

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

2010/0054(COD) - 29/04/2010 - Court of Auditors: opinion, report

Opinion No 4/2010 on a proposal for a regulation of the European Parliament and of the Council 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

The Court of Auditors published an opinion on the European External Action Service (EEAS). The main points of this opinion can be summarised as follows:

Nature of EEAS for the purpose of the Financial Regulation: the Court takes note that the EEAS will be a service of a *sui generis* nature, which will be treated as an institution for the purposes of the Financial Regulation, benefiting from its own section of the budget, and submitted as such to the European Parliament discharge, while, at the same time, the EEAS, namely at Delegation level, will remain the relevant service to the Commission for the implementation of a wide range of operational appropriations depending from the 'Commission' section of the budget.

Management of new structure: the staff in Delegations will comprise EEAS staff and Commission staff. The Head of Delegation will receive a delegation from the Commission, the institution executing the budget and managing programmes in accordance with Article 17 of the TEU and Article 317 of the TFEU, in order to implement operational appropriations on its behalf. The new structure of the EEAS and the duties of the Head of Union Delegation will mean that he will report to two different bodies. A solution seems to be sought in the new proposed Article 60a(2) and (3). The Court notes that care will need to be taken in managing the new structure, inter alia, to avoid conflicts of priorities.

Delivery mechanisms: in the Court's Special Report No 10/2004, the Court observed the significant progress made in the management of external aid in the framework of the devolution' process, including a strengthening of the operational and financial units of the Delegations, more robust and sound financial procedures, which brought about improvements in the regularity, timeliness and quality of the services provided. The Court considers of utmost importance to preserve and enhance accountability, responsibility, and quality of financial management at Delegation level. The future organisational structures of the Union Delegations should not put at risk the effectiveness of their operational and financial functions and their segregation of duties. In this context, the proposal may be seen as an attempt to safeguard, as much as possible, the internal Commission procedures and standards for the implementation of its appropriations, in a new and more complex institutional framework. However, the Court is concerned by the fact that this objective is sought through (a) significant derogations to the Financial Regulation, since sub-delegations of the Commission powers of budget implementation will be granted to authorising officers (Heads of Delegations) who will no longer belong to Commission departments; (b) increased complexity in the financial management and reporting missions and operations of the Delegations; and (c) considerable uncertainty regarding the budgetary allocation and management of administrative and support expenditure of Union Delegations, an issue which is not clarified in the proposal.

Proposed amendments: the Court has specific concerns about four of the amended provisions and proposes modifications to the text :

1. **Information on the beneficiaries of funds:** for the Court, the extension of the obligation to hold information on the beneficiaries of funds deriving from the budget to situations of indirect centralised management is not related to the specific situation of the EEAS. Therefore, such extension goes beyond the subject matter of the proposal and would apply to all indirect centralised management. To remain consistent with existing practice, the Court proposes to amend this paragraph;
2. **Accountability of Heads of Union Delegations:** a new paragraph reinforces the principle that the Heads of Union Delegations, acting under subdelegation, are subject to the same accountability rules as any other authorising officers by subdelegation. The Court considers it important to insist on the duties of the Heads of Union Delegations in that regard. The second subparagraph makes Heads of Union Delegations, inter alia, responsible for solving the potential conflicts of interest.
3. **Clarification of powers of the Internal Auditor:** the Court approves the choice of the Commission's Internal Auditor as the internal auditor for the EEAS. However, the drafting of the proposed addendum to Article 85 of the Financial Regulation gives the impression that the Internal Auditor of the Commission does not exercise the same powers over the EEAS as he/she exercises over the Commission departments. In order to avoid any ambiguity on the Internal Auditor's powers, the Court suggests replacing the proposed addendum to make it more coherent;
4. **Purposeless amendments:** some amendments are devoid of purpose and should therefore be avoided.