the budget lines '2 1 4 0 — Fitting-out of premises' (EUR 180 872) and '3 3 2 3 — Communications' (EUR 113 769); underlines that the commitment appropriations under budget line 2 1 4 0 increased from EUR 85 000 to EUR 271 049 against the opinion of the Agency's Head of Administration; notes that also in May 2010 the Head of Administration entered into sick leave and since then the position is occupied by an interim Head; notes from the Director's letter of 30 April 2012 that budget line 2 1 4 0 has been reinforced by a budget transfer of EUR 180 872 from the budget line '2 1 0 0 — Rent'; recalls that in December 2009 the Agency paid the rent for Q1 2010, thus avoiding reducing the amount to be repaid to the Commission; therefore calls on the Agency to explain the discharge authority why it has extracted EUR 180 872 from the budget line 'Rent', while rent is a fixed sum by contract, and to provide information and written evidence on the procedures with regards to the budgetary transfers; expects the Agency to complete all the requested actions by the end of August 2012;

5. Notes that in December 2011 the Agency awarded a Framework Service Contract for the provision of media monitoring for 48 months, for a total value of EUR 250 000, which is much higher than the costs of similar services in the previous years; observes that based upon this contract the Agency will spend on average EUR 62 500 per year for media monitoring and believes that these costs are excessive and contrary to the principle of efficient use of the taxpayers' money;

Carryover appropriations

6. Takes note from the Agency's Final Accounts that EUR 12 809 551,05 of the 2010 appropriations have been carried forward to 2011; acknowledges that out of the overall amount carried over EUR 8 941 279 are external assigned revenues which are multiannual and hence are not subject of the principle of annuality;

([1]) OJ L 64, 12.3.2010, p. 677.

7. Notes from the Agency's Final Accounts that cancellation of unused payment appropriations carried over from the previous year amounted to EUR 585 282,87; understands from the Agency that this amount is lower than the amount cancelled in 2009, i.e. EUR 693 127,02; notes, therefore, that a cancellation rate of only 1,5 % represents an improved anticipation of financial needs;

8. Regrets that the Court of Auditors did not consider the level of the Agency's appropriations carried forward and cancelled to be sufficiently high to warrant a mention in its report on the annual accounts of the Agency for the financial year 2010;

Procurement Procedures

9. Notes the statement from the Agency that the Court of Auditors has carried out in October 2011 an audit on the procurement procedures concerning canteen services, cleaning services, security services and furniture; calls on the Agency to provide the discharge authority with the findings of this audit and its replies and actions undertaken by the end of September 2012;

10. Calls on the Internal Audit Service (IAS) to audit the Agency's contracts in the area of canteen services, cleaning services, security services and furniture to establish whether the call preparation, publication, evaluation and contract management phases respect the two following principles: maximum competition and value-for-money, and to inform the discharge authority in due course of its findings;

Human Resources

11. Notes that the Agency has revised its recruitment processes in line with the remarks made by the discharge authority and Court of Auditors in order to address the weaknesses in relation to vacancy notices, to the documentation of the decision of the selection boards, to the thresholds for being invited to interview and to the minutes of the interviews;

12. Acknowledges also from its Annual Management Plan that the Agency implemented the 'EEA Personnel Policy' which provides the basis for staff development;

13. Was informed that 7 internal candidates and 40 external applicants were recruited in 2010; acknowledges the split amongst categories of internal candidates of 1 official, 5 temporary agents and 1 contract agent and the split amongst externally recruited staff of 1 official, 13 temporary agents, 29 contract agents and 4 national experts; takes note that, for the last five years, the Agency hosted 12 guest scientists working at its premises; for the sake of transparency, calls on the Agency to complete publishing the curriculum vitae — including at least the educational and work background — of the guest scientists, in order to increase transparency;

Agency's strategy for 2009-2013

14. Welcomes the fact that the Agency staff and management activities, quality control processes, products and services, administrative and building services are brought together under the strategic area in the 'EEA Strategy 2009-2013';

15. Calls on the Agency to make a more explicit link between measures, resources and results;

Conflict of interest

16. Notes that, from June 2010 until April 2011, the Executive Director of the Agency was a trustee and a member of the International Advisory Board of Earthwatch — an international environmental charity engaging people in scientific field research and education — and was reported to be a member of the European Advisory Board of Worldwatch Europe; acknowledges that, in accordance with the Executive Director's statement, she stepped down from her positions in Earthwatch in April 2011 following advice from the President of the Court of Auditors in the context of a possible conflict of interests;

17. Is seriously concerned that in 2010, while the Executive Director was directly involved with Earthwatch, 29 staff members of the Agency, including the Executive Director, went for up to 10 days of research on different biodiversity projects in the Caribbean or Mediterranean managed by Earthwatch and that the Agency paid a total of EUR 33 791,28, to the NGO as stated by the Agency's Executive Director;

18. Recognises the special training of staff as part of the career development and takes note of the total amount paid for that training;

19. Is surprised that Worldwatch Institute Europe founded on 5 November 2010 indicated as its address that of the Agency and used its premises as its own without any rent to the Agency, thus using premises paid by the EU budget; regrets that the Director's letter of 30 April 2012 refers only to Worldwatch Institute US based and not to the Worldwatch Institute Europe which used the Agency's premises without any rent; takes further note that executive director of Worldwatch Institute Europe was an Agency's guest scientist; calls on the Agency to provide the discharge authority with concrete details and documentary evidence on this matter, including the person in the Agency who authorised this, the concrete date when Worldwatch Institute Europe ceased to use the Agency's premises, as well as whether the work performed by the respective guest scientist of the Agency was published under the Worldwatch Institute Europe name or that of the Agency by the end of August 2012;

20. Commends the cooperation between the Agency and NGOs working in the environmental area, as it is the case with other specialised agencies, but recalls that even the mere appearance of conflict of interest is damaging trust in the institutions and raises concerns of taxpayers;

21. Calls on the Agency, in an effort to promote greater transparency in terms of preventing and combating conflict of interests, to adopt immediately an action plan to publish on its website the declarations of interest and, when they are not available, the curriculum vitae — including at least the educational and work background — for the management staff, the members of the scientific committee, the experts and the members of the Management Board by 30 June 2012; is of the opinion that such measures would allow the discharge authority and the public to observe their qualifications and to prevent potential conflict of interest;

Performance

22. Notes the Agency's initiative to provide, on a regular basis, an independent external evaluation on the basis of its founding Regulation (EEC) No 1210/90 and the work programmes adopted by the Management Board; notes in particular that the next evaluation will be undertaken in 2012 and will focus on the efficiency and effectiveness in delivering its corporate strategy;

23. Notes the Agency's initiative to measure its performance through the environmental management and audit scheme (EMAS) and internal management systems using four inter-related perspectives — financial, client, business and learning and growth;

24. Acknowledges from comments in the Agency's Annual Management Plan, the Agency's efforts with various international and Union bodies, Eionet and the Scientific Committee to establish a networking structure in order to be able to maintain links to the research and scientific community, disseminate and utilise the results, particularly information and data, from research activities at European and national levels, in a more systematic way;

25. Notes, in addition, that following the request of the discharge authority for the 2009 discharge, in 2011, the Agency increased its efforts to reach the wider public and initiated pilot projects by using social media as a means of communication directed to the public;

26. Calls on the Agency to inform in detail the budget authority, in particular the Budget Control Authority, of:

— the sources used by the Agency to construct its reports, papers and other related outputs,

— the number of reports, and other products, delivered in 2010,

— the evidence of the possible added value brought by the Agency's reports compared with other bodies' reports on environmental matters,

— the process, if any, of verification of the data sent by the Member States, the periodicity of this verification and the way in which the data sent by Member States is used by the Agency;

27. Is pleased that in 2010 the Agency placed extra emphasis on biodiversity, the Global Monitoring for Environment and Security (GMES), the Eye on Earth platform and the State of the Environment report (SOER) 2010;

28. Would like to encourage the Agency to continue its efforts to further develop its communication methods in order to attract more media coverage for its findings and thus feed public debate and broaden the scope of the environmental information available to the public on important environmental issues, such as climate change, biodiversity and the management of natural resources;

Internal audit

29. Acknowledges that in 2010 the IAS concluded an audit of the 'management plan system (MPS)/monitoring of activities' whose objective was to assess and provide assurance on the adequacy of the planning and monitoring of the Agency's activities; notes, in particular, that the IAS made eight recommendations, six of which were rated 'important' and two 'desirable';

30. Calls in this respect on the Agency to:

— promote guidelines for objectives and measurable indicators in project planning and monitoring of progress,

— allocate costs on projects,

— promote more effective project management and procedures for checking and verifying new data entered into the MPS;

31. Calls, in addition, on the Agency to adopt without further delay measures to address the weaknesses found by the IAS in its previous audits on quality management and on grant management in order to:

— develop and use QA/QC checklist for GHG Inventory Report,

— plan, describe and document relevant quality checks,

— assure supervision of quality controls,

— anticipate business continuity issues,

— realise on-the-spot controls and verification of grants,

— monitor and follow-up grant implementation;

32. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this Resolution;

33. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its Resolution of 10 May 2012 [1] on the performance, financial management and control of the agencies.

[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Environment Agency	2006	2007	2008	2009
Performance	n.a.	n.a.	— Calls on the Agency to set out a diachronic analysis of operations carried out in this and the previous years — Calls on the Agency to continue providing every five years an independent external evaluation on the basis of its founding regulation and the work programmes adopted by the Management Board — Positive trends: the Agency has built up a well-developed activity-based management system, a multiannual work programme, a balanced scorecard with indicators, and a integrated management control system	— Calls on the Agency to set out a comparison of the operations that were carried out during the year for which the discharge is to be granted and during the previous financial year — Calls on the Agency to deal with 4 key areas as a matter of priority and to do more to advance their development — Encourages the Agency to continue its efforts to further develop its communication methods in order to attract more media coverage for its findings, such measures may lead to more transparent working methods and greater public interest in the Agency's work — Requests the Court of Auditors to undertake performance audits of the Agency
Budgetary and Financial Management	The budgetary principle of annuality was not strictly applied: more than 30 % of the commitments and 50 % for the operational expenditure had to be carried forward	— Weaknesses in the tendering procedures: direct award of services without respecting the requirements of the Financial Regulation, award of a specific contract for services not in line with the framework contract terms — Weaknesses in the management of grant agreements (European Topic Centre)	n.a.	— Encourages the Agency to strengthen the link between the budget and the work programme — Is concerned about the Agency's practice of making transfers to increase a budget line in order to pay the rent for the Agency's premises for the first quarter of 2010 and charge it to the 2009 budget, as this practice is at odds with the principle of annuality — Calls on the Agency to improve the accuracy of the information provided by the operational departments on the estimation of accrued operational expenditure

European Environment Agency	2006	2007	2008	2009
Human Resources	n.a.	Weaknesses in the recruitment procedures: candidates not fulfilling selection criteria were considered for further evaluation and criteria for identifying the best candidates to be invited for interview were not documented	n.a.	— Calls on the Agency to remedy deficiencies in the recruitment procedures which put at risk the transparency of these procedures — Court of Auditors noted the following weaknesses- vacancy notices did not specify the maximum number of candidates to be put on the reserve lists, questions used during written tests & interviews were not decided on before the examination of the applications, the decisions of the selection boards were insufficiently documented, minutes were not completed & thresholds for being invited to interview or put on the reserve list were not set in advance
Internal Audit	In breach of the principle of 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	n.a.	Calls on the Agency to fulfil 17 recommendations out of 27 made by the Internal Audit Service: i.e. establishing financial circuits, promoting on-the-spot controls/verifications of grants, and monitoring and following up grant implementation and the implementation of the internal control standards	Acknowledges that 3 recommendations from the IAS follow up of past audit recommendations still need to be implemented, these mainly concern sensitive posts, on-the-spot controls/verifications or grants & financial circuits, and are considered very important

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Environment Agency for the financial year 2010

(2012/619/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Environment Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Environment Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), 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 ([3]), and in particular Article 13 thereof,

— having regard to Regulation (EC) No 401/2009 of the European Parliament and of the Council of 23 April 2009 on 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 on the Financial Regulation applicable to the general budget of the European Communities ([5]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0105/2012),

1. Postpones the closure of the accounts of the European Environment Agency for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

([1]) OJ C 366, 15.12.2011, p. 57.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 120, 11.5.1990, p. 1.
([4]) OJ L 126, 21.5.2009, p. 13.
([5]) OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2010

(2012/620/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Food Safety Authority for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the financial year 2010, together with the Authority's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council [3] establishing a European Food Safety Authority, 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0106/2012),

1. Postpones its decision on granting the Executive Director of the European Food Safety Authority discharge in respect of the implementation of the Authority's budget for the financial year 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

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[1] OJ C 366, 15.12.2011, p. 106.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 31, 1.2.2002, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Food Safety Authority for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the financial year 2010, together with the Authority's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council ([3]) establishing a European Food Safety Authority, 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0106/2012),

A. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

B. whereas on 10 May 2011 Parliament granted the Executive Director of the European Food Safety Authority discharge for implementation of the Authority's budget for the financial year 2009 ([5]), and in its resolution accompanying the discharge decision, inter alia:

— called on the Authority to strengthen the budget processes relating to its differentiated appropriations and the planning and monitoring of multiannual implementation,

([1]) OJ C 366, 15.12.2011, p. 106.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 31, 1.2.2002, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 162.

