Basic information

2006/2155(DEC) DEC - Discharge procedure	Procedure completed
2005 discharge: European Agency for Reconstruction **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	HERCZOG Edit (PSE)	20/04/2006

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2787	2007-02-27

European Commission

Commission DG	Commissioner
Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
31/10/2006	Non-legislative basic document published	N6-0023/2006	Summary
29/11/2006	Committee referral announced in Parliament		
26/03/2007	Vote in committee		Summary
02/04/2007	Committee report tabled for plenary	A6-0116/2007	
24/04/2007	Decision by Parliament	T6-0136/2007	Summary
24/04/2007	Results of vote in Parliament		
24/04/2007	Debate in Parliament		
24/04/2007	End of procedure in Parliament		

15/07/2008	Final act published in Official Journal		

Technical information

Procedure reference	2006/2155(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/42399

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE384.434	08/02/2007	
Amendments tabled in committee		PE386.409	08/03/2007	
Committee report tabled for plenary, single reading		A6-0116/2007	02/04/2007	
Text adopted by Parliament, single reading		T6-0136/2007	24/04/2007	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05711/2007	07/02/2007	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
OS	Non-legislative basic document	N6-0023/2006 OJ C 266 31.10.2006, p. 0007	31/10/2006	Summary
CofA	Court of Auditors: opinion, report	N6-0001/2007 OJ C 312 19.12.2006, p. 0001	19/12/2006	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2008/0537
OJ L 187 15.07.2008, p. 0182 Summary

2005 discharge: European Agency for Reconstruction

2006/2155(DEC) - 24/04/2007 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution drafted by Edit **HERCZOG** (PSE, HU), and granted the director of the European Agency for Reconstruction discharge for the implementation of the Agency's budget for the financial year 2005. It then approved closing the accounts of the Agency for the financial year 2005.

The Parliamentary resolution is divided into two parts. The first contained general points, and concerned the majority of EU Agencies requiring individual discharge. The second part contained specific points relating to the Agency.

General points: Parliament considers that the ever-growing number of Community Agencies and the activities of certain of them do not seem to form part of an overall policy framework, and that the remits of some Agencies do not always reflect the real needs of the Union. Accordingly, it invites the Commission to define an overall policy framework for the setting up of new Community Agencies and to present a cost-benefit study before the setting up of any new agency, while being careful to avoid any overlap of activities between Agencies or with the remits of other European organisations. Parliament calls on the Court of Auditors to give its opinion on this cost-benefit study before Parliament takes its decision, and it asks the Commission to present every five years a study on the added value of every existing Agency. ; invites all relevant institutions In the case of a negative evaluation of the added value of an Agency, all relevant institutions are asked to take the necessary steps by reformulating the mandate of that Agency or by closing it.

In view of the constantly increasing number of Agencies, Parliament feels that the Directorates-General of the Commission charged with the setting up and monitoring of Agencies must develop a common approach to the Agencies. It also asks the Commission to improve administrative and technical support to the Agencies. Parliament regretted that the negotiations on the draft interinstitutional agreement on the operating framework for the European regulatory agencies have not yet been concluded, and calls on the Commission, in consultation with the Court of Auditors, to do their utmost to ensure that the agreement is brought to a rapid conclusion. Noting that the Commission's budgetary responsibility calls for closer linking of the Agencies to the Commission, Parliament calls on the Commission and the Council to take all necessary steps to give the Commission a blocking minority in the supervisory bodies of the regulatory Agencies by 31 December 2007 and to provide for such a minority from the outset when new Agencies are set up. It invites the Court of Auditors to create an additional chapter in its Annual Report, devoted to all Agencies to be discharged under the Commission's accounts in order to have a much clearer picture of the use of EU funds by Agencies.

