

# 2007 discharge: European Agency for Reconstruction EAR

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**PURPOSE:** presentation of the report by the Court of Auditors on the 2007 annual accounts of the European Agency for Reconstruction.

**CONTENT:** the Court of Auditors report includes a detailed section on the expenditure of the European Agency as well as an analysis of the expenditure in the accounts and the Agency's replies.

- **The Court's analysis of the accounts:** the Court of Auditors makes a series of observations in its report, including on the handover of programmes previously delegated to the Agency. On 11 June 2008, the Commission issued an instruction and guidance note on the transfer of programme /contract files. This guidance note does not cover all items on the Agency's Balance Sheet. To formalise the transfer of all programmes and items a Memorandum of Understanding should be signed between the Agency and the Commission and endorsed by the Agency's Governing Board. This Memorandum will facilitate the transfer of items and ensure that they are reflected correctly on the Agency's accounts. The accumulated surplus of 180 million euro shown on the Balance Sheet at 31 December 2007 mostly reflected the funds received from the Commission for the pre-financing payments made by the Agency under contracts and grant agreements. These will also have to be taken over and managed by the European Commission at the end of the Agency's mandate.
- **Agency's replies:** at the end of 2007, due to the multi-annual character of the CARDS programmes, the Agency could still proceed to commitments and payments for annual programmes 2004, 2005 and 2006. The CARDS deadline for committing is 2009 and for disbursement is 2010. These three live programmes amounted to EUR 1.8 billion. Having EUR 163 million still to be committed (9 %) and a total amount of EUR 453 million still to be paid (25%) three years ahead of the CARDS deadline, shows a very high rate of implementation. The Court has praised the Agency's performance on its Special Report no 5/2007. The Agency states that it is doing its utmost to make this hand over exercise a successful one. It is in process of drafting agreements for the disposal of items of its assets with several EU Institutions. Moreover, the Agency is in contact with the Commission in view of formalising all aspects of the hand over and will present the result to the Governing Board for endorsement.