Basic information

2002/2188(DEC) DEC - Discharge procedure	Procedure completed
2001 discharge: European Agency for reconstruction budget and aid for Kosovo **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	BLAK Freddy (GUE/NGL)	10/09/2002

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs, Human Rights, Common Security, Defense	PACK Doris (PPE-DE)	11/09/2002

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2493	2003-03-07

European Commission

Commission DG	Commissioner
Budget	

Key events

Date	Event	Reference	Summary
27/08/2002	Committee referral announced in Parliament		
24/10/2002	Non-legislative basic document published	N5-596/2002	Summary
19/03/2003	Vote in committee		Summary
19/03/2003	Committee report tabled for plenary	A5-0079/2003	
08/04/2003	Decision by Parliament	T5-0160/2003	Summary
08/04/2003	Debate in Parliament		
08/04/2003	End of procedure in Parliament		
12/03/2004	Final act published in Official Journal		

Technical information

Procedure reference	2002/2188(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/5/16580

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0079/2003	19/03/2003	
Text adopted by Parliament, single reading		T5-0160/2003 OJ C 064 12.03.2004, p. 0028-0262 E	08/04/2003	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	06001/2003	07/03/2003	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Non-legislative basic document	N5-596/2002 OJ C 326 27.12.2002, p. 0001-0008	24/10/2002	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2003/0419
OJ L 148 16.06.2003, p. 0095-0095 Summary

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

2002/2188(DEC) - 08/04/2003 - Final act

PURPOSE : to grant discharge on the implementation of the European Agency for Reconstruction's budget for the financial year 2001. COMMUNITY MEASURE : European Parliament Decision 2003/419/EC concerning discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001. CONTENT : with the present decision, the European Parliament grants discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001. This decision is accompanied by a series of comments which complete the discharge decision. These comments are included in the Parliament's opinion (please refer to the summary of the European Parliament's resolution dated 8 April 2003).

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

2002/2188(DEC) - 24/10/2002 - Non-legislative basic document

PURPOSE : to present the report from the Court of Auditors on the financial statements of the European Agency for Reconstruction for the financial year 2001. CONTENT : the appropriations entered in the budget for the financial year 2001 amounted to EUR 410,6 million. In reality, after taking into account EUR 0,6 million in counterpart funds, which were not entered in the budget. The Agency had an outstanding balance of EUR 411,6 million to be committed against appropriations granted by the Commission in 2000. This amount included an estimate of the appropriations required to continue the programmes of assistance to Serbia managed by the Commission. More precise estimates by the Agency led to its cancellation of EUR 120,7 million of the appropriations related to these programmes. In its Annual Report concerning the financial year 2000 (please refer to the procedure reference Dec/2001/2238), the Court pointed out weaknesses in the Agency's budgetary accounting. The Agency began installation of the SI2 computerised budgetary accounts system during the second half of 2001. In addition, the Agency also had to incorporate into this system the financial data relating to numerous projects which had previously been managed by the Commission. The Agency took the accumulated values for the projects as its basis for the purpose of incorporating the existing data into the SI2 system. Because of this, it is not always possible, in the SI2 context, to identify the original financial year of the appropriations used and, in the case of the payments made in 2001 for the projects initiated by the Commission, to distinguish between those payments made by the Agency and those made by the Commission. Although the Court was able to obtain reasonable assurance that the basic data were reliable, in order to obtain an accurate impression of the implementation of the budget, auxiliary tools constructed on the basis of electronic data sheets must be used. These tools are not easy to apply. The Agency should reduce or even eliminate the necessity of resorting to these tools, which have a definite inherent risk of error. As regards the financial statements, the Court notes that the financial statements sent by the Agency contained errors. In 2001, each Agency establishment kept its own accounts. Reconciliations should have been made regularly to ensure that these accounts were consistent with the central accounts. As regards the housing programme, one of the priorities ascribed to the Agency concerns the repair or rebuilding of housing damaged during the hostilities, especially amongst the poorest sections of the population. The Court has analysed the results achieved as a result of implementing this action in 2000. Although the total number of houses rebuilt exceeded the target initially set by 4 %, the breakdown of these houses in accordance with the type of work to be carried out diverges considerably from that envisaged in the contracts and subsequent amendments. For example, the number of units viewed as needing to be completely rebuilt is practically double. Such information should prompt the Agency to look into ways of improving the selection of the work to be carried out, so that genuine needs are met more effectively. Concerning the follow-up of previous observations concerning the Agency's efficiency, the Court states that the Agency has beenable to maintain a high level of commitments and payments, whilst keeping staff and operating costs low by pursuing its policy of reducing the advances paid to its contractors, but paying them promptly once work has been completed. In line with the recommendation made by the Court, the Agency continued to focus its efforts on areas deemed to be priority areas. As of 2001, emphasis was placed on institutional measures. Another recommendation concerned the measures to be taken to assure the stability of actions financed by the EU. To this end, the Commission, in cooperation with the United Nations Organisation, prepared action plans for five key sectors. At the end of 2001, it decided that the actions plans would now include objectives and performance indicators. The European office of the United Nations Interim Administration Mission in Kosovo monitors the implementation of these plans by means of quarterly reports. The Commission should continue to develop and intensify its cooperation with the United Nations Organisation for the purpose of monitoring and evaluating the programmes and thus ensuring the sustainability of their impact. Monitoring systems have been set up at Agency level. However, there is no global monitoring plan which would ensure that all projects were monitored systematically. An evaluation unit has been set up and has issued its first evaluation reports. Recommendations made in these reports are applied when future activities are programmed. The Court has also identified problems in the management of the energy sector. The EAR replied to the preliminary observations about the EAR's 2001 financial accounts. It states that : - as regards the budget execution : the Agency entered the cumulative amounts of payments prior to the introduction of SI2 because it was impracticable to reproduce one by one all the historical of payments for several years of assistance (Kosovo, Serbia and Montenegro since 1998 and FYROM since 1996); - as regards the application of financial rules : the Agency recovered all debts from third parties using specific internal forms as recovery orders; - concerning the housing programme: the fact that the objectives were exceeded is particularly significant considering that for the 2001 programme over 80 % of the reconstructed houses were classified as fully destroyed.

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.