— urged, in addition, the Authority to improve its budget management in order to reduce its high carry-over amounts,

— invited the Authority to initiate a survey on the potential conflicts of interest of its leading scientists, its Management Board and its panel members, so that possible omissions in the declarations of interest can be detected and followed by action in a timely manner,

C. whereas the overall budget of the Authority for 2010 was EUR 74 700 000 compared with EUR 71 400 000 in 2009, which represents an increase of 4,6 %; whereas the initial contribution of the Union to the budget of the Authority for 2010 was EUR 69 041 000, which represents an increase of 4,36 % compared with its initial contribution in 2009 ([1]),

D. whereas the workload continues its growing trend both in volume and in complexity with the adoption of more than 560 scientific outputs,

Budget and financial management

1. Recalls that the initial Union contribution to the Authority for 2010 amounted to EUR 69 041 000; notes however that EUR 3 950 000 coming from the recovery of surplus, was added to that amount which, as a result, makes a total Union contribution of EUR 72 991 000 for 2010;

2. Acknowledges from its Annual Activity Report (AAR) that, in 2010, the Authority had a budget execution rate of 98,8 % in terms of committed appropriations and of 83,5 % in terms of payment appropriations; takes note that under Title 1 (Staff) and Title 2 (Infrastructure) the budget was fully executed while under Title 3 (Operations) the execution rate reached 96,5 %;

3. Notes, however, from the AAR that in 2010 the Authority had a budget execution rate of only 83,5 % in terms of payment appropriations, which is 11 % below the target set by the Authority; finds from comments by the Authority that the execution rate in terms of payment appropriations is lower than expected for the following main reasons:

— major data processing and IT operational support projects were initiated in November 2010 and therefore triggered payments for an amount of EUR 4 300 000 only in 2011,

— delays in contracting scientific cooperation activities and lower payment levels under the existing grant and procurement programme led to an underspend of the related differentiated credits amounting to EUR 1 300 000,

— payments for an amount of EUR 1 100 000 for specific projects in administration and communication were postponed to 2011;

4. Acknowledges from the Authority that budget execution was reported to the Management Board on a monthly basis, deviations from the budget execution targets by activity or in relation to the scientific cooperation programme were pointed out and corrective action taken;

5. Urges, however, the Authority to take further action to enable a satisfactory budget execution in terms of both commitment and payment appropriations and to inform the discharge authority of the progress achieved;

6. Notes from the Authority that in line with the schedule of the Commission, migration to the accrual-based accounting (ABAC) system was scheduled for September 2011 and implemented accordingly;

([1]) OJ L 64, 12.3.2010, p. 991.

7. Finds it unacceptable that while the Management Board of the Authority consists of only 15 members, each meeting costs on average EUR 92 630, which represents an amount of EUR 6 175 per member; underlines that this amount is nearly three times higher than the second most expensive Management Board of a decentralised agency; is of the opinion that the Management Board meetings costs are excessive and should be reduced drastically; calls on the Authority and its Management Board to remedy the situation immediately and to inform the discharge authority of the measures undertaken by 30 June 2012;

Carry-overs and contract management process

8. Acknowledges from the Authority that 6 % (EUR 270 000 000) of commitments for operational activities carried over from 2009 had to be cancelled; notes that this is an improvement compared with the previous year in which 19 % of commitments for operational activities were carried over from 2008, 37 % of such commitments were carried over from 2007 and 26 % of such commitments were carried over from 2006;

9. Urges, once more, the Authority to improve its budget management in order to reduce its high carry-over amounts; notes, in particular, that this situation demonstrates weaknesses in the Authority's contract management and monitoring of the remittance of reports and cost statements;

10. Calls on the Authority to develop and implement a common monitoring system for the management of all its contracts; acknowledges, in particular, the absence of a central and coordinated capacity at directorate level responsible for the monitoring of contracts; underlines that this entails a risk of inefficient use of resources and uncoordinated monitoring of contracts and therefore asks the Authority to centralise these responsibilities at the level of each directorate;

11. Urges, in addition, the Authority to improve the reporting on contract implementation in order to guarantee effective supervision and management of its operational activities;

Procurement

12. Notes from its AAR that, in 2010, the Authority finalised 24 procurement procedures in Communication and Administration for an amount of EUR 48 800 000, as well as 75 procurement contracts and 10 grant agreements as part of the scientific cooperation programme with values of EUR 5 700 000 and EUR 2 100 000 respectively;

13. Notes that the Authority has had a Practical Procurement Guide since 2008 to provide practical guidance to its staff in preparing and implementing procurement procedures and the resulting contracts, and that the Guide is regularly updated; notes moreover that the Guide is being revised to take into account the rules recently adopted by the Commission on public procurement and revision of the Financial Regulation;

Human resources

14. Notes from the Authority that 99 % of planned posts were either filled or under offer by the end of 2010;

15. Calls on the Authority to address its weaknesses in recruitment procedures, which put at risk the transparency of the procedures; acknowledges, in particular, from the Court of Auditors that the Authority did not ensure the anonymity of the written tests and decided pass marks for the various stages of the selection process after the evaluation process had already started;

16. Is concerned that the Authority delayed for over 12 months the Internal Audit Service (IAS)'s 'very important' recommendation which called on the Authority to define contract renewal processes and ensure the transparency of decision-making; calls, therefore, on the Authority to explain to the discharge authority the reasons behind this delay and to rapidly address this deficiency;

Conflict of interest and 'revolving door' cases

17. Notes, in particular, that in September 2010 the Chair of the Management Board was reported to have direct links to the food industry, and to be a member of the Board of Directors of the International Life Science Institute (ILSI) — Europe;

18. Considers that, while a dialogue with industry on product assessment methodologies is legitimate and necessary, this dialogue should not undermine the independence of the Authority nor the integrity of risk assessment procedures; asks therefore the Authority to consider as a conflict of interest the current or recent past participation of its Management Board, panel and working group members or staff in ILSI activities such as taskforces, scientific committees or chairs for conferences;

19. Urges the Court of Auditors to finalise and present its audit of conflict of interest in the Authority;

20. Recalls that the current Chair of the Management Board failed, in 2010, to declare her membership of the Board of Directors of the ILSI; notes that ILSI is financed by firms in the food, chemical and pharmaceutical sectors;

21. Considers, therefore, that a thorough case-by-case analysis of these reports and of possible and actual conflicts of interest should be carried out in order to evaluate the objectivity and impartiality of the Authority at all levels and the work it carries out; calls, moreover, on the Authority to undertake a thorough screening of the declarations of interest submitted by its staff, experts and members of the Management Board, followed by concrete measures to end conflicts of interest and to provide information to the public; calls on the Authority to inform the discharge authority of the screening process and the concrete measures adopted, by means of a detailed written report by 30 June 2012;

22. Notes that the Court of Auditors has observed that the review process of the declarations of interests of the members of the Management Board is insufficiently rigorous and detailed and puts the completeness and transparency of the procedure at risk;

23. Considers that product assessment should not be based solely on industry data, but should duly take into account independent scientific literature published in peer-reviewed journals; stresses that extra caution should be exercised in relation to industry influence in the development of guidelines and assessment methodologies, which should not favour industry-sponsored studies on speculative grounds and which should be developed in an open, transparent and balanced manner;

24. Reminds the Authority that the rules governing declarations of interests should be accompanied by a set of consequences applied when those rules are breached; further, notes that the Authority should, in addition, focus on public interest in its independent decision-making by taking into account all relevant data and information;

25. Notes that in March 2010 a German NGO turned to the European Ombudsman, complaining that the Authority did not adequately address a potential conflict of interest concerning the move of its Head of Genetically Modified Organisms Unit to a biotechnology company in 2008 less than two months after the staff member in question left the Authority, without a 'cooling off' period;

26. Underlines that the Ombudsman concluded that the Authority had not carried out a thorough assessment of the alleged potential conflict of interest and called on the Authority to improve the way in which it applies its rules and procedures in future 'revolving door' cases; stresses, moreover, that the Ombudsman also observed that negotiations by a serving member of staff concerning a future job which could amount to a 'revolving door' situation would themselves constitute a conflict of interest and recommended that the Authority should strengthen its rules and procedures accordingly; calls on the Authority to inform the discharge authority of the concrete measures adopted, and their respective deadlines, to properly address the conclusions of the Ombudsman;

27. Once more, urges the Authority to take appropriate measures in cases of conflict of interests and 'revolving door' cases, including when cases occur within the Management Board, and to inform both the discharge authority and the public promptly of the measures taken;

28. Notes from its AAR that in 2010 the Authority took several initiatives in the area of prevention and management of conflict of interests:

— the commissioning of an independent report to assess the implementation by the Authority of its 2007 policy on declaration of interests,

— the commissioning of an independent report to benchmark the Authority's independence system against those of both national and international peer organisations,

— the conclusion of an external independent review of its declaration of interest assessments;

29. Welcomes the fact that the Authority has adopted a new definition of conflicts of interests, based on the OECD definition, but warns that further improvements are necessary to strengthen the Authority's policy on independence; stresses in particular that the criteria that define a conflict of interests should be clarified and widened, and include current and recent past activities;

30. Takes note from the Authority that a review of its policy on declarations of interest took place in 2011 and that its Management Board adopted a new policy on independence and scientific decision-making processes;

31. Observes that the Authority is repeatedly challenged over alleged cases of conflicts of interest involving members of the experts' panels, especially in the case of the panels on 'Food additives and nutrient sources added to food' (ANS) and 'Genetically modified organisms' (GMO); underlines that eight of the Authority's panels and its scientific committee were due for renewal in March 2012 and that the Authority's capability of implementing the new policy is under scrutiny; calls therefore on the Authority to inform the discharge authority in writing by 30 June 2012 of the steps undertaken to implement the new policy on independence and scientific decision-making processes and to conform to the OECD definition of conflict of interest when renewing its panels and its scientific committee; at the same time, calls on the Authority to inform the discharge authority of the new composition of the panels and of the scientific committee by 30 June 2012;

32. Takes note of the revision of the Authority's procedures in December 2010 to ensure the implementation of the obligations deriving from Article 16(2), and Articles 17 and 19 of the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union, laid down in Council Regulation (EEC, Euratom, ECSC) No 259/68 [1]; was informed that in 2010, 20 staff members left the Authority, all of whom received a letter on departure reminding them of their obligations vis-à-vis the Authority; calls on the Authority to further improve the way in which it applies its rules and procedures to avoid the 'revolving door' cases recently highlighted by the European Ombudsman; considers that any problems with the enforcement of staff rules and declarations of interests undermine the Authority's credibility;

33. Notes that the Authority has been audited by the Court of Auditors in the framework of the Special Report on conflicts of interest management in the Union Agencies and acknowledges from the Court of Auditors that the Special Report is due to be published by the end of June 2012;

34. Acknowledges from the Special Report that the Commission is considering a modification of the future funding of the Authority and proposed that the discharge authority and the Council consider a partial fee-based financing structure for the Authority; notes that the Commission is conducting an impact assessment on the matter; expresses, however, concerns that the new funding scheme proposed by the Commission could affect the independence of the Authority;

[1] OJ L 56, 4.3.1968, p. 1.

