Basic information

2003/2246(DEC) DEC - Discharge procedure	Procedure completed
2002 Discharge: European Agency for Safety and Health at Work **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MULDER Jan (ELDR)	10/09/2002

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	PRONK Bartho (PPE-DE)	15/02/2001

Key events

Date	Event	Reference	Summary
15/10/2003	Non-legislative basic document published	N5-0026/2003	Summary
18/12/2003	Committee referral announced in Parliament		
18/03/2004	Vote in committee		
18/03/2004	Committee report tabled for plenary	A5-0212/2004	
20/04/2004	Debate in Parliament		
21/04/2004	Decision by Parliament	T5-0321/2004	Summary
21/04/2004	End of procedure in Parliament		
21/04/2004	Final act published in Official Journal		

Technical information

Procedure reference	2003/2246(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed

Documentation gateway				
European Parliament				
Document type	**Committee**	**Reference**	**Date**	**Summary**
Committee report tabled for plenary, single reading		A5-0212/2004	18/03/2004	
Text adopted by Parliament, single reading		T5-0321/2004 OJ C 104 30.04.2004, p. 0421-0560 E	21/04/2004	Summary
Council of the EU				
Document type		**Reference**	**Date**	**Summary**
Supplementary non-legislative basic document		06195/2004	09/03/2004	Summary
Other institutions and bodies				
Institution/body	**Document type**	**Reference**	**Date**	**Summary**
CofA	Non-legislative basic document	N5-0026/2003 OJ C 319 30.12.2003, p. 0008-0014	15/10/2003	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Budget 2004/0708 OJ L 330 04.11.2004, p. 0008-0008	Summary

2002 Discharge: European Agency for Safety and Health at Work

2003/2246(DEC) - 15/10/2003 - Non-legislative basic document

PURPOSE : to present the report from the Court of Auditors on the financial statements of the European Agency for Safety and Health at Work for the financial year 2002. CONTENT : this report concerns the results of the audit performed by the Court on the financial statements for the financial year ended 31 December 2002. This examination enabled the Court to obtain reasonable assurance that the annual accounts for the financial year ended 31 December 2002 are reliable and that the underlying transactions, taken as a whole, are legal and regular. The report states in particular that the appropriations available for the financial year amounted to EUR 20 million, consisting of EUR 13,2 million of the financial year and EUR 6,8 million in carryovers from the previous financial year. Of the 2002 appropriations, a total of EUR 12,5 million was committed and payments of EUR 6,2 million made against them. The balance of appropriations was either carried over (6 million) to 2003 and 1 million has been cancelled. The carryovers mainly concerned Title III of the budget and represented more than 70 % of the commitments entered into. The Court once again draws the Agency's attention to the fact that it should programme its activities in a way that complies better with the annuality principle and should also improve the monitoring of its activities. Generally speaking, the audit of the budgetary accounts revealed shortcomings in the coordination between the authorising officer for expenditure and the department responsible for financial monitoring. Moreover, there was no formal procedure for reconciling the authorising officer for expenditure's estimates of the volume of appropriations to be carried over with the amounts calculated on the basis of the financial department's accounts. The Agency should take the necessary steps to improve the effectiveness of its internal control system. The Court states that no physical inventory has been taken since 1997. The inventory lists are not reliable. They contain inaccuracies, are not complete and do not take into account

disposals that should have been carried out. Moreover, despite the Court's previous recommendations , in which it asked the Agency to apply the rules adopted by the Commission, the Agency does still not carry out any depreciation of its fixed assets. As regards the legality and regularity of the underlying transactions, the Court highlights that the Agency financed 51 projects under a EUR 4 million programme in favour of small and medium-sized enterprises. Checks carried out on a sample of seven projects showed up various failings. No formal procedure was introduced for carrying out on-the-spot checks of the reality of expenditure declared by beneficiaries. In four cases, the Agency's final evaluation report showed significant differences between the product promised by the beneficiaries and the final product; nevertheless, the aid was paid in full, or almost in full. The Court draws attention to the responsibility of the competent departments and recommends that appropriate measures be introduced. The Agency concluded a number of contracts for various technical and administrative services. These contracts were poorly monitored. In five cases they were extended without any legal basis. The Agency replies to the criticisms made by the Court. It states in particular that it wishes to note the fact that 60% of the total carryovers are for the SME scheme, which has a strict two-year implementation cycle. In the framework of the new Financial Regulation, the Agency is looking into options to properly implement the programmes and, simultaneously, to respect the principle of annuality of the budget. The Agency intends to improve its systems of internal control. In 2003, the Agency contracted an accounting firm to undertake a complete updating of all aspects of the management of its fixed asset. The Agency would like to draw the attention of the Court to the fact that all available resources have been dedicated to conducting an in-depth assessment of the final activity reports and the final financial reports provided by the 51 project holders. Following those examinations, the Agency did not pay the full grant to half of the project holders. In the four specific cases mentioned by the Court, the Agency considered that despite the shortcomings in the final products the objectives of the project were reasonably achieved and, consequently, that the project holders deserved the full payment of the grant.

