2008 discharge: European Agency for Reconstruction

2009/2112(DEC) - 08/10/2009

PURPOSE: presentation of the report by the Court of Auditors on the 2008 annual accounts of the European Agency for Reconstruction.

CONTENT: in the Court's opinion, the Agency's Annual Accounts present fairly, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended. The transactions underlying the annual accounts of the Agency are, in all material respects, legal and regular.

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**: in its report, the Court makes a series of comments notably on the financial and budgetary management of the Agency. It states that a grant of EUR 1 399 132 was directly awarded to an international organisation. None of the formal conditions required for a direct grant award was fulfilled in this case and it is thus irregular. The Court also states that five projects audited concerned cross-border cooperation. These projects were first assessed by local assessors and then presented to an Evaluation Committee which takes the decision to select them or not. For the audited projects, there was no documentation or evidence on the reasons why the issues raised by the assessors concerning the justification of the requested budget, the identification of the beneficiaries, the sustainability of the projects themselves and the conformity of the objectives of the project were not taken into account by the Evaluation Committee. Under these circumstances, the relevance of these projects in terms of sound financial management was questionable.

- **The Agency's replies**: the Agency states that, due to the cancellation of a project by the Serbian authorities, it was confronted with the necessity to reallocate rapidly the funds made available. In view not to leave these funds unused, with the agreement of the Serbian authorities, it was decided to fund a project with Unicef in line with the objectives of the EC Programme for Serbia. Moreover, according to the rules in force, the Evaluation Committee which included the Agency and the EC Delegation was not bound by the opinion of the assessors and in some cases indeed disagreed with their opinion. In these five cases, the EAR and the EC Delegation considered that the opinion of the assessors was unfounded.