Performance

35. Notes from its AAR that a review of its efficiency, led by external consultants, began in 2010 with the launch of the e3 programme; acknowledges that the inception phase of the programme concerned the establishment of the programme portfolio, structure and governance in preparation for the structural reorganisation that would be implemented in 2011; invites the Authority to inform the discharge authority of the conclusions drawn by the review and of the measures it has adopted and implemented to address them;

36. Welcomes the Authority's plans to enhance its medium-term planning with a view to better involving the Member States in the Authority's work and better pool its resources across Europe; supports the Authority in strengthening its cooperation with Member States in the area of risk assessment;

37. Underlines the need for the Authority to ensure that its advice is of a high quality and is independent, in order to guarantee compliance with Union safety standards, scientific excellence and independence on all matters with a direct or indirect impact on food and feed safety, and plant protection; recommends, particularly in the interests of transparency, measures to further foster and monitor internal rules on declarations of interest by staff of the Authority and by experts working for the Authority;

38. Considers that the main tasks of the Authority are the provision of independent scientific advice on matters with a direct or indirect impact on food safety, the conduct of risk assessments to provide Union institutions, Member States and policy-making bodies with a sound scientific basis for defining policy-driven legislative or regulatory measures and the collection and analysis of scientific data;

Internal audit

39. Acknowledges that six 'very important' recommendations from the IAS still need to be implemented and that three of them have already been delayed for over 12 months; notes in particular that these delays concern: information security management, the contract renewal process and transparency of decision-making, and filing and archiving policy; calls, therefore, on the Authority to rapidly address these deficiencies, and to inform the discharge authorities of the results achieved;

40. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

41. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [1] on the performance, financial management and control of the Agencies.

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[1] Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Food Safety Authority	2006	2007	2008	2009
Performance	No risk assessment or defined appropriate performance indicators, or documented systems or internal control procedures governing its activities	n.a.	Calls on the Authority to set SMART objectives and RACER indicators, as well as to make a Gannt diagram → promoting a results-oriented approach	— Advises the Authority to strengthen the planning and monitoring of budget processes relating to differentiated appropriations — Underlines the need for the authority to ensure that its advice is of a high quality and is independent. Recommends measures to further foster and monitor internal rules on declarations of interest by staff or the authority and by experts working for the Authority — Requests that the Court of Auditors undertake performance audits on the Authority
Budgetary and financial management/Procurement	— The annuity principle was not strictly observed: A large number of transfers were made with a high concentration of them at the year-end (31 of the 49 transfers) — Weaknesses in the procurement procedures: the selection criteria were not stated; the price-evaluation method not defined till the evaluation procedure was under way; vague description of the quality criteria	— The annuity principle was not strictly observed: weaknesses in the programming, the programming and the budgeting of the planned activities — Weaknesses in the budgetary management: in respect of the contributions given by the Commission to Croatia and Turkey (pre-accession strategy), they should have been treated as assigned revenue in the budget. None the less, they were treated as if they were part of the normal Community subsidy	— The annuity principle was not strictly observed: weaknesses in programming, monitoring contractual deadlines and the Authority's budget → (1) Calls on the Authority to improve its budget management in order to reduce its carry-over amount: 23 % in 2008; 16 % in 2007; 20 % in 2006; (2) A high amount of commitments had to be cancelled (37 % of commitments for operational activities carried over from 2007 and 26 % from 2006) — Calls on the Commission to examine ways of ensuring that the principle of needs-based cash management is implemented in full → high cash reserves (EUR 19 990 492,26)	— Calls on the Authority to strengthen the budget processes related to its differentiated appropriations and planning and monitoring of its multiannual implementation — Urges the Authority it improves its budget management in order to reduce its high carry-over amounts, stresses that the Court of Auditors has flagged up carry-overs of appropriations to the following year, this situation demonstrates weaknesses in the Authority's contract management and monitoring of the remittance of reports and cots statements — Court of Auditors pointed out that commitments for operational activities carried over from the previous year had to be cancelled, urges the Authority to remedy this situation and to notify the Court of Auditors of the measures taken — Notes that the Court of Auditors reported difficulties in the implementation of the 2009 work programme, calls on the Authority to take the necessary measures to remedy these deficiencies

European Food Safety Authority	2006	2007	2008	2009
Human resources	No realistic recruitment objectives	— The Authority was able to achieve its recruitment objectives and fill 273 of the 300 posts in its establishment plan: the audit of the recruitment procedures showed that in general neither the weightings of the selection criteria to be applied nor the threshold scores for going on to the next stage of the competitions had been decided upon by the selection board before the deadline fixed in the vacancy notice	n.a.	n.a.
Internal audit	n.a.	n.a.	20 out of the 25 recommendations (80 %) made by the IAS and the IAC have been implemented	— Is concerned that out of the 48 recommendations, one is considered critical, 27 very important and 20 important but no information has been given to the discharge authority on the content of these recommendations, urges the Executive Director of the Authority to provide this information — Reiterates its demand for the Authority to take appropriate measures in cases of conflicts of interest, invites the Authority to initiate a survey of the potential conflicts of interest of its leading scientists, board, and panel members, so that possible omissions in the declarations of interest can be detected and followed by action in a timely manner

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Food Safety Authority for the financial year 2010

(2012/621/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Food Safety Authority for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the financial year 2010, together with the Authority's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council [3] establishing a European Food Safety Authority, 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0106/2012),

1. Postpones the closure of the accounts of the European Food Safety Authority for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

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[1] OJ C 366, 15.12.2011, p. 106.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 31, 1.2.2002, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Medicines Agency for the financial year 2010

(2012/622/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Medicines Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Medicines Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EC) No 726/2004 of the European Parliament and of the Council [3] establishing a European Medicines Agency, 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0107/2012),

1. Postpones its decision on granting the Executive Director of the European Medicines Agency discharge in respect of the implementation of the Agency's budget for the financial year 2010;

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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 27.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 136, 30.4.2004, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Medicines Agency for the financial year 2010

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Medicines Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Medicines Agency for the financial year 2010, together with the Agency's replies ([1]),

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 ([2]), and in particular Article 185 thereof,

— having regard to Regulation (EC) No 726/2004 of the European Parliament and of the Council ([3]) establishing a European Medicines Agency, 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 on the Financial Regulation applicable to the general budget of the European Communities ([4]), and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0107/2012),

A. whereas the Court of Auditors, in its report on the annual accounts of the European Medicines Agency for the financial year 2009, qualified its opinion on the legality and regularity of the underlying transactions,

B. whereas in its Decision of 10 May 2011, Parliament decided to postpone its decision on granting the Executive Director of the Agency discharge in respect of the implementation of its budget for 2009 ([5]) but then granted it in its Decision of 25 October 2011 ([6]),

C. whereas on 25 October 2011 Parliament granted the Executive Director of the Agency discharge for implementation of the Agency's budget for the financial year 2009, and in its resolution accompanying the discharge decision, inter alia:

— emphasises that the discharge authority should continue to carefully monitor during the upcoming discharge procedures the level of implementation of the measures undertaken to address the Agency's serious weaknesses disclosed by the reports from both the Court of Auditors and the Internal Audit Service (IAS),

([1]) OJ C 366, 15.12.2011, p. 27.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 136, 30.4.2004, p. 1.
([4]) OJ L 357, 31.12.2002, p. 72.
([5]) OJ L 250, 27.9.2011, p. 173.
([6]) OJ L 313, 26.11.2011, p. 27.

— called on the Agency to inform the discharge authority of the action taken on issues relating to effective compliance with its Code of Conduct as regards the management of conflicts of interest,

— insisted, but also warned the Agency, that all the action mentioned in the respective audit reports, including the one for the year 2010, should be fully implemented before the start of the next discharge procedure,

D. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular,

E. whereas the budget of the Agency for 2010 was EUR 208 400 000, which represents an increase of 7,20 % over the financial year 2009;

F. whereas the initial contribution of the Union to the budget of the Agency for 2010 was EUR 28 279 600 compared with EUR 36 390 000 in 2009 [1], and whereas the overall contribution of the Union to the budget of the Agency for 2010 was EUR 36 600 100,

Follow-up of 2009 discharge

1. Expects the Agency to inform the discharge authority of the results of the action taken with regard to the following issues:

— the process of adoption by the Management Board of the action plan with specific measures and a timetable for implementation to remedy the shortcomings identified in the procurement procedures;

— the thorough verification of the effective use of the existing procedures for the identification and management of conflicts of interest for its staff and experts;

calls on the Court of Auditors to give reasonable assurances that the Agency has effectively addressed its shortcomings relating to procurement procedures, and on the IAS to give assurances the discharge authority on the effective use of existing procedures for the management of conflicts of interest for the Agency's staff and experts;

2. Calls on the Agency and on the IAS to immediately verify whether all the action specified in the audit reports, including that for 2010, were fully implemented and to inform the discharge authority accordingly;

3. Notes from the Agency that on 15 December 2011 the Management Board endorsed a proposal for the Agency to present at the June 2012 meeting of the Management Board the detailed implementing measures related to the:

— establishment of the new structure and scope of the Advisory Committee on Procurement and Contract,

— implementation of a multiannual procurement plan,

— establishment of the responsibilities for the above;

insists that the Management Board sends the Action Plan to the discharge authority at the latest by 30 June 2012;

[1] OJ L 64, 12.3.2010, p. 445.

Budget and financial management

4. Recalls that the initial Union contribution to the Agency for 2010 amounted to EUR 26 335 100; notes however that EUR 10 265 000 coming from the recovery of surplus, was added to that amount which, as a result, makes a total Union contribution of EUR 36 600 100 for 2010;

5. Stresses that the general budget of the European Union for the financial year 2010, as definitively adopted, presents two different figures as the initial contribution of the Union to the budget of the Agency, i.e. EUR 28 279 600 and EUR 26 335 100; urges, therefore, the Commission to inform the discharge authority of the exact subsidy allocated to the Agency;

6. Acknowledges that the Agency's budget is financed both from the Union budget and from fees paid by the pharmaceutical industry when applying for, obtaining or maintaining Union marketing authorisations; finds from the Annual Activity Report that in 2010, 73 % of the revenue of the Agency is estimated to have derived from the fee revenue and that, in parallel with the increase in the fee-based revenue, the relative percentage income from the Union contribution fell from 23 % in 2006 to 14 % in 2010;

7. Finds from the Annual Activity Report that 17 exceptions were entered in the register of exceptions in 2010;

8. Notes weaknesses in the Agency's system for validating creditor claims in respect of IT contractors; takes note of the Agency's statement that the weaknesses noted by the Court of Auditors related to a human error and were corrected, that it has strengthened its *ex-ante* operational and financial control of invoices and that no further weaknesses have been detected; invites the Court of Auditors to verify and inform Parliament in this respect;

Carryover appropriations and cancellations

9. Acknowledges from the Agency's Report on budgetary and financial management that automatic carryovers to the 2011 financial year totalled EUR 41 655 049,44, or 20,90 % of the appropriation committed, and that one non-automatic carryover to the 2011 financial year was requested totalling EUR 3 500 000, or 1,68 % of the final appropriation;

10. Is concerned that the Court of Auditors has once more reported a high carryover of EUR 17 600 000 in Title II (Administrative expenditure); stresses that this situation indicates delays in the implementation of activities financed from Title II of the Agency's budget and that the Agency is not complying with the budgetary principle of annuality;

11. Notes with concern the additional comment from the Court of Auditors that only 36 % of the appropriations carried forward to 2011 correspond to expenditure accrued from 2010, while the remaining 64 % of amounts carried over did not relate to the 2010 financial year;

12. Points out that the Court of Auditors had already reported a high level of carryovers in previous financial years; notes, in particular, that in the 2009 budget the Court of Auditors reported a carryover of EUR 19 500 000 (38 % of the Agency's commitments) and in 2008 it was EUR 36 000 000 (19,7 % of the 2008 budget);