2002 Discharge: European Agency for Safety and Health at Work

2003/2246(DEC) - 09/03/2004 - Supplementary non-legislative basic document

PURPOSE : Council Recommendation on the implementation of the EU's budget for the European Agency for Safety and Health at Work covering the financial year 2002. CONTENT : Taking into account the positive Report from the Court of Auditors concerning the Agency's annual accounts the Council recommends that the European Parliament should give a discharge to the Director of the Agency for the implementation of the budget covering the financial year 2002. The Council does, however, have some comments to make. They concern, in particular, the fact that for the financial year 2001-2002 only EUR 6.2 million, or 89%, of the EUR 7 million has been carried forward in appropriations. Similarly, for the financial year 2002-2003 only EUR 6.2 million has been carried forward in appropriations with EUR 1.6 million having to be cancelled. In respect to this situation the Council notes that, as has been the case in previous years, the amount of appropriations carried over remains high. The Council, therefore, urges the Agency to take appropriate measure to improve the implementation of the budget in accordance with the principle of annuality. In addition the Council notes that there are shortcomings relating to co-ordination between the authorising officer for expenditure and the department responsible for financial monitoring. Further shortcomings are identified in the reconciliation procedures concerning carry-overs. All necessary steps should therefore be taken by the Agency to improve the effectiveness of the internal control system. Other areas of concern include the Agency's inventory and the Council calls on the Agency to remedy this problem. Concerning the legality and reliability of underlying transactions, the Council stresses the importance for the Agency of taking all the necessary measures needed to avoid problems in relation to the monitoring and evaluation of projects financed and contracts concluded by the Agency. Thus, special emphasis should be given to the content and timeliness of the final products delivered. Lastly, the Council notes that the Agency has modified its decision setting up the imprest account in accordance with observations formulated by the Court of Auditors.

2002 Discharge: European Agency for Safety and Health at Work

2003/2246(DEC) - 21/04/2004 - Final act

PURPOSE : to grant discharge to the European Agency for Safety and Health at Work, in respect of the implementation of its budget for the financial year 2002.

LEGISLATIVE ACT : Decision 2004/708/EC of the European Parliament concerning discharge to the Director of the European Agency for Safety and Health at Work for the financial year 2002.

CONTENT : with this present Decision, the European Parliament gives discharge to the Director of the European Agency for Safety and Health at Work, in respect of the implementation of its budget for the financial year 2002.

This Decision is in conformity with the European Parliament’s resolution approved on 21 April 2004 and which is accompanied by a series of which complete the discharge decision (please refer to the summary of the opinion).

2002 Discharge: European Agency for Safety and Health at Work

2003/2246(DEC) - 21/04/2004 - Text adopted by Parliament, single reading

The European Parliament adopted the report by Jan MULDER (ELDR, NL) concerning the granting of discharge to the Director of the European Agency for Safety and Health at Work, in respect of the implementation of its budget for the financial year 2002. The Parliament records its comments in the accompanying resolution. These comments concern, in particular, the improvement of financial management. Firstly, as regards the implementation of the budget, Parliament reiterates the view, expressed in its 2003 resolution accompanying the discharge for 2001, that it expects the Agency to do its utmost to improve the programming of its activities in order to reduce the large amount of carry-overs. It stresses that, despite the apparent divergence of views between the ECA and the Agency as to the latter's efforts to observe the annuality principle, it nevertheless insists that further efforts should be made to reduce the amount of carry-overs through tighter programming of operational activities, even if these involve a life cycle of projects that exceed the financial year. It expects to be further informed by the Agency, in this respect, on its analysis of options offered by the