Parliament goes on to ask the Commission to come up with a proposal to harmonise the format of the annual reporting by the Agencies and to develop performance indicators which would allow a comparison of their efficiency. The Commission is urged to monitor and direct the management of the Agencies, especially in relation to the proper application of tender procedures, transparency of recruitment procedures, sound financial management and, most importantly, the proper application of the rules concerning the internal control framework.

Specific points concerning the EAR: Parliament underlined its high appraisal of the results achieved by the Agency and congratulated the Director and its staff for the work done in a very difficult environment improving considerably the image of the EU and its visibility. Accordingly, it insisted that the Commission **prolong the Agency's activity**, which is scheduled to end in 2008. After a cost-benefit analysis, the Agency should be transformed into an **Agency for implementation of certain EU external actions,** in particular with a view to managing post-conflict situations, while being careful to avoid any overlap with the activities of other organisations. A new mandate of this successful agency would be the most efficient way to implement the new tasks in external actions, which cannot be implemented by Commission services in Brussels or by delegations of the Commission, and that the Agency could play a most efficient role in areas where traditional development assistance cannot be implemented. This would also significantly increase the EU's visibility.

Parliament went on to ask the Commission to give reasons, other than its intention to close the Agency in 2008, why the Agency was not given the task of implementing the Union's special programme for the northern part of Cyprus and aid to the Palestinian population, in view of the fact that the Agency has not only the systems (logistics, IT systems, and others) to implement large amounts of support in post-conflict areas, but that it has proven high levels of expertise and know how in post-war reconstruction.

Parliament then welcomed the measures taken by the Agency to improve contract award procedures following the Court of Auditors' observations raised in its 2003 and 2004 annual reports, and welcomed the progress made in the area of tendering. Lastly, it welcomed the significant efforts made by the Agency in 2005 to improve financial control, but noted that some problems for closing operations remained.

2005 discharge: European Agency for Reconstruction

2006/2155(DEC) - 07/02/2007

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.

2005 discharge: European Agency for Reconstruction

2006/2155(DEC) - 31/10/2006 - Non-legislative basic document

PURPOSE: presentation of the final accounts of the European Agency for Reconstruction (EAR) for the financial year 2005.

CONTENT: this document published in the Official Journal of the EU sets out a detailed account of the implementation of the 2005 budget, including the revenue and expenditure and the balance sheet for the year concerned.

According to this document, the final budget amounted to **EUR 307.5 million**.

As regards the staffing policy, the EAR officially set out 114 posts in its establishment plan. 88 are currently occupied + 170 other posts (local staff) giving a total of **276 posts** (against 261 in 2004) assigned to administrative and operational tasks. Staff expenditure represented EUR 18 481 000.

The principal operational activities are as follows :

In KOSOVO:

- start-up grants, loans, training and business advice to small businesses;

- legal assistance to vulnerable persons;

- management of loans provided earlier from the EAR credit schemes;

- rehabilitation of the heating sub-station in Mitrovica;

- another six bridges reopened between Pristina and the border crossing with FYROM;

- support in the areas of JHA and public administration reform.

In SERBIA:

- draft laws in Public Administration Reform;

- supply of equipment to border police;

- rehabilitation and supply of equipment to courts;

- rehabilitation programme for hospitals;

- new jobs created due to loans from the Revolving Credit Fund;

- training support to enterprises;

- overhaul of thermal power plants;

- regional training centres for adults; pilot schools rehabilitated and supplied with IT equipment;

- conclusion of rehabilitation of Sloboda bridge and the Horgos border crossing point with Hungary;

- renovation of municipal infrastructures;

- reform of the statistics office;

- support for foreign direct investment management;

- support for active labour measures to secure employment and reduce unemployment;

- support for European integration activities;

- support for vulnerable groups such as refugees and internally-displaced persons.

In MONTENEGRO:

- completion of waste management master plan;

- border crossing with Croatia completed within the framework of assistance with integrated border management;

- central IT database of the Ministry of Interior;

- Agency for Human Resources Management, regional centres for vocational education and training;

- veterinary laboratory;

- new Roads Directorate and transport laws;

- master plans for wastewater and solid waste;

- Electric Utility unbundling/restructuring, energy efficiency strategy.