13. Establishes from the Agency's Report on budgetary and financial management that in 2010, appropriations totalling EUR 9 074 296,49 were cancelled compared with EUR 7 693 276,58 in 2009; notes the Agency's reply that the level of cancelled expenditure appropriations is a result of stringent monitoring of actual revenue and adjustments to expenditure; urges the Agency to take immediate action to reduce the level of cancelled appropriations and to adopt an Action Plan with concrete measures — including aimed at a stricter estimation of the fee income and the period to be received — and deadlines to address this persistent problem by 30 June 2012;

Procurement Procedures and Transfers

14. Ascertains from the Annual Activity Report that, in addition to the 165 specific contracts concluded under framework contracts, 70 new procurement contracts exceeding EUR 25 000 in value were concluded by the Agency during 2010;

15. Notes from the Agency's Report on budgetary and financial management that, during 2010, 13 transfers of a total amount of EUR 13 714 500 (15,29 % of the final appropriations) were approved; further notes that the Agency already adopted 10 transfers of a total amount of EUR 9 609 000 in 2009; calls on the Agency to adopt an Action Plan with concrete measures and deadlines to remedy this persistent problem;

System of remuneration for services

16. Urges the Agency to introduce a system of remuneration for services provided by national Member State authorities based on the Member States' real costs; also calls on the Agency to promptly inform the discharge authority when this system is put in place; notes in this regards that a new payment system was already presented to the Management Board at their meeting of 10 December 2009 but it, in the end, rejected the proposal;

17. Supports all efforts at the executive and administrative levels of the Agency to reform the payment system for services provided by Member States' authorities which should clearly be based on the real costs; urges the Management Board to move forward on this issue;

18. Notes that by refusing a new payment system, the Management Board accepts and takes direct responsibility for very important risks, such as non-compliance with legislative requirements, the potential financial impact of the current remuneration system, and reputation; is therefore not ready to accept this questionable attitude from the Management Board and calls on the Agency to adopt an Action Plan on this matter and to inform the discharge authority by 30 June 2012;

Human resources management

19. Urges the Agency to strengthen its recruitment processes and ensure that its documentation is correctly managed; calls in particular on the Agency to improve the documentation of the recruitment files for contract agents and on the Appointing Authority to adopt the reserve lists proposed by the selection committees;

20. Acknowledges also from the Court of Auditors that the Agency did not distinguish sufficiently between employment-agency staff and contract staff recruitment; calls therefore on the Agency to use employment-agency staff to cover short-term needs only and grant transparent access for contract staff positions;

Management of conflict of interest

21. Urges the Agency to provide central coordination for the development of a common experts' assessment methodology applicable to all national competent authorities and for its monitoring; notes that, after the Memorandum of Understanding (MoU) signed between the Agency and each national competent authority on the monitoring of the scientific level of the experts became effective on 4 July 2011, the Agency still has responsibility for developing and coordinating a common experts' assessment and experts' methodology;

22. Emphasises that the Agency needs to finalise the signing of MoUs on the independence of scientific evaluation, to amend internal procedures correspondingly, and to update the experts' database; takes note of the Agency's reply that MoUs on the independence of scientific evaluation have been signed as of October 2011 and that the experts' database was updated to allow for the direct uploading of the electronic declarations of interest into the database; calls on the Agency to inform the discharge authority of the status of implementation of these measures by 30 June 2012; also invites the IAS to inform the discharge authority when these very important recommendations are effectively implemented by the Agency;

23. Calls on the Agency to inform the discharge authority of the way in which it ensures that procedures for the involvement of experts are fully applied until the MoUs on the independence of scientific evaluation have been signed by all national competent authorities;

24. Calls on the Agency to report on its involvement in the organisation of conferences by private organisations such as the Organisation for Professionals in Regulatory Affairs;

25. Takes note from the Agency of the adoption on 1 February 2012 of the 'Decision on rules relating to Articles 11a and 13 of the Staff Regulations concerning the handling of declared interests of employees of the European Medicines Agency' by the Management Board and of the 'Decision on rules concerning the handling of declared interests of national experts on secondment, visiting experts, trainees and interims of the European Medicines Agency' by the Executive Director; calls on the Agency to inform the discharge authority of the concrete measures undertaken to implement these decisions by 30 June 2012 in order to enable Parliament to assess the procedures in place for handling potential conflicts of interest for all categories listed in the two decisions, plus the members of the Management Board;

26. Notes with concern that in the financial circuits there are also potential conflicts of interests in processing payments due to insufficient segregation of duties; urges the Agency therefore to duly take into account this very significant risk and take immediate action to address this deficiency;

27. Notes that the former Executive Director of the Agency wrote to the Agency on 28 December 2010 outlining the activities which he was intending to take up at the end of his term of office; considers the first decision of 11 January 2011, taken by the Chairman of the Agency Management Board, to authorise the new activities of the former Executive Director of the Agency to be a breach of Union rules relating to conflicts of interest, in particular with regard to Title II, Article 16, of the Staff Regulations of the Officials of the European Union; recalls that according to Title II, Article 11, and title IV, Article 91, of the Conditions of Employment of Other Servants of the European Union, this provision applies by analogy to temporary agents and to contract employees; considers the fact that the Management Board adopted limitations on the future activities of the former Executive Director on 17 March 2011 — only after strong public protest — to be clear proof that the Agency did initially not apply the Staff Regulations properly, which in turn raises serious questions about their application of the rules in general; asks the Executive Director to present a detailed report on the implementation of Article 16 of the Staff Regulations within the Agency;

28. Is seriously concerned by the failure of the Agency and its Management Board to effectively address the matter of conflict of interests; takes note that in April 2012 the Agency adopted a revised policy on the handling of conflicts of interests of Scientific Committee members and experts, as well as a breach of trust procedure for Committee members and experts; insists that implementation and concrete results are the only elements to prove the efficiency of the new policy and procedure; believes that the Agency should verify, during 2012, all declarations of interest of experts and Scientific Committee members; therefore, calls on the Agency to provide data — figures and names included — following the enforcement of this procedure; calls also on the Agency to have verified at least 75 % of the experts' declarations of interest and at least 75 % of the Scientific Committee members' declarations of interest and to provide the discharge authority with the verification results and with an Action Plan with a calendar concerning the rest of the verification process for declarations of interest by the end of August 2012;

29. Recalls that, following the employment of the Agency's former Executive Director by a consultancy that advises, among others, pharmaceutical companies almost immediately after he left the Agency, the discharge authority raised concerns over the actual independence of the Agency and the way in which its Management Board implemented Article 16 of the Staff Regulations; is furthermore concerned by the allegations that the Agency's former Executive Director created his own consultancy firm while still in office; calls on the Agency to provide the discharge authority with further information on this matter by 30 June 2012;

30. Urges the Court of Auditors to finalise and present its current audit of conflict of interest in the Agency;

31. Regrets the fact that many of the experts failed to publish their declarations of interests, and that the comparison of declarations of interests published by the relevant national agencies and by the Agency shows significant differences in some cases; deplores, furthermore, the fact that at least one member of the Management Board of the Agency, also substitute member of the Committee for Medicinal Products for Human Use, failed to declare his recent management responsibilities in a pharmaceutical firm;

32. Welcomes the Agency's initiative to publish the declarations of interests of its staff occupying management positions and of the experts involved in the evaluation of medicinal products on its website; notes with interest that the list of experts also indicates their risk level in terms of conflict of interest; believes that at least the previous working places – professional background – should also be published along with the declarations of interest to allow verification of the declarations of interest and identify possible conflicts; therefore invites the Agency to provide Parliament with information on the status of implementation of these measures by 30 June 2012;

33. Urges the Agency to carry out checks on the declarations of interests submitted to it, and a detailed check on a random basis, notably by implementing a system under which declarations are cross-checked against information held by industry and by the relevant national agencies;

34. Is nevertheless concerned by the Agency's approach vis-à-vis the scrutiny of declarations of interest, which is primarily based on trust rather than on verification; is notably concerned by the fact that the comparison of the experts' declaration of interest published by the relevant national agencies and by the Agency reveals significant discrepancies in some cases; therefore calls on the Agency to establish a genuine mechanism enabling proper scrutiny of the declarations of interest received by the Agency and to inform the discharge authority on this matter by 30 June 2012;

35. Urges the Agency to apply its conflict of interest policy to its Management Board;

36. Notes that the Agency has been audited by the Court of Auditors in the framework of the Special Report on conflicts of interest management in the Union agencies; acknowledges from the Court of Auditors that the above-mentioned Special Report will be published by the end of June 2012; is of the opinion that, given the extent of criticisms questioning conflict of interest issues in the Agency, the decision on discharge should be postponed until the publication of the Special Report to take into account the findings of the Court of Auditors in this respect;

37. Considers that the effective management of conflict of interest is crucial to maintain public trust in the work of the Agency;

38. Acknowledges the Agency's willingness to publish the Declarations of Interests of experts involved in the evaluation of medicinal products; but deplores the fact that many of the experts have yet to publish their Declarations of Interests;

39. Takes note of the fact that the Management Board adopted limitations on the subsequent professional activities of the former Executive Director on 17 March 2011 after public protest supported by Parliament regarding its decision in January 2011 to authorise his new activities fully; recalls in this context that a delegation of the Committee on the Environment, Public Health and Food Safety visited the Agency in June 2011 to follow up this case and to receive further information on the improved procedures; recalls, furthermore, that the Committee held an exchange of views with the Executive Director — designate in July 2011 where the issue was addressed again in order to avoid future recurrences;

Performance

40. Considers the assessment of the adequacy and effectiveness of the systems in place to support the provision of scientific advice for human medicines in the Agency as an important tool to measure the Agency's performance;

41. Takes note of the increased number of products and services (opinions, reports, scientific advice, inspections) compared with 2009; is also satisfied with the implementation of Regulation (EC) No 141/2000 of the European Parliament and of the Council of 16 December 1999 on orphan medicinal products [1] and encourages the Agency to continue its action to provide incentives for research, development and placing on the market of designated orphan medicinal products;

Internal audit

42. Acknowledges from the Agency that 11 'very important' recommendations from the IAS still need to be implemented; notes that one of them has been reported as implemented by the Agency and is now under the IAS review;

43. Is concerned that seven of these 'very important' recommendations have been delayed by up to more than 12 months; notes that these recommendations concern:

— the compliance with Article 110 of the Staff Regulations;

— the recruitment process;

— the use of databases;

— the definition of rules on filing for products;

— the guidelines on the management of potential conflicts of interest of staff;

— the procedures on involvement of experts;

— the segregation of duties in the financial circuits;

urges the Agency therefore to promptly address these deficiencies identified by the IAS and to inform the discharge authority of the measures taken;

44. Is further concerned that the Agency rejected two 'very important' recommendations relating to:

— the fees paid to national agencies;

— the reduction in the number of consultants working in-house;

urges the Agency to explain immediately to the discharge authority the rejection of these two recommendations;

45. Notes that if the IAS in its follow-up report of September 2010 continues to find 'inadequate assessment of the independence of the experts', the Executive Director should publish a list of all the authorised medicinal products concerned and report how the Agency intends to rectify these procedures;

46. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;

47. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 [2] on the performance, financial management and control of the agencies.

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[1] OJ L 18, 22.1.2000, p. 1.
[2] Texts adopted, P7_TA(2012)0164. (see page 388 of this Official Journal).