new Financial Regulation framework in order to reconcile a proper implementation of the programmes while, at the same time, observing to the principle of the annuality of the budget. Concerning, the system of internal control, Parliament notes the Agency's plan to improve its system of internal control, involving the possible setting up of an Internal audit capability, and the initiatives it announced for implementing, in 2004, the internal control standards and it expects to be informed on these matters by the Agency once it has completed its internal procedures. On the issue of legality and regularity of the underlying transactions, the Parliament notes the lack of controls carried out on the beneficiaries under the SMEs funding scheme, in particular as regards the veracity of declared expenditure. The Agency is invited to use the "lessons learned" in managing the 2002 SME funding scheme to ensure greater rigour and better value for money in subsequent schemes. It invites the Agency to forward to its competent committees the external evaluation report of the second SME funding scheme by September 2004 and to provide information on the follow-up to the evaluation report for 2001-2002; In parallel, the Parliament has made a series of horizontal points on all of the Agencies' discharges which can be summarised as follows: - Internal audit and control measures : Parliament reiterates the position taken in its resolutions 2003 accompanying the discharge given to the Agencies for 2001 as regards the implementation of the new Financial Regulation and invites the Commission and the Agencies to continue their cooperation, in particular in the areas of accounting, internal audit, management and control procedures, so as to ensure that a coherent harmonised framework for the functioning of the Agencies is established. It recalls that it expressed concern in the discharge resolution for 2001 concerning the lack of controls on the agencies carried out by the internal audit service of the Commission (IAS). Parliament expresses grave concern that such controls do not seem to have been carried out this year. It stresses that it is essential thatthe Agencies be required to submit to the investigative powers of OLAF under the same conditions as the other institutions. - Financial Management : Parliament invites the Agencies to better explain their analysis and to indicate in particular which of their activities of a multi-annual nature might be financed by such appropriations. The Commission is invited to present its position on such a solution and, should it consider that this solution is not feasible, to outline alternatives allowing for a substantial reduction in carry-overs. - Review of the agencies : the Parliament states that that, prior to any decision to set up an agency, the Commission must make a rigorous analysis of the need for and added value of the functions that the agency will perform, with an eye to the principles of subsidiarity, budgetary rigour and procedural simplification. Like last year, the Commission is called upon to make a general study of activities currently carried out by various Community bodies that might overlap or serve the same goals, and to propose appropriate solutions, including the possible mergers of agencies. Parliament is concerned by the fact that there is an imbalance between administrative and operational expenditure in many Agencies, with administrative expenditure exceeding expenditure for operational purposes. The Commission and the Agencies are called upon to set targets and a timetable to reduce the level of administrative expenditure as a proportion of total expenditure. The Agencies are encouraged to : - improve cooperation between themselves in order to meet their needs in specific areas (for example, software development) and reduce costs, rather than adopt solutions which were initially designed for the purposes of the Commission but which often prove to be too cumbersome and complicated for the Agencies' specific needs; - organise and develop a close working relationship with the competent parliamentary committees; invites its standing committees with competence in the areas of activity of each of the Agencies to co-ordinate their action with the Committees of Budgets and Budgetary Control, with a view to ensuring efficient monitoring of the activity of the Agencies. - New sources of financing : Parliament calls on the Commission and the Agencies to come forward with constructive proposals with regard to further development of new sources of additional financing, which would increase the level of self-financing. It welcomes the financial contributions of some Member States and regions to the agencies located on their area and considers it important for Council and the Commission to demand such contributions, especially when new agencies are set up. - Harmonised operating framework : Parliament recalls its that the multitude of different forms in the existing agencies' structures was thought to be "neither transparent nor comprehensible. Therefore, it has invited the Commission to present appropriate proposals, aimed at creating such a harmonised framework for the agencies, prior to or at least in parallel with the presentation of the legislative proposals for the new agencies; insists that an interinstitutional agreement spelling out common guidelines is a pre-condition for creating the harmonised framework. - Staff policy : the Parliament considers that the staff policy of the Agencies should comply with the Financial Regulation, the Staff Regulations and the best practice generally followed by theInstitutions. The Parliament recalls the principle that the Agencies should as far as possible employ staff on temporary contracts, in order to maintain flexibility and efficiency. In this respect, it is concerned about the serious anomalies detected in connection with the selection procedures of the European Monitoring Centre for Drugs and Drug Addiction and that selection procedures organised by the Agencies should meet the same standards as those organised by the European Personnel Selection Office (EPSO) and that they should not be perceived as a backdoor for easy entry into the European civil service. Lastly, the Commission is invited to make proposals in order to ensure that the Agencies benefit from appropriate support from the EPSO when organising selection procedures and that there is a mechanism in place to validate the outcome of such procedures externally before recruitment takes place.