2005 discharge: European Agency for Reconstruction

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Having examined the revenue and expenditure account for the financial year 2005, the balance sheet of revenue and expenditure at 31 December 2005 of the European Agency for Reconstruction, 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 2005.

In doing so, the Council confirms that EUR 187.8 million (54%) of the EUR 346.7 million in appropriations carried forward from the financial year 2004 to the financial year 2005 have been used. In addition, EUR 226.8 million in appropriations have been carried forward from the financial year 2005 to the financial year 2006 and EUR 7.6 million have been cancelled.

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

- notes that the Court of Auditors has been able to obtain reasonable assurance that the Agency's annual accounts for the financial year ended 31 December 2005 are, in all material respects, reliable. However, it regrets that in respect of the reasonable assurance as to the legality and regularity of the underlying transactions, taken as a whole, the Court has excluded some situations relating to contract award procedures;
- takes note of the efforts undertaken by the Agency to improve its management but it would like to draw attention to the issues mentioned below;
- calls on the Agency to improve the definition of the internal auditor's role and tasks so that they would correspond to the duties of the post and to ensure appropriate reporting to the management;
- notes the improvements made in the contract award procedures and their positive effects on various areas, including better overall discipline over this activity and the evaluation procedures. However, it stresses that the Court still has noted anomalies due to unrealistic and ill-suited selection criteria and is unable therefore to obtain the overall reasonable assurance regarding transactions referred to above;
- states that as far as tendering processes are concerned, the Council calls on the Agency to continue its efforts to fully comply with all regulatory provisions;
- notes that the Agency has still had difficulties in assuring the compliance with the terms of agreement with the United Nations Mission in Kosovo (UNMIK) and calls on the Agency to foresee inter alia the strictest possible application of those terms and recovery of undue funds from the beneficiaries, if necessary.