ANNEX

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER PAST YEARS

European Medicines Agency	2006	2007	2008	2009
Performance	n.a.	— The principle of sound financial management was not rigorously fulfilled: the Agency's cash forecast had not been prepared properly — The Agency carries out its operations in two locations, exposing it to additional costs (direct posts: EUR 450 000)	— Good results in having put in place sophisticated activity-based budgeting and user-satisfaction monitoring — Calls on the Agency to reassess its brokerage policy in light of the financial risks incurred throughout the year — The Agency carries out its operations in two locations, exposing it to additional costs	— Unacceptable that the Agency does not apply the relevant rules for management of conflicts of interest effectively — 12 very important & 1 critical recommendations from several earlier IAS Annual Audit Reports were still not implemented in 2009 Unacceptable that the Agency is not complying with its Code of Conduct, urges the Agency to document & assess its controls & file the relevant allocation decisions which must be made available on its website — Urges the Agency to inform the discharge authority of the steps it has taken to ensure the independence of its experts since its inception — Asks the Agency to complete & regularly update the European Experts Database as required by Regulation (EC) No 726/2004
Carry-over of appropriations	The budgetary principle of annuality was not strictly observed: the utilisation rate for commitment appropriations was less than 60 %. more than 40 % of the commitments were carried over to the financial year 2007	The agency had difficulties in the programming, the budgeting of its activities, and their implementation: EUR 32 000 000 euro were carried over and EUR 4 000 000 were cancelled: Calls on the agency to fulfil the principle of annuality	Calls on the Agency to fulfil the annuality principle: the budget appropriations carried over and cancelled have amounted respectively to EUR 36 000 000 (19,7 % of the budget) and EUR 9 700 000 (5,3 % of the budget)	Court of Auditors reports a carryover of EUR 19 500 000 (38 % of Agency's commitments), EUR 14 800 000 of this was for activities not yet implemented at year end, indicates delays in the implementation of activities financed form Title II. Agency is not in accordance with budgetary principle of annuality
Procurement procedures	n.a.	— Transparency issues at the level of selection criteria and at the level of the evaluation methods for the price criteria and joint procurement procedure — Recalls on improving procurement management	Calls on the Agency to improve the quality of its procurement procedures so as to put an end to the shortcomings: i.e. as regards the application of evaluation methods for the price criteria and as regards the essential need for justifications for the choice procedure	— Concerned that the Court of Auditors findings of errors in the procurement procedures corresponding to a significant amount of the Agency's total budget for the financial year of 2009. Shortcomings in evaluation criteria such as price and choice of procedures — Urges the Agency to improve the quality of its procurement procedures in order to put an end to the shortcomings identified by the Court of Auditors

European Medicines Agency	2006	2007	2008	2009
				— Calls on the Agency to set up a multiannual procurement plan — Calls on the Agency to ensure the results of procurement procedures are verified before contracts are awarded
Revenue from fees	The Agency has not been able to make a comprehensive analysis of the costs incurred by Member States' rapporteurs in order to obtain an objective and documented basis on which to adapt its payments to them, and consequently the fee charged to its customers: This situation was in breach of the Fee Regulation	Transparency issues on the amount repaid to the Member States' rapporteurs	Calls on the Commission to evaluate the Agency's endemic high level of cash holdings (EUR 41 887 000)	Calls on the Agency to ensure better coordination between its financial & scientific services in order to remedy the unacceptable long day of recovery orders
Internal Audit	n.a.	n.a	Calls on the Agency to fulfil a 'critical recommendation' made the Commission's Internal Audit Service related to the area of experts' conflicts of interests, and other eight 'very important' recommendations in the areas of documentation of conflicts of interest for the Agency's staff, databases used to support the administrative procedures for evaluation and development of guidelines for filing and full implementation of such guidelines	Unacceptable that the Executive Director's statement of assurance does not mention any reservations which is inconsistent with the undertaking given in its Code of Conduct adopted by the Agency in the light of the statements of assurance from the IAS & the Court of Auditors Asks the Agency to forward the IAS reports since 2007 to the discharge authority by 30 June 2011 Urges the Agency to rapidly implement the IAS recommendations, provide the discharge authority with an overview of measures taken & implemented

DECISION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on the closure of the accounts of the European Medicines Agency for the financial year 2010

(2012/623/EU)

THE EUROPEAN PARLIAMENT,

— having regard to the final annual accounts of the European Medicines Agency for the financial year 2010,

— having regard to the Court of Auditors' report on the annual accounts of the European Medicines Agency for the financial year 2010, together with the Agency's replies [1],

— having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),

— having regard to Article 319 of the Treaty on the Functioning of the European Union,

— 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 [2], and in particular Article 185 thereof,

— having regard to Regulation (EC) No 726/2004 of the European Parliament and of the Council [3] establishing a European Medicines Agency, 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 on the Financial Regulation applicable to the general budget of the European Communities [4], and in particular Article 94 thereof,

— having regard to Rule 77 of, and Annex VI 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 (A7-0107/2012),

1. Postpones the closure of the accounts of the European Medicines Agency for the financial year 2010;

2. 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
Martin SCHULZ

The Secretary-General
Klaus WELLE

[1] OJ C 366, 15.12.2011, p. 27.
[2] OJ L 248, 16.9.2002, p. 1.
[3] OJ L 136, 30.4.2004, p. 1.
[4] OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT

of 10 May 2012

on discharge in respect of the implementation of the budget of the European Union Agencies for the financial year 2010: performance, financial management and control of European Union Agencies

THE EUROPEAN PARLIAMENT,

— having regard to the report of 14 November 2011 from the Commission to the European Parliament and the Council on the follow-up to the discharge for the 2009 financial year (COM(2011) 736) and the accompanying Commission Staff Working Documents (SEC(2011) 1350 and SEC(2011) 1351),

— having regard to the Commission communication of 11 March 2008 entitled 'European Agencies – the way forward' (COM(2008) 135),

— having regard to its resolution of 10 May 2011 on the 2009 discharge: performance, financial management and control of EU Agencies ([1]),

— 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 ([2]),

— 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 on the Financial Regulation applicable to the general budget of the European Communities ([3]), and in particular Article 96 thereof,

— having regard to Special Report No 5/2008 of the Court of Auditors entitled 'The European Union's Agencies: getting results',

— having regard to the specific annual reports ([4]) of the Court of Auditors on the annual accounts of the decentralised Agencies for the financial year 2010,

— having regard to its study entitled 'Opportunity and feasibility of establishing common support services for EU Agencies' issued on 7 April 2009,

— having regard to its resolution of 15 September 2011 on the EU's efforts to combat corruption ([5]), its declaration of 18 May 2010 on the Union's efforts in combating corruption ([6]), and to the Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on Fighting corruption in the EU (COM(2011) 308),

— having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control and the opinions of the Committee on Employment and Social Affairs and the Committee on Civil Liberties, Justice and Home Affairs (A7-0103/2012),

([1]) OJ L 250, 27.9.2011, p. 269.
([2]) OJ L 248, 16.9.2002, p. 1.
([3]) OJ L 357, 31.12.2002, p. 72.
([4]) OJ C 368, 16.12.2011.
([5]) Texts adopted, P7_TA(2011)0388.
([6]) OJ C 161 E, 31.5.2011, p. 62.

A. whereas this resolution contains, for each body within the meaning of Article 185 of Regulation (EC, Euratom) No 1605/2002, the horizontal observations accompanying the discharge decisions in accordance with Article 96 of Regulation (EC, Euratom) No 2343/2002 and Article 3 of Annex VI to Parliament's Rules of Procedure,

B. whereas there has been a substantial increase in the number of Agencies over the last decade, from 3 in 2000 to 24 in 2010,

C. whereas the decisions on the establishment and allocation of Agencies taken by the Council during recent years, are responsible for high expenditures and ineffectiveness of the functioning of the Agencies concerned, as they are not based on efficiency considerations, inter alia, leading to remote and high cost locations,

D. whereas the budget of the decentralised Agencies increased substantially between 2007 and 2010 from EUR 1 055 000 000 (for 21 Agencies) to EUR 1 658 000 000 (for 24 Agencies),

E. whereas the Union contributions to the decentralised Agencies for the financial year 2010 amounted to over EUR 620 000 000,

F. whereas, following the adoption of the above-mentioned Commission communication of 11 March 2008, Parliament, the Council and the Commission relaunched the project of defining a common framework for the Agencies and, in 2009, set up an Interinstitutional Working Group on Agencies,

G. whereas this Interinstitutional Working Group met for the seventh time at political level on 13 December 2011 and whereas the following points were discussed: the criteria for setting up new Agencies, the choice of the Agencies' seat and seat agreement, the composition of management boards, the appointment procedure for directors, the evaluation and performance, the multiannual programme, and the administrative support,

H. whereas the Court of Auditors' Special Report on cost benchmarking of the European Union Agencies which was planned to be issued before the end of 2011, whereas a letter received from the Court of Auditors on 15 February 2012 provided a synthesis document with data extracts covering 2008 to 2010 on the Agencies' governance costs, financial management and operational efficiency, whereas the Court of Auditors informed the discharge authority, by letter of 18 April 2012, that it is not in their intention to issue the Special Report on cost benchmarking of the European Union Agencies,

I. COMMON CHALLENGES ON FINANCIAL MANAGEMENT

Management of budgetary resources (including carry-overs and cancellations)

1. Calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Agency made from the general budget of the Union; underlines that the document shall include the following information:

— the initial contribution of the Union entered in the budget for the Agency,

— the amount of funds coming from the recovery of surplus,

— the overall contribution of the Union for the Agency,

— the amount of the European Free Trade Association (EFTA)'s contribution,

calls on the Commission to provide the discharge authority annually with consolidated information on, if applicable, the level of income generated by the Agencies, and the level of contributions made by Member States and third parties;

2. Calls on the Commission to provide the information listed in paragraph 1 for the financial year 2010, in a comparable and transparent manner, as well as for the previous financial years to enable Parliament and the public to compare the Union's contribution to each Agency over time; this will also ensure clarity, transparency and public control over the spending of the Union's money;

3. Urges the Commission to stop the increases in the Agencies' budgets, to even consider reducing the Union contribution to their budgets; also urges the Agencies to reduce their running costs and overheads, inter alia, by merging Agencies with similar or overlapping tasks or multiple sites of location, and establishing mechanisms to show the clear use and accountability of each EUR and to make substantial savings of Union funds;

4. Demands that all Agencies justify, systematically, amending budgets, transfers and carry-overs in their report on the final annual accounts and annual report on budgetary and financial management;

5. Notes that some Agencies have difficulties in spending their budgets in a timely manner and that funds are committed against projects unrelated to the financial year; is concerned by the fact that significant amounts of budget are allocated in the end of the financial year; considers this as a possible sign that Union funds are, in some cases, used unnecessarily; calls on the Court of Auditors and especially the Agencies themselves to provide additional information and justification in the cases of Cedefop, CPVO, EFSA, EMSA, ENISA, ERA, Eurojust and FRA that have spent more than 25 % of their budgets in the final two months of 2010, as well as on the cases of CEPOL, CPVO, Frontex and again EMSA that exhibit continuously high percentages of carry-forwards which have to be cancelled;

6. Is concerned by the fact that in the cases of ECHA, ENISA, ERA, Eurofound, FRA, CEPOL, EU-OSHA, EFSA, Eurojust, ECDC, Frontex, OHIM the ratio of accruals versus carry-forwards in 2010 was lower than 50 %; calls on additional information and justification of the Agencies mentioned above since this indicates that over half of their carry-forwards is related to activities undertaken in the next year and this would, if unjustified, breach the principle of annuality;

7. Notes a large volume of carry-overs and cancellations of operational appropriations by several Agencies in the financial year 2010 which the Court of Auditors did not consider to be significant or unjustified in its reports on annual accounts for the financial year 2010; would therefore welcome information from the Court on the criteria used for judging what constitute significant or unjustified carry-overs;

8. Points out that the high level of carry-overs and cancellations is generally indicative of the inability of an Agency to manage a large increase in its budget; demands that the absorptive capacity and the time needed to carry out additional tasks should play a larger role in budgetary decisions; urges that the annual budget for the Agency concerned be reduced if no structural action is taken to address this issue;

9. Urges the Agencies to improve their management of commitments as well as their internal planning and general revenue forecasting in order to optimise their carry-over and cancellation rates as well as their spending; reminds the Agencies that they need to refine their programming and monitoring system and initiate contracting earlier in the calendar year to reduce the need to carry over appropriations; calls in addition on the Commission to provide guidance and keep strict level of supervision in this respect;

10. Acknowledges, however, that due to their financial set-ups, some Agencies, such as EMA, generally end up with a high level of carry-overs at the end of each financial year; calls on these Agencies to establish a genuine mechanism enabling them to establish, in due time, their estimated level of carry-overs; is of the opinion that such a mechanism is essential to evaluate whether the level of carry-overs at year-end is justified and to evaluate the Agencies' ability to manage their budget properly;

11. Acknowledges the fact that some Agencies in the Area of Freedom, Security and Justice are operational ones and that the implementation of their budget may depend on external factors;

