

Financial management and control of European agencies

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The Committee on Budgetary Control adopted the own-initiative report by Christofer FJELLNER (EPP-ED, SE) on financial management and control of European agencies (see related discharge procedures DEC/2008/2254 to 2274).

General considerations: MEPs observe, firstly, that the European Court of Auditors carried out, in 2007, the audit of 23 decentralised agencies, 3 executive agencies and the Euratom Supply Agency. They note, in particular, that the subsidies from the Community budget in 2007 for the decentralised agencies amounted to EUR 452 million (and that more than EUR 1 billion was allocated to agencies' budgets through other revenues. They also note that the number of agencies subject to the discharge procedure has greatly increased in recent years from 8 in 2000 to 21 decentralised plus three executive agencies in 2007.

Overall, MEPs deplore the fact that the Court of Auditors again found serious problems as regards the implementation of procurement rules and the Staff Regulations in many agencies. Not prepared to accept that these weaknesses have persisted over many years, MEPs consider that the revision of the Regulation (EC, Euratom) No 2343/2002 will not do away with these problems and that a fundamental overhaul of the legal framework is needed.

Budget planning and implementation: although MEPs welcome the fact that the issue of agencies over-estimating their cash requirements was addressed in the revised Regulation (EC, Euratom) No 2343/2002, technical abatement is necessary in order to lower surpluses in case of low implementation rates and persistently high vacancy rates, which will also trigger a reduction of assigned revenue. In this regard, they note the difficulties of decentralised agencies in recruiting highly qualified staff and experts; and invite the Commission to strengthen its supporting efforts.

The Members also focus on the implementation of the agencies' budget for 2008 and 2009 and call on the Commission to make the necessary adjustments to the agencies' budget proposals. They welcome the Commission's efforts to calculate more precisely the agencies' revenues and consider that this is undoubtedly a step towards the greater budgetary transparency of the agencies. However, they stress that it still remains difficult to estimate assigned revenues and that it is not always possible to integrate them in the budget planning and management in a clear manner

They note that, in 2007, about EUR 550 million of Community programme funds were committed by three executive agencies and that, in addition to the operational appropriations, EUR 47 million was used for administrative purposes. They therefore invite the Committee on Budgetary Control to monitor closely future developments in the outsourcing of the administrative tasks of the Commission.

Compliance with financial regulations and the Staff Regulations: MEPs note that it is a serious problem that a number of agencies are repeatedly criticised for not following rules such as Regulation (EC, Euratom) No 1605/2002, in particular the procurement rules, and the Staff Regulations.

In their view, the main reason for this is that most rules are designed for larger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements. They also regret that the Commission has not presented a rapid solution with a view to grouping the administrative functions of various agencies together. They urge the Commission to increase its efforts in providing all necessary administrative assistance to relatively small agencies, helping them to better apply

the financial regulations, and bearing in mind negative experiences from the past in relation to staff recruitment and public procurement. MEPs indicate that they will, in this context, assess very carefully the study entitled "Opportunity and feasibility of establishing common support services for EU agencies".

Evaluation of the agencies' performance: MEPs welcome the fact that the Commission fulfilled most of Parliament's requests (in its resolutions on the 2006 discharge for the agencies). They consider that the evaluation of decentralised agencies launched and supervised by the Commission, and to be completed by the end of 2009, will contribute to the assessment of shortfalls and shortcomings of the agencies. They invite the Commission to ensure that evaluations of agencies become more transparent in the interests of both the agencies and stakeholders.

Disciplinary procedures: Members recall that the Parliament, in its resolutions on the 2006 discharge concerning the agencies, invited them to consider an inter-agency disciplinary board. Although progress was made in this regard, MEPs regret the fact difficulties remain, in particular due to problems in finding staff who have the appropriate career grade to be a member of the board.

European Court of Auditors' Special Report No 5/2008: MEPs welcome the timely publication by the Court of its special report, and urges the decentralised agencies to take on board its contents. They stress that the agencies must draw up multiannual/annual work programmes with clear, specific and measurable objectives, which should then form the basis of actions, resources, approaches and timetables in order to guarantee the achievement of expected results. They also demand that the EU agencies' management boards achieve maximum convergence between the planning of tasks and of resources (both financial and human) through the introduction of activity-based budgeting and management (ABB/ABM). In particular, they recommend that the Court of Auditors continue the periodic performance audit of the agencies.

Inter-institutional dialogue on a common framework for agencies: Members recall that they proposed that an interinstitutional working group should be established on the need for a standard approach to the presentation of the agencies' activities and welcomed the decision of the Parliament to designate 5 MEPs to Parliament's delegation to the working group.

The working group would focus on:

- the reasons behind budget implementation problems, in particular the lack of a top-down approach concerning the agencies' budgets and staffing,
- the question why compliance with recruitment and procurement rules is a recurrent problem in many agencies,
- lessons learned from the specific experience of the European Anti-Fraud Office related to agencies,
- how the implementation of policies by agencies can be made more cost efficient, for example by grouping the administrative functions of various agencies together,
- how the Commission's different support functions and services could be made more reactive in order to respond quicker to the agencies' needs.

Members also stress the need to draw up common minimum standards for the creation, in the future, of decentralized agencies. They call on the Commission and the agencies to make available the financial documentation produced by the agencies in a complete, comparable and up-to-date manner on the common website.