In the FYROM:

- assistance with the strengthening and creation of new public administration institutions (internal audit function, Data Protection Agency);

- Police reform;

- strengthening of veterinary and phytosanitary services;

- assistance with decentralisation of competences to municipalities;

- upgrade of municipal infrastructure;

- training of civil servants, mainly ethnic Albanians, to become public servants;

- new jobs created and jobs preserved due to loans to SMEs from the Revolving Credit Fund.

The complete version of the final accounts may be found at the following address:

http://www.ear.europa.eu/agency/agency.htm

2005 discharge: European Agency for Reconstruction

2006/2155(DEC) - 19/12/2006

This report from the Court of Auditors concerns the results of the audit carried out by the Court on the annual accounts of the European Agency for Reconstruction for the financial year ended 31 December 2005.

The Court states that its audit was planned and performed to obtain reasonable assurance that the accounts are reliable and the underlying transactions are legal and regular.

The report shows that the appropriations entered in the final budget amount to **EUR 307 512 000** with EUR 101 000 000 committed and EUR 40 338 000 paid. EUR 60 667 000 was carried over to 2006, and EUR 2 900 000 cancelled. The outstanding commitments carried over from the previous financial year were EUR 309 139 000.

The Court makes the following observations:

- the role and tasks of the internal auditor are not sufficiently defined and do not always correspond to the duties assigned to this post;

- the internal audit work carried out in 2005 is not formally reported to management;

- following the Court’s observations raised in the 2003 and 2004 annual reports, the Agency took measures to improve the way contracts are awarded. This resulted in increased transparency in various areas; for instance, important decisions made during the evaluation process which affect the contract award are better documented. This in turn has improved the overall discipline over the evaluation and contract award procedures;

- notwithstanding the above, the Court noted several cases where anomalies were due to the fact that the selection criteria chosen are unrealistic as they are ill-suited to the circumstances in which the Agency is operating;

- on the other hand, the Court welcomes the progress made in the area of tendering and encourages the Agency to further intensify its efforts in order to ensure that the contracts awarded fully comply with all regulatory provisions;

- in its 2004 report the Court noted, in a review of operations entrusted to the United Nations Mission in Kosovo (UNMIK), an absence of adequate financial control by the Agency in making payments and serious difficulties in closing operations, mainly due to an absence of adequate accounts for the projects and of sufficient justification for the expenditure. Although the Agency made significant efforts in 2005 to resolve the situation, the problems for closing operations remained. The audits carried out by private audit firms on behalf of the Agency on a number of projects confirmed that funds had to be recovered from beneficiaries, an issue the Agency has not yet addressed. These problems could be resolved if the Agency ensured that the terms of the agreement applicable to the management of these funds were complied with.

The Agency responds point by point to the Court's observations. Firstly, it states that it has been a pioneer in establishing an Internal Audit Capability, a function that does not yet exist in most of the Agencies. Further refinements of the selection criteria are being continuously implemented in order to have consistently realistic and verifiable criteria in tender documents. This also facilitates the preparation of compliant offers by tenderers. To the extent that this was allowed by the applicable provisions of the Financial and Administrative Framework Agreement between the EC and the UN, and by the administrative situation on the ground, the Agency followed a stricter approach that often led to refusing or delaying payments in the absence of adequate justification or proof of expenditure. Audit reports are rendered obligatory, and the UNMIK or other UN instances concerned are firmly reminded that final payments on accomplished projects will only be made up to the amount certified by a valid external audit. For advanced funds which have not been used in accordance with the provisions of the relevant grant agreement, the recovery process has been launched.

2005 discharge: European Agency for Reconstruction

2006/2155(DEC) - 24/04/2007 - Final act

PURPOSE: to grant discharge to the European Agency for Reconstruction for the financial year 2005.

