2003 discharge: European Agency for reconstruction

2004/2051(DEC) - 08/03/2005 - Supplementary non-legislative basic document

Having examined the revenue and expenditure account for the financial year 2003, the balance sheet of

revenue and expenditure at 31 December 2003 of the European Agency for Reconstruction and the report by the Court of Auditors on the annual accounts of the Agency for the financial year 2003, the Council recommends that the European Parliament give a discharge to the Director of the Agency in respect of the implementation of the budget for the financial year 2003.

To recall, EUR 229.7 million in payments related to previous financial years have been made. EUR 91.9 million in payments related to the financial year 2003 have been made. Observations in the Court of Auditors' report in relation to the financial year 2003 call for certain comments by the Council, which are annexed to this Recommendation. The Court considers that the Agency's accounts do not present a true and fair view of the Agency's actual economic and financial situation in 2003, however, it does take note of the Agency's corrective actions in 2004 regarding the situation pointed out by the Court.

In the comments accompanying the recommendation, the Council regrets the fact that in the Court's opinion the Agency's accounts do not present a true and fair view of the Agency's actual economic and financial situation. Moreover, it notes with great concern that the Court has not been able to give a reasonable assurance on the legality and regularity of some part of underlying transactions.

The Council is very disappointed about the Court' Statement that it is unable to express an opinion on the legality and regularity of underlying transactions for payments of EUR 21.4 million. It stresses the importance of providing the Court with necessary information on the above-mentioned underlying transactions. In this context, it also urges the Commission to undertake the appropriate actions to ensure a satisfactory implementation and control of EU funds in case of joint management with UNMIK and other international organisations.

It regrets that the Court has observed anomalies in the payments and urges the Agency to take immediately appropriate measures to remedy the situation.

As to procurement the Council deplores that anomalies in the procedures followed by the Agency call into question the respect of the principle of equality between tenderers and expects the Agency to remedy its contract awarding procedures accordingly.

The Council takes note of the Agency's assurance that it has taken steps to clarify the financial presentation of its financial operations to comply with the Commission's new central IT system (ABAC) approach and that it has introduced a computerised double entry general accounting system. However, the Council states that these late measures do not remedy the failures in the financial year 2003.

It requests that the Agency correct its way of reporting the funds paid to financial intermediaries by entering them under loan programmes under the assets in the balance sheet. It takes note of the measures taken and to be taken by the Agency to improve its financial management system especially in view of the implementation of the accounting rules governing revenue and expenditure under accruals-based accounting.

The Council underlines that the Agency should step up corrective action, as soon as possible, concerning the observation of the Court relating to insufficient supervision by the Agency of one of its financial bodies.

It urges the Agency to improve its supervision of procedures relating to the commitment and validation of expenditure so as to avoid the anomalies mentioned in the Court's report.

The Council insists that the Agency continue to strengthen its system of internal control relating to the selection of staff responsible for evaluation and checking the decisions made by the evaluation committees in the framework of awarding of contracts.

It notes the efforts deployed by the Agency to ensure the legality and regularity of the underlying transactions concerning the agreements with third parties including the implementation of grants.

Finally, the Council takes note of the measures undertaken by the Agency in order to reduce the number of authorizing officers by delegation and sub-delegation following the observation of the Court.