12. Welcomes Cedefop's intention to further reduce its carry-overs by monitoring through standardised templates of budget execution (commitments, payments) and procurement progress; considers this measure to be a practice to be followed by the other Agencies;

13. Points out that before any outsourcing or mergers, a thorough cost-benefit analysis is necessary in order to assess whether administrative costs can be reduced in, for example, the fields of budget planning and personnel management; refers in this respect to the study 'Opportunity and Feasibility of Establishing Common Support Services for EU Agencies' which was carried out by Parliament as early as 2009;

14. Recalls that the budget of the Agencies must be balanced; underlines that some Agencies generate profits through their activities, which sometimes lead to a surplus; is of the opinion that, for the Agencies fully financed from the budget of the European Union, the surplus generated in year n should be clearly deducted from the Union subsidy for year n + 1;

15. Asks the Agencies to examine their internal administrative processes with a view to reducing administrative burden; points in particular to procurement and recruitment processes where there might be scope for a significant shortening;

16. Presses on Agencies to consider their own administrative costs compared to those of their peers when preparing future resource plans and to have regard to the table of comparative administrative staff gradings when making future appointments to such posts;

17. Considers, in addition, that for partly self-financed Agencies, clients should pay the full cost of the services provided to them by those Agencies, including the employer's prorate contribution to the pension scheme; concerning the issue of how to deal with a possible shortfall against forecast of fee revenue from the clients and the need to ensure the availability of necessary funding to Agencies, calls on the Commission to investigate the necessity and possible modalities of creating a limited ring-fenced reserve fund to be operated in a transparent way;

18. Calls on all relevant budgetary actors to respect their duties, within the budgetary procedure, to provide adequate justification for their requests concerning the Agencies' budgets (i.e. initial budget request, increases, decreases) and in the future, to take greater care in deciding on increases in an Agency's budget in the light of the time needed to carry out the new activities; is of the opinion that the Agencies' budgets should be based on their actual real needs; calls therefore on the Commission and all relevant parties involved in the budgetary procedure to implement as soon as possible the Court of Auditors' recommendation for a zero-based budgeting approach for Agencies when drawing up Agencies' budgets, meaning that the budget of each Agency is drawn up without reference to historical amounts and is determined by the stand-alone needs of each Agency;

19. Urges the Agencies to minimise the number of late payments by implementing corrective measures; is mainly concerned that payment delays increase the risk of having to pay interest and charges for late payments for which no appropriations are envisaged in the budget;

20. Calls also on the Agencies to accurately and completely report on exceptions in line with the Internal Control Standard N. 16;

Weaknesses in procurement procedures

21. Notes the weaknesses in procurement procedures; calls on the Agencies to increase the efficiency of their internal control system to avoid or detect persistent errors threatening the legality and regularity of the Agencies' transactions;

22. Urges the Agencies, accordingly, to strengthen their procurement procedures and, in particular, their procurement authorisation at the financing decision and work-programme level; notes, for example, that EMSA's lack of underlying data to support the financing decision on planned operational procurement may put at risk the validity of the Agency's decision;

23. Calls also on the Agencies to include in their Annual Work Programmes (AWP) clear information on the global budgetary envelope reserved for procurements and the indicative number and types of contracts envisaged; is concerned that often the Agencies' AWP do not explicitly disclose all information referred to in the Financial Regulation and its implementing rules; notes that this weakness is mainly found in EMSA and ERA;

24. Calls on the Agencies to ensure accurate and timely reporting to disclose the exceptions in their Annual Activity Reports (AAR) in a comprehensive manner, detailed checklists and routings slips would allow the Agencies to clearly spell out each staff role's duties and ensure adequate follow up of potential irregularities;

25. Urges, in addition, the Agencies to ensure that negotiated procedure, which should be used under strictly defined conditions, is duly reported in a timely manner to the Administrative Board in order that it is fully informed about the extent of these procedures;

26. Calls on the Agencies, in addition, to develop and report on *ex-post* controls to ensure an adequate follow-up of the potential irregularities; supports in this respect the initiatives which develop a central and coordinated capacity at internal directorate level of each Agency in order to reduce the risk of inefficient use of resources and uncoordinated monitoring of contracts;

27. Welcomes EFSA's initiative to draft a practical procurement manual detailing roles and responsibilities for each step of the process which is to be regularly up-dated; considers this initiative to be a practice to be followed by the other Agencies;

28. Welcomes the fact that the Court of Auditors has been able to obtain reasonable assurances that the annual accounts of all Agencies in the Area of Freedom, Security and Justice for the financial year 2010 are in all material respects reliable and that the underlying transactions are legal and regular; notes that discharge in respect of the implementation of the budget of those Agencies should continue to be based on their performance throughout the year;

II. **COMMON CHALLENGES ON PERFORMANCE**

Multiannual Programme (MP)

29. Urges the Agencies to draw up multiannual strategic programmes and guidelines, tailored to the specificities of their activities; considers it important that such multiannual activity planning (objectives and means to reach them) is linked with multiannual resource planning (budget and staff in particular) and that it is clearly translated into the AWP; calls also on the Agencies to consult the Parliament in this respect;

30. Encourages the Agencies to establish a multiannual IT strategy plan to support their operational activities;

Annual Work Programme (AWP)

31. Considers that the Agencies' internal process supporting the establishment of their AWP has a high impact on the reliability of information that the Agency provides to its stakeholders and to the discharge authority; urges the Agencies, therefore, to provide consistency in their planning, adequate procedures and guidelines, and sufficient documentation supporting the AWP in order to provide information on all activities to be carried out and on the resources planned per activity;

32. Regards it as absolutely essential that the committees responsible for the Agencies should scrutinise the Agencies' AWP as closely as possible and ensure that they reflect current circumstances and political priorities;

33. Expects, in that respect, the Agencies to work more closely with the Commission when drafting their AWP;

34. Calls for close cooperation between the Agencies as a means of ensuring an efficient coordination of their AWP;

35. Urges in particular that the Agencies take action in order to ensure that their AWP is appropriately complete and contains all the information required (i.e. information on all activities carried out by the Agency and on the resources planned per activities) and additionally include detailed information and estimates for the appropriations carried over to the next year;

36. Encourages, in this respect, the Agencies to base their AWP on a template in order to ease comparison; calls, in this regard, on the Commission to draw up a guideline for this template;

37. Is concerned that the assignment of responsibility for the preparation and adoption of the AWP is not stated in the founding Decision of certain Agencies (e.g. in Eurojust); considers that this may lead to confusion and lack of ownership for the preparation and adoption of the AWP; awaits the Commission's proposal for a change of legal basis;

Annual Activity Report (AAR)

38. Urges the Agencies to standardise the structure of their AARs in accordance with the format used by the Commission's Directorates-General (DGs) and, accordingly, to provide detailed and complete information on: the implementation of their AWP, budget and staff policy plan, indicators for the budgetary management such as year-end spending (i.e. the budget commitments made by the Agency in the final three months of the year), management and internal control systems, internal/external audit findings, the follow-up to the audit recommendations, the discharge recommendation, and the statement of assurance of the Executive Director; calls also on the Agencies to provide in their AARs information resulting from the Financial Statements and from the report on budgetary and financial management foreseen in the context of the discharge procedure, provided the time constraints of the preparation of the Union annual consolidated accounts are respected;

39. Requires that the structure of the AAR of each Agency includes a number of common elements based on best practice across the Agencies, with a view to easing comparison; in this respect, urges the Commission to develop an indicative template in cooperation with the Agencies;

40. Calls also on the Directors of the Agencies to transmit their AARs of the year n and the assessment of the Management Boards to the Court of Auditors, Parliament, Council and the Commission by 1 July of the year n+1;

41. Welcomes that in its AAR for 2010, EU-OSHA detailed data comparing one year to another so as to enable the discharge authority to assess more effectively the Agency's performance; considers this a practice to be followed by the other Agencies;

42. Calls also on the Agencies to make further efforts in order to ensure that their AAR effectively mirrors their AWP; stresses that this is a crucial element to evaluate properly the Agencies' activities and outcomes against the contribution of the Union, and therefore to determine their performance; commends in this respect the AARs and AWPs in particular of ECHA, EMSA and Europol; notes, however, that some Agencies (e.g. EMCDDA and GSA) showed a deficiency in this respect and their planning resources for activities (ABB) were not aligned with the organisational structure of their Agency to enable the monitoring of the budget execution;

43. Welcomes the initiative of Cedefop to make Gantt charts available for key operational activities in its AAR for 2010; reminds the Agencies that these charts outline, in a concise way, the amount of time spent by each staff member on a project and encourage an approach geared towards achieving results; encourages the Agencies to make a Gantt diagram part of the programming for each of their operational activities;

Evaluation of the Agencies

44. Calls on the Agencies to make and present a bi-annual overall evaluation of their activities, performance and effectiveness, to be commissioned by the Commission, Parliament and/or the Court of Auditors, and to make the report available on their website; the Agencies must then be called to prepare a roadmap with a follow-up action plan based upon the conclusions of those evaluations, and report on progress annually;

Report on Article 96

45. Recalls that in accordance to Article 96 paragraph 2 of the framework Financial Regulation, the Agencies are requested to provide the discharge authority with a report on the measures taken based upon the observations and recommendations made by the discharge authority in its previous discharge reports;

46. Regrets that the information provided by the Agencies in the reports on Article 96 come from the Agencies themselves and that, as a consequence, the accuracy of their statements cannot be fully certified and taken as granted; calls therefore on the Interinstitutional Working Group on Agencies to consider including a provision on the creation and implementation of a verification mechanism regarding the information provided by the Agencies in the report on Article 96, in order to enable the discharge authority to be confident of the validity of the information received and to allow for a thorough follow-up of the observation and recommendations made by Parliament in its previous discharge resolutions;

Table annexed to the Court of Auditors' annual reports

47. Welcomes the fact that the Agencies set out, in a table annexed to the Court of Auditors' 2010 specific annual reports, a comparison of the operations that were carried out during 2009 and 2010, enabling the discharge authority to assess more effectively their performance from one year to the next; notes that this has been required by the discharge authority since the 2008 Agencies' discharge procedure;

Role of coordinator of the network of Agencies

48. Commends the ECHA on its effective work as coordinator of the network of Agencies during the 2010 discharge procedure; considers this be a practice that should also be followed by the growing Joint Undertakings;

III. **COMMON CHALLENGES ON TRANSPARENCY**

Agencies' website

49. Urges the Agencies to provide, via their websites, information necessary to ensure transparency, especially financial transparency; urges in particular the Agencies to make available on their website the list of all contracts awarded over the last three years and the list of the Members of their Management Boards with their Declaration of Interests and a list of all enterprises which are involved in PPP contracts or which are in other commercial connections with Agencies; calls on the Commission to continue its efforts to make this information fully accessible and integrate it into its financial transparency system;

Relations with stakeholders

50. Calls on the Agencies to ensure that they exercise their functions in coordination with the different stakeholders;

51. Urges the Agencies to strengthen the involvement of the European institutions, in particular Parliament, in their annual planning;

Conflict of interests

52. Calls on the Agencies to adopt effective processes that duly address allegations of conflict of interests within the Agencies and/or the Management Board, in particular in EASA, EEA and EFSA;

53. Welcomes the initiative of some Agencies, as for instance the Community Fisheries Control Agency whose Internal Audit Capability developed an internal training course and has provided the necessary training related to Ethics and Integrity at the Agency; it particularly welcomes that the training is obligatory to all staff to ensure awareness of ethical and organisational values, in particular ethical conduct, avoidance of conflicts of interest, fraud prevention and reporting of irregularities;

54. Calls on the Agencies to carefully file and assess their control systems in order to prevent conflict of interests between their staff and experts working in their Agency; calls, in addition, on the Management Board of the Agencies to adopt and apply the strictest rules and verification mechanisms towards their Members to ensure their full independence from private interests; recalls once more that an Agency's reputation will be damaged in cases where it is challenged on the ground of conflict of interests, with negative impact to the Union's reputation;