LEGISLATIVE ACT: Decision 2008/537/EC of the European Parliament on the discharge for the implementation of the budget of the European Agency for Reconstruction for the financial year 2005.

CONTENT: with the present decision, the European Parliament grants discharge to the Director of the European Agency for Reconstruction for the implementation of the Agency's budget for the financial year 2005.

This decision is in line with the European Parliament's resolution adopted on 24 April 2007 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 24/04/2007).

2005 discharge: European Agency for Reconstruction

2006/2155(DEC) - 27/02/2007

The Council, on the basis of intensive preparatory work, approved a recommendation on the discharge to be given to the Directors of the 16 European Union agencies for implementation of their budget for 2005. The recommendation will be submitted to the European Parliament, in accordance with the budgetary discharge procedure.

The Council makes reference to the **Court of Auditors report on translation expenditure** (see summary of the document annexed to the Commission's discharge procedure DEC/2006/2070 dated 8 February 2007 06162/2007). It adopted the following conclusions:

Firstly, it states that it welcomes the Court's special report on translation expenditure - which amounted to EUR 511 million in 2005 - incurred by three institutions in particular as it covers the period of the accession of 10 new Member States, increasing the number of official and working languages to 21. In this context, it underlines the importance of the translation of documents in a European Union **multilingual environment** with equal treatment of the languages of its Member States.

It emphasises that translation demands are to be met in time and in adequate quality, as an essential part of the legislative process keeping the cost under control as well as having adequate procedures to give priority to essential translations which implies efficient and effective management of translation resources. It regrets, however, that in some cases politically important information which should be translated has been included in non translated annexes of documents.

The Council notes with satisfaction that the Court of Auditors stated that the institutions have generally met translation needs in the EU-15 languages in required quality inter alia by recourse to freelance translators. It regrets that all three institutions have faced structural difficulties in providing a sufficient volume and acceptable quality into the EU-10 languages. It expects the institutions to further enhance the degree of multilingualism as regards the information provided on their websites.

Moreover, the Council regrets the fact that the institutions, with the exception of the Commission for 2002, have not calculated their total costs or the average cost per page translated and invites them to do so from now on and inform the budgetary authority on a regular basis.

It notes with concern the fact that the productivity of the EU translation services is much lower than in the private sector, partly due to more effective use of IT tools in the private sector, although the quality of internal translation is recognised to be higher. It notes the long term action plan by the Council General Secretariat to increase its productivity by reducing the number of "full-time equivalent" in the EU-15 language units.

Inter-institutional cooperation: the Council advocates inter-institutional cooperation being reinforced to all institutions in order to improve the efficiency and the procedures and to reduce the costs in the field of translations. It urges the institutions to set up proper forecasting system and improve the system of workload balancing in order to make better use of spare capacity and to avoid unnecessary outsourcing. In 2005, according to the Court, EUR 11 million of freelance translation costs could have been saved by the Commission and by the Parliament by giving the non-urgent documents to be translated for other institutions. It regrets that it was not possible for the institutions to recruit enough translators in EU-10 languages which has resulted in quality and deadline problems in the EU-10 translations and it recommends that sufficient EU-10 translator resources should be ensured by measures increasing awareness and fostering interest in the Community's translation activity in the EU-10 Member States and other Candidate Countries. It recommends that similar measures be taken for Bulgaria and Romania.

The Council emphasises that future measures are to be taken by the institutions to contain the volume translated including control of the size of documents, without prejudice of equal treatment of EU official and working languages taking into account the operational effectiveness, and adoption of a fit-for-purpose approach for authorised texts for translation and encourages the institutions to improve their work planning and comply with the deadlines for requesting translations.

Lastly, the Council requests the institutions to improve the efficiency of the translation process in particular by intensifying the recourse to IT tools, reduction of secretarial support, working methods based on best practices and teleworking. It also invites the Court to examine also the translation expenditure of the other institutions and bodies.