

Financial Regulation applicable to the general budget of the European Communities: European External Action Service (EEAS)

2010/0054(COD) - 24/11/2010 - Final act

PURPOSE: to amend the Financial Regulation to take account of the creation of the European External Action Service (EEAS), as provided for in the Lisbon Treaty.

LEGISLATIVE ACT: Regulation (EU, EURATOM) No 1081/2010 of the European Parliament and of the Council of 24 November 2010 amending Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as regards the European External Action Service (EEAS).

CONTENT: the Council adopted revised versions of the EU staff and financial regulation necessary for the functioning of the European External Action Service (EEAS). This follows a first-reading agreement with the European Parliament. The modifications reflect and concretise agreements made in the context of the Council Decision 2010/427/EU of 26 July 2010 establishing the organisation and functioning of the European External Action Service.

The main amendments introduced in the Financial Regulation are as follows:

- the EEAS is a service of a *sui generis* nature and should be **treated as an institution** for the purposes of the Financial Regulation;
- in the context of the **discharge**, given that the EEAS should be treated as an institution for the purposes of the Financial Regulation, the EEAS should be fully subject to the procedures provided for in Article 319 of the Treaty on the Functioning of the European Union and in Articles 145 to 147 of the Financial Regulation;
- **the Commission should remain responsible for the implementation of the budget**, including operational appropriations implemented by Heads of Delegations who are sub-delegated authorising officers of the Commission. The High Representative of the Union for Foreign Affairs and Security Policy should be informed at the same time and should facilitate the cooperation between Union Delegations and Commission departments. Given the novelty of this structure, high-standard provisions on transparency and budgetary and financial accountability need to be applied;
- within the EEAS, **a Director-General for budget and administration** should be responsible to the High Representative for the administrative and internal budgetary management of the EEAS;
- the setting up of the EEAS should be guided by the principles enunciated by the European Council of 29 and 30 October 2009, in particular by the principle of cost-efficiency aiming towards budget neutrality;
- the Treaty on the Functioning of the European Union provides that **Commission Delegations** will become part of the EEAS as Union Delegations. In order to ensure their efficient management, all administrative and support expenditure of Union Delegations which finance common costs should be executed by a single support service. To that effect, the Financial Regulation should provide the possibility for detailed arrangements, to be agreed with the Commission, in order to facilitate the implementation of the Union Delegations' administrative appropriations;
- it is necessary to ensure the continuity of the functioning of Union Delegations and, in particular, continuity and efficiency in the management of external aid by the Delegations. Therefore, the Commission should be authorised to **sub-delegate its powers** of budget implementation of operational expenditure to Heads of Union;
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- furthermore, where the Commission implements the budget under **direct centralised management**, it should be allowed to do so also through sub-delegation to Heads of Union Delegations. The authorising officers by delegation of the Commission should continue to be responsible for the definition of internal management and control systems, while the Heads of Union Delegations should be responsible for the adequate setting up and functioning of internal management and control systems and for the management of the funds and the operations carried out within their Delegations. They should report twice a year to that effect. Such delegation may be withdrawn in accordance with the rules applicable to the Commission;
- in order to comply with the principle of sound financial management, **Heads of Union Delegations**, when acting as sub-delegated authorising officers of the Commission, should apply the Commission rules and should be subject to the same duties, obligations and accountability as any other sub-delegated authorising officer of the Commission;
- the **accounting officer of the Commission** remains responsible for the entire Commission section of the budget, including accounting operations relating to appropriations sub-delegated to Heads of Union Delegations. Therefore, it is necessary to clarify that the responsibilities of the accounting officer of the EEAS should concern only the EEAS section of the budget, to avoid any overlapping of responsibilities. The Accounting Officer of the Commission should also act as the Accounting Officer of the EEAS in respect of the implementation of the EEAS section of the budget, subject to review;
- the **internal auditor of the Commission** should act as the internal auditor of the EEAS in respect of the implementation of both the Commission and the EEAS sections of the budget, subject to review;
- in order to ensure coherence and equality of treatment between sub-delegated authorising officers who are EEAS staff and those who are Commission staff, and to ensure that the Commission is properly informed, the **special financial irregularities panel** of the Commission should also be responsible for handling irregularities within the EEAS where the Commission sub-delegated implementation powers to Heads of Union Delegations;
- in order to ensure democratic scrutiny of the implementation of the Union's budget, Heads of Union Delegations should provide an assurance, together with a report including information on the efficiency and effectiveness of internal management and control systems in their Delegation, as well as on the management of operations sub-delegated to them. The Heads of Union Delegations' reports should be annexed to the annual activity report of the responsible authorising officer by delegation and made available to the budgetary authority.

ENTRY INTO FORCE: 29/11/2010.