Basic information

1996/2108(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
MED programmes. Special report 1/96 Court of Auditors **Subject** 6.40.05 Relations with the Mediterranean and southern European countries 8.70.03.07 Previous discharges	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	CONT Budgetary Control	FABRA VALLÉS Juan Manuel (PPE)	25/09/1996
	Committee for opinion	**Rapporteur for opinion**	**Appointed**
	AFET Foreign Affairs, Security and Defense Policy		
	RELA External Economic Relations	MALERBA Franco E. (UPE)	31/10/1996
	REGI Regional Policy	AZZOLINI Claudio (UPE)	29/10/1996
Council of the European Union			

Key events

Date	Event	Reference	Summary
30/05/1996	Non-legislative basic document published	RCC0001/1996	Summary
21/10/1996	Committee referral announced in Parliament		
02/07/1997	Vote in committee		Summary
02/07/1997	Committee report tabled for plenary	A4-0236/1997	
17/07/1997	Debate in Parliament		Summary
17/07/1997	End of procedure in Parliament		
22/09/1997	Final act published in Official Journal		

Technical information	
Procedure reference	1996/2108(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	CONT/4/07991

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0236/1997 OJ C 286 22.09.1997, p. 0007	02/07/1997	
Text adopted by Parliament, single reading		T4-0410/1997 OJ C 286 22.09.1997, p. 0187-0263	17/07/1997	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Non-legislative basic document	RCC0001/1996	30/05/1996	Summary

MED programmes. Special report 1/96 Court of Auditors

1996/2108(COS) - 30/05/1996 - Non-legislative basic document

OBJECTIVE: this special report submitted by the Court of Auditors relates to the management of the MED programmes (in particular, MED-Urbs, MED-Campus, MED-Media, MED-Avicenne et MED-Invest) from 1992 to 1994. An audit of these programmes has revealed serious irregularities both in the financial management of the projects and in their implementation. At the same time, the Court has made a series of recommendations to the Commission so that improvements might be provided for in the future in the management of the resources allocated. CONTENT: the main complaints made by the Court with regard to this issue relate, on the one hand, to the overall system for managing the programmes and, in particular, to the delegation of some of its powers to third parties and, on the other hand, to the implementation of the projects themselves. - As regards the overall system for managing the programmes, the Court notes that the Commission subcontracted the administration and financial management to the Trans-Mediterranean Networks Agency (ARTM), a non-profit-making organization established specifically for the purpose, with technical monitoring contracted out to consulting firms. The Court feels that the manner in which the system operated gave rise to serious irregularities because: . the powers conferred upon ARTM were equivalent to a delegation of the powers of the Commission which was not authorized in this instance; . excessive recourse was made to private contracts; . the involvement of consulting firms in the design and preparation of projects created serious confusion of interest in the management of their funds; . the resources and procedures for monitoring the implementation of the programmes were inadequate; . the financial management of the programmes at the level of both the Commission and the ARTM was inadequate. - As regards the implementation of the projects themselves, the Court took the view that irregularities abounded: . concerning financial and accounting matters: the contracts concluded with ARTM did not respect the basic requirements of sound financial management (e.g. slipshod accounting etc.), the network partners did not fulfil their obligations as regards co-financing and ineligible expenditure was financed (in some cases, systematically, e.g. personnel costs); . concerning matters relating to sound financial management: the award of contracts following competitive tendering was the exception rather than the rule etc.; . concerning the impact of the projects, the Court took the view that not enough assessments were carried out before and after the completion of the measures and that, overall, the direct impact of the MED programmes still remains to be proven. Finally, certain weaknesses were observed in the implementation of the projects from the time of their original design (e.g. lack of authority of the network coordinators, limited autonomy of the members of the networks) as well as weaknesses in the management instruments (e.g. limited role of Technical Assistance Offices). RECOMMENDATIONS: in the view of the Court, the Commission should in future: - review the design, management and implementation of these programmes. The Court takes the view that no new programme should be implemented before adequate resources have been made available and the structures properly evaluated; - ensure that external organizations called upon to assist it should not have delegated to them functions and responsibilities which it should exercise itself: in particular, it must remain responsible for the execution of the programmes and the budgetary resources devoted to them; - considerably strengthen the

concept and status of the networks and define the obligations of each member in a contract, compliance therewith being a basic condition for the granting of funds; - provide for annual audits so that the accounts of all the organizations involved may be monitored; - ensure that the networks are viable in the long term. In particular, it must decide clearly whether or not to maintain the principle of cofinancing; - provide for adequate human resources to cope with its obligations without systematically entrusting to third parties tasks for which it is responsible. The Court drew the specific attention of the budgetary authority to this last point, in the context of the considerable increase in the funds allocated to the Mediterranean countries under the MED programmes.

MED programmes. Special report 1/96 Court of Auditors

1996/2108(COS) - 17/07/1997 - Text adopted by Parliament, single reading

In adopting the report by Mr Juan Manuel FABRA VALLES (PPE, E) on Court of Auditors Special report No 1/96 on the MED programmes, the European Parliament observed that, although the Commission and its services had gone to considerable lengths to follow the Court of Auditor's special report through to its logical conclusions (reorganization of Directorate-General IB, revision of management methods, approval of four contract models, etc.), there had been a lack of coherence and coordination in decisive areas. Parliament drew attention to regulatory and organizational shortcomings on the part of the Commission, and called on it to forward to the Member States concerned all the details of the case for consideration of any possible legal implications. The Commission was also called upon to bring any disciplinary action against the Community officials responsible which might prove necessary in the light of the administrative inquiry which had been initiated, and asked the Commission to inform it immediately of the measures adopted. Parliament deplored the fact that when the Commission had decided to halt the current decentralized cooperation programmes, it did not immediately investigate all the contracts concluded by the companies concerned. It called on the Commission, accordingly, to instruct its Financial Control to re-examine systematically all contracts concluded directly or indirectly with the technical assistance bureaux involved with the decentralized Mediterranean programmes. It called on the Commission to draw up a proposal with a view to extending to this sector the regulation establishing a black list of persons and firms to be ineligible for Community funding. It also called for standardization of the rules governing Commission contracts with external consultants and for clauses prohibiting situations characterized by a conflict of interests and interference, and administrative penalties. Parliament called for the anti-fraud unit (UCLAF) to become independent, pending the establishment of a European court to try fraud and corruption cases involving the Community budget. It would liaise with national courts and inform them of the facts concerning offences discovered in the course of its inquiries. In parallel, and subject to certain conditions, particularly regarding revision of the management system, Parliament approved resumption of 75 projects under the MED programmes. The others were to remain blocked until the contract verification procedure had been completed. Before any extension of the contracts for longer than two years, an interim report must be submitted to Parliament. Lastly, Parliament called on the Commission: - to consider, within the framework of the SEM 2000 programme, measures designed to avoid any conflict of interests between the external consultancies and applicants for funding, and to prevent those consultancies from having any influence on the selection of contractors, - to submit those measures to it within six months in a report including a list of the external consultancies currently working on contract for the Commission. Finally, it pointed out to the Commission that it would be looking at the matter again in the context of the discharge procedure.