55. Recalls that the European Ombudsman criticised EFSA for the way it assesses potential conflicts of interest and 'revolving door' cases; calls on other Agencies to employ efficient procedures to detect and prevent any conflict of interest situations; takes the view that the 'cooling-off' period of anyone who has served as director of an agency or has discharged major responsibilities within an agency needs to be clarified;

56. Invites the Agencies, therefore, to provide their responsible committees and the Budgetary Control Committee in Parliament with a detailed overview of the procedures, criteria and verification mechanisms applied to avoid 'revolving door' cases and any situations of conflicts of interest; where this role is ensured together with the national counterparts, urges the Agencies to clarify this sharing role to avoid responsibility-related loopholes in cases of conflicts of interest;

57. Reiterates, moreover, its call to the Commission to provide information on the existence and application of regulations and rules on the cooling-off periods and among comparable cases in all the Agencies before the end of 2012;

58. Is pleased by the intention of the Court of Auditors to make a comprehensive analysis of the Agencies' policies approach and concrete practice for the management of the situations of the conflicts of interest, in order to prevent conflicts of interest taking into account the OECD definition of conflict of interest and its related rules;

59. Recalls that in its abovementioned resolution of 15 September 2011 on the EU's efforts to combat corruption, the Parliament called, inter alia, upon the Commission and the Union's Agencies to ensure more transparency by drawing up codes of conduct or improving those existing codes, with as a minimum clear rules on conflicts of interest;

60. Recalls that conflicts of interest are a cause of corruption, fraud, mismanagement of funds and human resources, favouritism and have a negative impact on the impartiality of the decisions and quality of work and undermines Union citizens' trust in the Union institutions, including the Agencies;

Recruitment of Agencies' Directors

61. Calls on the Interinstitutional Working Group (IWG) to address the modalities for appointing Agencies' Directors in order to have an open, transparent and trusty recruitment procedure; in this respect calls on the IWG to ensure that its Joint Statement mentions that the candidates selected for the post of Agencies' Directors undergo a public interview by Parliament's committees;

62. Notes that, for the European Securities and Markets Authority, the European Banking Authority and the European Insurance and Occupational Pensions Authority (Agencies which were established in 2010 and began operating in 2011), the Executive Director is appointed by the Board of Supervisors but only after confirmation by the Parliament as discharge authority; stresses that this procedure should be the rule for the appointment of all Agencies' Executive Directors;

Fraud prevention

63. Calls on the Agencies to be more active in the area of fraud identification and prevention, and properly and regularly to communicate on these activities; stresses that the role of the European Anti-Fraud Office (OLAF) vis-à-vis Agencies should be formalised, enhanced and made more visible;

Alert system

64. Considers that where the Commission has serious reasons for concern that an Agency is about to take decisions or engage in activities which may not comply with the mandate of the Agency, may violate Union law or be in manifest contradiction to the Union policy objective, it has the duty to immediately inform Parliament and Council to enable them to take appropriate action;

IV. **COMMON CHALLENGES ON HUMAN RESOURCES**

Recruitment procedures

65. Urges the Agencies to take the necessary measures to increase the legality, transparency and objectivity of their recruitment processes; notes in fact that once more in several Agencies there are deficiencies in staff selection procedures which put at risk the transparency of these procedures and/or infringe the principle of equal treatment in the application of the eligibility criteria; acknowledges, in particular, that the Court of Auditors repeatedly reports the following deficiencies:

— no evidence exists whether the selection criteria and the thresholds that candidates have to meet to be invited to written tests/interviews are established before the evaluation process begins,

— insufficient documentation of recruitment procedures,

— unequal treatment in the recruitment procedure for internal/external candidates,

— limited competition,

considers that these deficiencies reduce the ability of the Agencies to: respond to possible allegations of arbitrary decisions on staff recruitment; and take the appropriate redressing decisions;

66. Welcomes Cedefop's initiative of an online tool for recruitment RECON — Recruitment Online in 2010 which will help the Centre to increase the speed, efficiency and transparency of its recruitment process; calls on all Agencies to follow this procedure;

67. Believes that every year there are employees, including directors, who rotate between the Agencies; calls on the Commission to provide Parliament with a table of all staff members, in particular directors and persons in management positions who changed working places from one Agency to another Agency or to another Union institution, at least since 2008;

68. Calls on the Commission to provide Parliament with a detailed table of the criteria applied in order to ensure the independence, impartiality, and proper qualification of the staff recruited, including those criteria aimed at stopping or preventing conflicts of interest, and to apply dissuasive sanctions for any irregularity found;

69. Regrets that some Agencies still had a high vacancy rate in 2010; calls on those Agencies to take all necessary steps to avoid this situation from occurring again;

Sensitive tasks assigned to interim staff

70. Calls once more on the Agencies to ensure that sensitive tasks are not assigned to interim staff; deplores the fact that in some cases Agencies hired such staff to perform sensitive tasks or have access to sensitive information; stresses the risks of potential security breaches linked to interim staff's access to sensitive information, and unawareness by them of the procedure to follow or indeed conflicts of interest;

Flexible working hours — leave

71. Calls on all Agencies to inform the relevant discharge authority of the number of days of leave authorised to each grade under the flexitime and compensatory leave schemes in 2010;

V. **CHALLENGES ON INTERNAL CONTROL SYSTEM**

72. Encourages the Agencies to further improve their internal control systems to underpin their Director's annual declaration of assurance; stresses, in addition, the importance for an Agency to effectively establish a risk management function for registering risks and creating plans for mitigating actions;

Internal Audit Service (IAS)

73. Notes that under the legislation in force the Agencies are not obliged to make the IAS reports available to the Budgetary Control Committee per se; considers it a flaw in the legislation; takes the view that the Internal Auditor's reports should be made available to members of the Committee on Budgetary Control, possibly on a restricted-access basis; urges the co-legislators to amend the Financial Regulations during the current negotiations to require the Internal Auditor to forward his reports to the discharge authority via the secretariat of the Committee on Budgetary Control;

74. Considers that the role of the IAS as internal auditor of the decentralised Agencies is crucial; stresses, in particular, that the IAS issues independent opinions on the quality of management and control systems and delivers recommendations for improving the conditions of implementation of operations and for promoting sound financial management of the Agencies;

75. Calls, accordingly, on the Agencies' Management Boards to duly take into account the recommendations made by the IAS, with a view to rapidly remedying the identified failings and to justify to the discharge authority rejections and delays in the implementation of the IAS recommendations;

VI. **CHALLENGES ON EXTERNAL CONTROL SYSTEM**

The Court of Auditors' audits on the Agencies

76. Notes that both the IAS and the Court of Auditors give recommendations to the Agencies to address their shortcomings; welcomes the effort of both audit institutions to supply Agencies with useful advice so that they can correct their shortcomings; firmly reminds the Agencies to take the recommendations seriously and undertake the necessary measures to correct their shortcomings; demands that the IAS inform the budgetary authority about shortcomings in the reports compiled by Agencies' directors corresponding to Article 72(5) of Regulation (EC, Euratom) No 2343/2002 and to openly publish the recommendations given to the Agencies in order to guarantee the public interest and thus the effectiveness of their auditing tasks;

77. Notes that the Court of Auditors has issued 32 public documents on the Agencies in 2010 that were all published in the *Official Journal of the European Union* and are available on the websites of both the Court of Auditors and the Budgetary Control Committee; encourages the Court of Auditors, therefore, to continue exercising its auditing functions on the Agencies in a thorough and impartial manner and reflect all its findings and recommendations through its public annual or special reports to enable the budgetary authority to fulfil its discharging function fully and ensure that Union citizens are kept informed;

78. Notes that the Court of Auditors covers procurement procedures as part of its annual audits of the Agencies; supports the Court of Auditors in its role as external auditor, with a view to ensuring that it does its utmost to obtain the fullest possible information on procurement procedures to establish that the Agencies' calls for preparation, publication, evaluation and contract management phases respect in full the principle of maximum and open competition and the principle of value-for-money and that the Court of Auditors can verify the real turnover of the companies contracted by each Agency in order to ensure that the turnover is not related to changes occurring in the contractors' official name;

79. Asks the Court of Auditors, as the relevant data accrue in the process of auditing, to provide a public database including, inter alia, the following in an easily accessible format (e.g. Excel files and/or CSV files):

— budget commitments made in the last three months of the year,

— appropriations carried-over in relation to the Agencies' budget,

— discrepancy between the Agencies' estimated (*ex-ante*) and actual (*ex-post*) appropriations carried over,

— average cash-holding per month,

— cancelled appropriations in relation to average cash holdings over the year,

— interest earnings relative to Agencies' average cash holdings,

— average cash holdings in relation to average expenses per day,

— unique users on Agencies' website and publications/press releases made by the Agencies in relation to resources allocated to public relations,

urges, therefore, the Agencies to provide the Court of Auditors with the necessary data and estimates in a timely manner;

80. Asks the Court of Auditors to compose an openly accessible and transparent ranking procedure for Agencies by using important indicators in the fields of good financial and budgetary management, low governance costs as well as efficient operational effectiveness and provide the underlying data in an easily accessible format (e.g. Excel-files and/or CSV files);

Reports on the Annual Account by the Court of Auditors

81. Recalls that in the previous discharges of the Agencies, the discharge authority called on the Court of Auditors to provide further information on:

— the efficiency of the internal control systems of each Agency,

— the potential conflicts of interest in the Agencies,

— an evaluation of the AAR of each Agency,

— the Agencies' performance;

82. Welcomes that the Court of Auditors provided in its evaluation of Agencies' AARs a specific annexed table containing a comparison of 2009 versus 2010 operations thus providing information to the public in relation to these activities;

83. Recalls that the Court of Auditors acts as an external independent controlling authority to satisfy the European citizens' right to know how their money is spent and how the Agencies are managed; recalls, in this context, that the Agencies serve the public interest and should be accountable to the citizens whose interest must be served; calls on the Court of Auditors to provide the discharge authority with the fullest possible details of the action taken on earlier audits and of the irregularities that the Court does not consider sufficiently major to warrant a mention, in order to assist the discharge authority in its task of exercising oversight over the Agencies;

Two Special Reports of the Court of Auditors: one planned, but not performed, the second to come during 2012

84. Is concerned that, despite the Court of Auditors' information provided in its 2011 AWP and the persistent requests from Parliament, the Special Report on cost-benchmarking of the Agencies has not been delivered; acknowledges the Court of Auditors' efforts to provide Parliament with information dealing with cost-benchmarking of the Agencies; is however surprised that on 15 February 2012 the President of the Court of Auditors sent a letter with an annex to the President of Parliament stating basically that the annex (i) is not the Special Report on cost benchmarking of the Agencies, (ii) is of a non-public nature and (iii) that it could be used for the 2011 discharge, although the data in the annex cover 2008-2010; regrets that the Court of Auditors does not intend to issue the Special Report on the cost-benchmarking of the Agencies as stated in the Court's letter to the discharge authority on 18 April 2012;

85. Notes that the Court of Auditors will publish a Special Report on conflicts of interest management in the Agencies by the end of June 2012; being concerned that several Agencies are repeatedly challenged over cases involving conflicts of interest, welcomes this decision and urges the Court of Auditors to enhance its efforts to issue this Special Report within the planed timeframe);

Externalisation of the Court of Auditors' audits on the Agencies

86. Considers that, if private sector auditors have to be involved in the external audit of Agencies' accounts, the selection and appointment of the private auditors should be done in conformity with the applicable rules, including those on transparent public procurement, and appropriate control mechanisms should be put in place, in order to ensure that work on the legality and regularity of revenue and expenditure and the reliability of Agencies' accounts is carried out in accordance with the required standards; considers also that aspects of such outsourced external audits, including the reported audit findings, have to remain the full responsibility of the Court of Auditors, which will have to manage all administrative and procurement procedures required and finance these from its own budget without asking for a supplementary budget, as this task is under the Court of Auditors competence; moreover, the current crisis does not allow for additional budgets to perform tasks which are under one Union institution, in this case the Court of Auditors;

87. Urges the Court of Auditors to prevent any conflicts of interest when contracting an independent audit for the Agencies;

