2006 discharge: European Judicial Cooperation Unit Eurojust

2007/2055(DEC) - 22/04/2008 - Text adopted by Parliament, single reading

The European Parliament adopted, by 610 votes in favour, 40 against and 15 abstentions, a Decision to grant the Administrative Director of EUROJUST discharge in respect of the implementation of its budget for the financial year 2006. The decision to grant discharge also constitutes closure of the accounts of this EU agency.

At the same time, the Parliament adopted, by 603 votes in favour, 39 against and 17 abstentions, a Resolution containing the comments which form part of the decision giving discharge. The report had been tabled for plenary by Hans-Peter **MARTIN** (NI, AT) on behalf of the Committee on Budgetary Control.

As is the case for all EU agencies, the Parliament's Resolution is divided into two parts: part one contains general comments on EU agencies, while part two focuses on the specific case of EUROJUST.

1) General comments on the majority of EU agencies: the Parliament notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled **more than EUR 1 billion** and that the number of agencies is constantly increasing. The number of agencies subject to the discharge procedure evolved from 8 in 2000 to 20 in 2006. It concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies and that, in the future, this type of procedure should be simplified and rationalised for decentralised agencies.

On the basis of the financial analysis, the Parliament is of the following opinion:

- **Fundamental considerations**: given the constantly increasing number of agencies, the Parliament requests that, before the creation of a new agency, the Commission provide clear explanations regarding agency type, objectives of the agency, internal governance structure, products, services, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy. It also requests that each agency be governed by a yearly performance agreement which should contain the main objectives for the coming year and that the performance of the agencies be regularly audited by the Court of Auditors (and extend the financial analysis of expenditure to also cover administrative efficiency and effectiveness). More generally, the Parliament takes the view that, in the case of agencies, which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts in order to reduce the assigned revenue for the agencies and therefore also lower administrative costs of the EU. It recalls that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations etc., and consider that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions rather than for small agencies. Therefore, it is necessary to seek a rapid solution in order to enhance the effectiveness of the legislation by grouping the administrative functions of various agencies together or by establishing implementing rules which are better adapted to the agencies. The Parliament also insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years and revise the budget requested by the particular agency accordingly. If the Commission does not undertake this revision, the Parliament invites the **competent committee to revise, itself, the budget in question to a realistic level**. At the same time, the Parliament recalls that it expects the Commission to present

every five years a study on the added value of every existing agency and to not hesitate to close an agency if it is deemed useless by the analysis. Such an assessment is expected as soon as possible given that this type of assessment has yet to be presented. Furthermore, the Parliament insists that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements.

- **Presentation of reporting data**: noting that there is no standard approach among the agencies with regard to the presentation of information, the Parliament recalls that it already invited the directors of the agencies to accompany their annual activity report with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors General of the Commission. It therefore asks the Commission to amend its standing instructions to the agencies and to produce a harmonised model for presenting information, including: i) an annual report intended for a general readership on the body's operations, work and achievements; ii) financial statements and a report on implementation of the agency's budget; iii) an activity report of the Directors of the agency (as requested by the Parliament since 2005); iv) a declaration of assurance signed by the body's director.

- **General findings by the Court of Auditors**: the Parliament refers to certain recurring findings by the Court, including the disbursement of subsidies paid by the Commission (not sufficiently justified estimates of the agencies' cash requirements), the non implementation of the ABAC accounting system by some agencies or the accrued charges for untaken leave which are accounted for by some agencies. It calls for rapid measures in these areas as well as improvements to the internal audit procedures of the agencies. The Parliament also calls on the agencies to consider an inter-agency disciplinary board, as some individual agencies have difficulty in setting up their own disciplinary boards due to their size.
- **Draft inter-institutional agreement**: the Parliament recalls the Commission's draft Interinstitutional agreement on the operating framework for the European regulatory agencies (see ACI/2005/2035), which was intended to create a framework for the creation, structure, operation, evaluation and control of the European regulatory agencies and awaits its adoption as soon as possible. It particularly welcomes the Commission's commitment to bring forward a Communication on the future of the regulatory agencies during the course of 2008.

2) Specific points concerning EUROJUST: the Parliament criticises EUROJUST's high carryover rate of appropriations, for both administrative expenditure (33%) and operational expenditure (30%), with a high number of transfers of appropriations between budget lines, such that the budgetary principle of specification was not strictly observed. It also criticises the lack of clarity in the implementation of procurement rules, notably as regards framework contracts.

In addition, it makes the following observations, identified by the Court in its annual report:

- an accumulated surplus of EUR 3.3 million for a balance sheet total of EUR 7.3 million;

- a review of the rental fee paid by EUROJUST for its premises, resulting in a recovery of EUR 952 403 for the period 2003 to 2005;
- a contingent liability for an amount of EUR 388 297 in respect of litigation before the Civil Service Tribunal;
- the non-respect of the principle of the segregation of duties at EUROJUST for the functions of the authorising officer and the financial verifier.

Lastly, the Parliament expresses concern at certain statements in EUROJUST's annual report (statements which have a significant bearing on the fight against fraud, such as the fact that EUROJUST still does not

have the capacity to deal with its assigned casework, that its cooperation with OLAF still requires much development, or that its cooperation with EUROPOL would have been more advantageous had it been possible to share its premises with EUROJUST in The Hague).