2001 discharge: European Agency for reconstruction budget and aid for Kosovo

2002/2188(DEC) - 08/04/2003 - Text adopted by Parliament, single reading

The European Parliament adopted the report by Freddy BLAK (EUL/NGL, DK) granting discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001. In an accompanying resolution, the Parliament asks for clarification of the financial management of the Agency. Firstly, concerning the issue of financial management, the Parliament notes that, during the second half of 2001, the Agency installed the SI2 computerised budgetary accounting system also takes note of the Agency's comments about the advantages and disadvantages of this system and in particular of the fact that the system is heavy, cumbersome, that it requires time-consuming interventions and that, when interfacing SI2 with the general accountancy system, the security of the system is weakened. As regards the financial statements, the parliament notes that the financial statements drawn up by the Agency in March 2002 contained errors and that it was the Court of Auditors that had to point them out to the Agency in order for a corrected version of the financial statements to be produced. The Agency is expected to take all necessary steps to ensure that this does not occur. The Parliament acknowledges the difficult circumstances under which the Agency was called to operate in 2001 and the fact that 2001 was a transition year as regards the financial control service. It deeply regrets, however, that the Commission had put the agency under considerable pressure to sign contracts by private treaty with experts. It stresses that the Financial Controller deplored the inappropriateness of the procedures followed for the awarding of such contracts and that, in one such case, he expressed serious doubts about the justification of the salary proposed. The Commission is called upon to initiate an administrative investigation in order to establish possible responsibility for mismanagement and, where appropriate, to launch disciplinary proceedings. It expects the Commission to report back to its competent committee in the context of the follow-up report. Congratulates the Agency on the Court of Auditors' overall positive assessment with regard to the follow-up by the Agency of the Court's observations concerning the previous financial year; notes the Court's remarks relating to the problems in the energy sector. Parliament expresses deep concern that it was precisely in the sector of energy that OLAF conducted investigations into a case of fraud, involving some EUR 4.5 million (USD 4.2 million) dedicated to the stabilisation of the Kosovo power system; takes note that the investigation was concluded in December 2002. It notes with satisfaction OLAF's statement of 5 December 2002 that its activity resulted in securing, at that date, the return to the Kosovo budget of USD 3.2 million of those funds and the launching of proceedings in order to secure the return of the balance; notes also that the principal suspect for that fraud was arrested in Germany and brought to justice. Parliament expects to be fully informed by OLAF about this case. It invites both the Agency and the Commission, in close cooperation with UNMIK, to do their utmost to protect the financial interests of the Community and to avoid any similar cases occurring in the future; calls on the Director of theAgency to make every effort deemed necessary in order to ensure the systematic monitoring of all projects in the energy sector financed by EU funds. Concerning the housing programme, Parliament welcomes the fact that the Agency has been able to exceed its target of houses rebuilt by 4%. It takes however the view that, in line with the Court of Auditors' observations in this respect, the Agency should improve the way in which it operates when selecting the work to be carried out in order for its action to meet more effectively the needs it intends to cover. With a view to the better functioning of the Agency, the Commission is invited to make proposals in this respect which aim to ensure better value for money through a cost/benefit analysis and, in making such proposals, to consider whether the fact that the Agency occupies various sites is, from the point of view of its functioning, the most appropriate solution. It calls for greater cooperation and coordination between the Agency, UNMIK and the Commission. Parliament invites the Agency to establish an overall plan for monitoring the projects financed and evaluating their consistency with the EU policy for the region. Parliament is insistent on the need for the Agency's annual report to be presented to the European Parliament no later than 15 June each year. It expects the Agency to take due account of the European Parliament's

recommendations contained in its resolutions. The resolution includes a sectio on the general points concerning the bodies referred to in Article 185 of the Financial Regulation. Parliament highlights that there is an imbalance between administrative and operational expenditure in many Agencies, with administrative expenditure exceeding expenditure for operational purposes. It is of the opinion that these Agencies should have more operational tasks; they could for example be entrusted with executing Community programmes in the field of education or health thereby avoiding the creation of further executive agencies by the Commission. The Commission is asked to make proposals in this respect by 30 June 2003 at the latest and before creating any further executive agencies. It is recalled that independent ex-ante control of the Agencies by the Financial Controller of the Commission has ceased to exist and the Parliament is worried that the absence of outside ex-ante verifications of financial operations might increase the risk of irregularities and mismanagement; invites therefore - the Court of Auditors to increase the number of checks carried out by its auditors, - the Agencies to review and modify thoroughly their procedures for implementing their budget in order to counter this risk. The Agencies are asked to bring their procedures for implementing the budget in line with the requirements of the new Framework Financial Regulation as soon as possible and by 1 July 2003 at the latest. Parliament also recalls that the Agencies shall adopt their own financial rules, which may not depart from the Framework Financial Regulation except where their specific operating needs so require and with the Commission's prior consent. The Court of Auditors is asked to give an opinion on all financial provisions adopted by the Agencies which depart from the Framework Financial Regulation. The Agencies are asked to fully respect the rules for procurement procedures as laid down in the Financial Regulation and theParliament stresses that open calls for tenders must be used as much as possible in order to enhance transparency and to ensure equal treatment of potential tenderers. Parliament invites the Commission, with a view to accelerating the efforts towards preparing integration of the future Member States, to make proposals to foster better functioning of these Community bodies, ensuring better value for money through a cost /benefit analysis, and avoiding any unnecessary proliferation of agencies; such proposals may provide, for bodies entrusted with similar tasks, for the setting-up of common boards. Parliament considers it out of the question, on grounds of efficiency and cost, to expand further the administrative boards of the Community bodies during the forthcoming enlargement and it takes the view that enlargement offers a good opportunity to reconsider thoroughly the composition and working methods of these administrative boards, which are already very ponderous as a rule; calls on the Commission to put forward appropriate proposals by 31 July 2003 to amend the constituent acts of Community bodies accordingly and, in so doing, to examine whether provision could be made for common administrative boards for bodies with similar responsibilities. It recalls the Court of Auditors' observation1 that there is a risk of directors of Community bodies becoming too dependent on the Commission; calls therefore on the Commission to submit by 31 July 2003 an amendment to the constituent acts of the agencies to ensure that the directors of Community bodies may in future be appointed only with the assent of Parliament. Parliament invites the Commission to make an overall study of activities currently deployed by various Community bodies that may overlap or serve the same goals in order to propose appropriate solutions including possible mergers of agencies. It notes that the Commission has stated a possible overlap between Cedefop and the ETF in the field of vocational training and between the Foundation for the improvement of Working and Living Conditions and the Agency for Health and Safety and Work. Lastly, the Commission is invited, in line with its proposal on European governance aimed at concentrating its activity on the core tasks, to include in its action programme the appropriate proposals with a view to ensuring that overlapping between the activities of its services and those of the agencies is avoided.