88. Considers also that if such outsourcing is to be used, the report of the independent auditors must be made public immediately by both the independent auditors and the Court of Auditors; to this end, the Parliament requires the Court of Auditors to abstain from imposing confidential clauses on the contract with the eventual independent contractor with regard to the publication of the reports in the form they are done by the independent contractor; at the same time, the Court of Auditors must take the responsibility of this independent audit and act accordingly;

VII. **AGENCIES' GOVERNANCE**

Management Board

89. Notes that the large size of certain Agencies' governing boards and the nature and high turnover of their members can lead to an ineffective decision-making body; calls, accordingly, on the IWG on Agencies to address this issue together with a re-evaluation of the nature of their members status, scope of competences and conflict of interest related matters; suggests in addition that consideration be given to the possibility of merging governing boards for Agencies working in related fields to reduce meeting costs;

90. Notes the responsibility that the Management Boards have for the management and supervision of the Agencies; takes the view that some Management Board's decisions, such as to reject one or more of the Internal Auditor's recommendations without good reason, can have an adverse effect on the way in which an Agency is run; calls for the Commission's position within the Agencies' Management Boards to be reviewed so that it may be given a right to vote and to constitute a 'blocking minority' on decisions relating to budgetary, financial and administrative management; calls, furthermore, on the Commission to notify the discharge authority of any decisions taken by Management Boards that are at odds with the principle of sound budgetary and financial management of Agencies or with the Financial Regulation;

91. Welcomes the fact that steps have been taken to respond to the suggestions made by the Court of Auditors concerning the introduction of closer monitoring and control of transfers of appropriations, and expects, in addition, that in the future the Agencies' budgets will continue to be subject to close scrutiny; takes the view that problems related to activity-based budgeting occur due to practical difficulties to separate staff, administrative and operating expenditure where the activity areas cover information, consultancy services and confidence-building measures;

92. Calls on the Agencies to indicate staff numbers, including contract staff, in a more transparent manner in their activity reports; awaits the agreement of the IWG on Agencies as this will give considerable input into the Agencies' budgeting and operating;

93. Notes with concern that for eight Agencies, i.e. CEPOL, ECHA, EFSA, EMCDDA, EMSA, ETF, FRA and Frontex, in 2010 the Management Board cost on average per meeting and per member between EUR 1 017 and EUR 6 175; is of the opinion that these costs are excessive and need to be reduced drastically;

Administrative support

94. Calls, in addition, on the Agencies to envisage the following options when considering the possibility of administrative support to operate in the most efficient manner:

— merging smaller Agencies in order to achieve savings and stop and/or avoid overlapping objectives, and prevent further spending of the Union budget,

— sharing services between Agencies, either by proximity of locations or by policy area; praises in this respect the EMSA-CFCA initiative of sharing the Internal Audit function; however, considers this as a start to be continued by restructuring and merging which will include the Agencies;

95. Calls on the Commission and/or the Court of Auditors to carry out an evaluation on all the Agencies to detect and analyse:

— the potential synergies and occurrences of unnecessary or overlapping activities of Agencies,

— unnecessary high levels of overhead due to seat location,

and to prepare a comprehensive costs and benefits and impact assessment analysing the merger or closure of some of the Agencies if the added-value or effectiveness of the single agency is not sufficient, and to inform Parliament about this issue in due time for the 2011 discharge;

96. Urges the Commission and the Council to take into account the real necessity of each Agency and the need to save Union tax-payers' money in this time of financial and economic crisis, and not take into account some Member States' interests to have an Agency in their particular country for reasons other than the public interest of the Union;

Disciplinary procedure

97. Recalls once more that Parliament, since its 2006 discharge resolution, called on the Agencies to consider setting up an inter-Agency disciplinary board to apply, in an impartial manner, disciplinary sanctions up to exclusion; notes that this project remains difficult to take forward; calls on the Agency responsible for coordinating the network of Agencies to establish a network of staff at the grade required to be impartial members of the disciplinary board;

VIII. **REFLECTION ON AGENCIES: A COMMON APPROACH**

98. Welcomes the ongoing work of the IWG on Agencies which has the objective of reviewing the role and position of decentralised Agencies in the Union's institutional landscape, as well as the creation, structure and operation of those Agencies, together with funding, budgetary, supervision and management issues; requests the IWG to come up with a draft proposal on Common Understanding between Parliament, Council and Commission on Agencies;

99. Calls on the Commission to elaborate options on how professional management for cash held by the Agencies could be organised and implemented;

100. Asks the IWG to identify areas of duplication and overlap amongst existing Agencies and to consider whether some Agencies could be merged;

101. Believes that Agencies would benefit from shared administrative services in a similar way to the cooperation between the Committee of the Regions and the European Economic and Social Committee; urges the IWG to consider the question of the geographic dispersal of the Agencies which adds significantly to their costs and makes cooperation difficult; believes that if the Agencies were grouped together in a small number of locations, they could share overheads and management costs, particularly regarding IT, personnel, and financial administration;

102. Concludes by stating that in particular in this time of crisis the real added-value of the Agencies should be seriously and rapidly analysed in order to avoid any non-mandatory and absolutely necessary spending, in order to properly answer to the strict needs of the Union and to its citizens' needs, concerns and claims for trust in our institutions; stresses that the Union and its Member States cannot ask Union citizens to save money without doing it themselves; calls for fairness in respect of major savings by the Union bodies — Agencies included — along with requiring such savings to its citizens who are the tax-payers contributing to the Union budget;

103. Instructs its President to forward this resolution to the Agencies subject to this discharge procedure, the Council, the Commission and the Court of Auditors.

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2010, Section IV — Court of Justice 101

2012/555/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section V — Court of Auditors** 104

Resolution of the European Parliament of 10 May 2012 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 2010, Section V — Court of Auditors 105

2012/556/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section VI — European Economic and Social Committee** 109

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section VI — European Economic and Social Committee 110

2012/557/EU:

★ **Decision of the European Parliament of 10 May 2012 on the discharge for implementation of the European Union general budget for the financial year 2010, Section VII — Committee of the Regions** 113

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2010, Section VII — Committee of the Regions 114

2012/558/EU:

★ **Decision of the European Parliament of 10 May 2012 on the discharge for implementation of the European Union general budget for the financial year 2010, Section VIII — European Ombudsman** 117

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2010, Section VIII — European Ombudsman 118

2012/559/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section IX — European Data Protection Supervisor** 120

EN

(Continued overleaf)

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its decision on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section IX — European Data Protection Supervisor 121

2012/560/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the eighth, ninth and 10th European Development Funds for the financial year 2010** 123

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the eighth, ninth and 10th European Development Funds for the financial year 2010 125

2012/561/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the eighth, ninth and 10th European Development Funds for the financial year 2010** 139

2012/562/EU:

★ **Decision of the European Parliament of 10 May 2012 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 2010** 141

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its 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 2010 142

2012/563/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the Translation Centre for the Bodies of the European Union for the financial year 2010** 147

2012/564/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Centre for the Development of Vocational Training for the financial year 2010** 148

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Centre for the Development of Vocational Training for the financial year 2010 149

2012/565/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Centre for the Development of Vocational Training for the financial year 2010** 155

2012/566/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Police College for the financial year 2010** 156

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Police College for the financial year 2010 158

2012/567/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Police College for the financial year 2010** 167

2012/568/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Community Fisheries Control Agency for the financial year 2010** 169

Resolution of the European Parliament of 10 May 2012 with the observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Community Fisheries Control Agency for the financial year 2010 170

2012/569/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the Community Fisheries Control Agency for the financial year 2010** 174

2012/570/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2010** 175

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2010 176

2012/571/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Aviation Safety Agency for the financial year 2010** 183

2012/572/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Centre for Disease Prevention and Control for the financial year 2010** 184

EN

(Continued overleaf)

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget for the European Centre for Disease Prevention and Control for the financial year 2010 185

2012/573/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Centre for Disease Prevention and Control for the financial year 2010** 191

2012/574/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2010** 192

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2010 193

2012/575/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Chemicals Agency for the financial year 2010** 199

2012/576/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Institute for Gender Equality for the financial year 2010** 200

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Institute for Gender Equality for the financial year 2010 201

2012/577/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Institute for Gender Equality for the financial year 2010** 205

2012/578/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010** 206

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its 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 2010 207

EN

2012/579/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2010** 212

2012/580/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Maritime Safety Agency for the financial year 2010** 213

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in, respect of the implementation of the budget of the European Maritime Safety Agency for the financial year 2010 214

2012/581/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Maritime Safety Agency for the financial year 2010** 220

2012/582/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Network and Information Security Agency for the financial year 2010** 221

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Network and Information Security Agency for the financial year 2010 222

2012/583/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Network and Information Security Agency for the financial year 2010** 228

2012/584/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Railway Agency for the financial year 2010** 229

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Railway Agency for the financial year 2010 230

2012/585/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Railway Agency for the financial year 2010** 237

2012/586/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Training Foundation for the financial year 2010** ... 238

EN

(Continued overleaf)

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its decision on discharge in respect of the implementation of the budget of the European Training Foundation for the financial year 2010 239

2012/587/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Training Foundation for the financial year 2010** 245

2012/588/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Agency for Safety and Health at Work for the financial year 2010** 246

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its 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 2010 247

2012/589/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Agency for Safety and Health at Work for the financial year 2010** 252

2012/590/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Euratom Supply Agency for the financial year 2010** 253

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Euratom Supply Agency for the financial year 2010 254

2012/591/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the Euratom Supply Agency for the financial year 2010** 257

2012/592/EU:

★ **Decision of the European Parliament of 10 May 2012 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 2010** 258

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its 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 2010 259

2012/593/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2010** 266

2012/594/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of Eurojust for the financial year 2010** 267

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of Eurojust for the financial year 2010 268

2012/595/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of Eurojust for the financial year 2010** 275

2012/596/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Police Office for the financial year 2010** 276

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Police Office for the financial year 2010 277

2012/597/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Police Office for the financial year 2010** 280

2012/598/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2010** 281

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Union Agency for Fundamental Rights for the financial year 2010 282

2012/599/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Union Agency for Fundamental Rights for the financial year 2010** 287

EN

(Continued overleaf)

2012/600/EU:

★ **Decision of the European Parliament of 10 May 2012 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 2010** 288

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its 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 2010 290

2012/601/EU:

★ **Decision of the European Parliament of 10 May 2012 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 2010** 297

2012/602/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2010** 298

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European GNSS Agency for the financial year 2010 299

2012/603/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European GNSS Agency for the financial year 2010** 305

2012/604/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Artemis Joint Undertaking for the financial year 2010** 306

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Artemis Joint Undertaking for the financial year 2010 307

2012/605/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the Artemis Joint Undertaking for the financial year 2010** 312

2012/606/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Clean Sky Joint Undertaking for the financial year 2010** 313

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Clean Sky Joint Undertaking for the financial year 2010 314

2012/607/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the Clean Sky Joint Undertaking for the financial year 2010** 319

2012/608/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2010** 320

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2010 321

2012/609/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the ENIAC Joint Undertaking for the financial year 2010** 327

2012/610/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010** 328

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010 329

2012/611/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2010** 333

2012/612/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2010** 334

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2010 335

EN

(Continued overleaf)

2012/613/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2010** 341

2012/614/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010** 342

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010 343

2012/615/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010** 348

2012/616/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the SESAR Joint Undertaking for the financial year 2010** 349

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget for the SESAR Joint Undertaking for the financial year 2010 350

2012/617/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the SESAR Joint Undertaking for the financial year 2010** 355

2012/618/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Environment Agency for the financial year 2010** 356

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Environment Agency for the financial year 2010 358

2012/619/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Environment Agency for the financial year 2010** 366

EN

2012/620/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2010** 367

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2010 368

2012/621/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Food Safety Authority for the financial year 2010** 376

2012/622/EU:

★ **Decision of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Medicines Agency for the financial year 2010** 377

Resolution of the European Parliament of 10 May 2012 with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Medicines Agency for the financial year 2010 378

2012/623/EU:

★ **Decision of the European Parliament of 10 May 2012 on the closure of the accounts of the European Medicines Agency for the financial year 2010** 387

★ **Resolution of the European Parliament of 10 May 2012 on discharge in respect of the implementation of the budget of the European Union Agencies for the financial year 2010: performance, financial management and control of European Union Agencies** 388

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