2004 discharge: European Agency for Reconstruction

2005/2108(DEC) - 06/02/2006

Having examined the Agency’s revenue and expenditure account and the observations made by the Court of Auditors, the Council recommends the European Parliament to give a discharge to the Director of the Agency in respect of the implementation of the budget for the financial year 2004.

In doing so, it confirms that EUR 201.6 million (58 %) of the EUR 346.9 million in appropriations carried forward from the financial year 2003 to the financial year 2004 have been used. In addition, EUR 207.9 million in appropriations have been carried forward from the financial year 2004 to the financial year 2005 and EUR 6.5 million have been cancelled.

In parallel, the Council makes accompanying comments on the discharge which should be followed up. In particular, it:

- § deplores the absence of effective internal control procedures for long term receivables implying uncertainty concerning the complete recording of the transactions relating to counterpart funds, credit time schemes and special funds and urges the Agency to take the necessary corrective action;

- § is disappointed about persistent anomalies having affected decisions in awarding contracts noted again by the Court as in its 2003 report. It underlines the importance of formal tendering procedures as a guarantee of the equality between tenderers and expects the Agency to continue to remedy its contract awarding procedures in order to comply with the Court's recommendations;

- § notes in the Court's statement that the Agency has not put in place an active treasury management policy. It urges the Agency to take all necessary measures to avoid keeping considerable amounts in bank accounts and to check earnings on interest. Moreover, it underlines the need, as recommended by the Court, to make reconciliations between the bank accounts and the Agency's accounts on a regular basis;

- § takes note of the outcome of the review made by the Court concerning the operations entrusted to the United Nations Mission in Kosovo (UNMIK) and requests the Agency to ensure a constant application of audit trail, in particular in cases where UNMIK is directly managing the contracts, in accordance with the agreement between the Commission and the United Nations;

- § notes the serious difficulties met by the Agency in closing the operations in cases where UNMIK was acting on behalf of the local government departments, mainly due to the absence of adequate accounts for the projects and of sufficient justification for the expenditure, and calls on the Agency to pay more attention to the financial organisation of the beneficiaries in order to be able to fully fulfil its responsibilities;

- § takes note of the Court's observation concerning the lack of a standardised system of dealing with payment requests and non-existence of criteria for the kind of supporting evidence necessary for a payment to be made and invites the Agency to continue its efforts to remedy the situation.