

Basic information	
<b>2007/0901(CNS)</b> CNS - Consultation procedure Regulation	Procedure completed
Executive Agencies: standard financial regulation  <b>Subject</b> 8.40.08 Agencies and bodies of the EU 8.70.02 Financial regulations	

Key players				
European Parliament	<b>Committee responsible</b>		<b>Rapporteur</b>	<b>Appointed</b>
	<b>BUDG</b> Budgets		GRÄSSLE Ingeborg (PPE-DE)	20/09/2004
	<b>Committee for opinion</b>		<b>Rapporteur for opinion</b>	<b>Appointed</b>
	<b>CONT</b> Budgetary Control (Associated committee)		HERCZOG Edit (PSE)	04/06/2007
Council of the European Union	<b>Council configuration</b>	<b>Meetings</b>	<b>Date</b>	
	Environment	2812	2007-06-28	
European Commission	<b>Commission DG</b>		<b>Commissioner</b>	
	Budget		GRYBAUSKAITĖ Dalia	

Key events			
Date	Event	Reference	Summary
25/04/2007	Legislative proposal published	SEC(2007)0492 	Summary
10/05/2007	Committee referral announced in Parliament		
27/09/2007	Referral to associated committees announced in Parliament		
28/02/2008	Vote in committee		Summary
07/03/2008	Committee report tabled for plenary, 1st reading/single reading	A6-0068/2008	
09/04/2008	Debate in Parliament		

10/04/2008	Decision by Parliament	T6-0111/2008	Summary
10/04/2008	Results of vote in Parliament		
09/07/2008	Act adopted by Council after consultation of Parliament		
09/07/2008	End of procedure in Parliament		
10/07/2008	Final act published in Official Journal		

Technical information	
Procedure reference	2007/0901(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/6/49397

Documentation gateway				
<b>European Parliament</b>				
Document type	Committee	Reference	Date	Summary
Committee draft report		<a href="#">PE398.652</a>	18/12/2007	
Amendments tabled in committee		<a href="#">PE402.558</a>	14/02/2008	
Committee opinion	<span style="border: 1px solid red; padding: 2px;">CONT</span>	<a href="#">PE398.697</a>	27/02/2008	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A6-0068/2008</a>	07/03/2008	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T6-0111/2008</a>	10/04/2008	<a href="#">Summary</a>
<b>European Commission</b>				
Document type	Reference	Date	Summary	
Legislative proposal	<a href="#">SEC(2007)0492</a> 	25/04/2007	<a href="#">Summary</a>	
Commission response to text adopted in plenary	<a href="#">SP(2008)3169</a>	28/05/2008		

Additional information		
Source	Document	Date
European Commission	<a href="#">EUR-Lex</a>	

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## Executive Agencies: standard financial regulation

2007/0901(CNS) - 09/07/2008 - Final act

**PURPOSE:** to amend Regulation (EC) No 1653/2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.

**LEGISLATIVE ACT:** Commission Regulation (EC) No 651/2008 amending Regulation (EC) No 1653/2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.

**CONTENT:** following the adoption of Council Regulation (EC, Euratom) No 1995/2006 amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, it is necessary to adapt Commission Regulation (EC) No 1653/2004 in order to align it with Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (General Financial Regulation).

Other amendments became necessary in the light of experience gathered by the existing agencies. The amendments introduced by the Council aim to:

- clarify that sound financial management requires effective and efficient internal control;
- simplify the publication of the administrative budget of agencies while preserving the prerogatives of the budgetary authority and of the Court of Auditors;
- streamline and accelerate the procedure regarding transfers to be adopted by the directors of agencies;
- introduce into the standard financial regulation clarifications regarding conflict of interest situations, new provisions regarding ex ante verification of similar individual transactions relating to certain routine expenditure items, provisions on the liability of authorising officers and the use of a direct debit system;
- ensure increase transparency vis-à-vis the budgetary authority through new information requirements incumbent on the agencies in the budget procedure in particular as regards the number of contract staff and waivers to recovery of established amounts receivable;
- make available information on the beneficiaries of these funds within certain limits necessary to protect legitimate public and private interests;
- enable agencies to participate in fraud prevention activities of the European Anti-fraud Office;
- oblige agencies to establish a list of amounts receivable, stating the names of the debtors and the amount of the debt where the debtor has been ordered to pay by a Court decision that has the force of res judicata and where no or no significant payment has been made for one year after its pronouncement. This list should be published, taking into account the legislation applicable to data protection;
- clarify the accounting officers' responsibility for certifying the accounts on the basis of the financial information supplied to them by the authorising officers. To this end, the accounting officer should be empowered to check the information received by the authorising officer by delegation and to enter reservations, if necessary;
- streamline the reporting mechanisms and avoid diffuse information flows, the report of the internal auditor regarding the administrative appropriations of executive agencies should become part of the internal auditor's report pursuant to Article 86(3) of the general Financial Regulation. For the same reason, the Commission should include the reports established by the agencies in accordance with the fourth paragraph of Article 49 of Regulation (EC) No 1653/2004 in its report pursuant to Article 86(4) of the general Financial Regulation which it forwards to the discharge authority;
- clarify the conditions for the use, by the agencies, of Commission services and offices, interinstitutional European offices and the Translation Centre for bodies of the European Union established by Council Regulation (EC) No 2965/94 setting up a Translation Centre for bodies of the European Union should be clarified. A provision for the selection of experts, corresponding to the one introduced in the general Financial Regulation, should be inserted;
- require Community bodies to insert specific contractual clauses in their contracts concluded with third parties enabling them to exercise certain rights, including the suspension and termination of contracts and tender procedures and the establishment of a limitation period;
- introduce, for reasons of transparency vis-à-vis the budgetary authority, an information procedure for projects with significant impact on the administrative budget of the agency;
- harmonise the discharge date for the operating budget of the executive agencies with the one for the general budget.

ENTRY INTO FORCE: 30/07/2008.

## Executive Agencies: standard financial regulation

2007/0901(CNS) - 25/04/2007 - Legislative proposal

**PURPOSE:** to amend Regulation (EC) No 1653/2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.

**PROPOSED ACT:** Commission Regulation.

CONTENT: following the adoption of Council Regulation (EC, Euratom) No 1995/2006 amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, it is necessary to adapt Commission Regulation (EC) No 1653 /2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes in order to align it with the Financial Regulation.

Other amendments became necessary in the light of experience gathered by the existing executive agencies:

- it should be clarified that sound financial management requires effective and efficient internal control and that the main features and objectives of internal control systems should be defined;
- the publication of the administrative budget of agencies should be simplified while preserving the prerogatives of the budgetary authority and the Court of Auditors;
- the procedure regarding transfers to be adopted by the directors of agencies has proved to be unclear and time consuming in practice and should therefore be streamlined and accelerated;
- clarification regarding conflict of interest situations, new provisions regarding ex ante verification of similar individual transactions relating to certain routine expenditure items, provisions on the liability of authorising officers and the use of a direct debit system should also be introduced into the standard financial regulation;
- the accounting officers' responsibility for certifying the accounts on the basis of the financial information supplied to them by the authorising officers should be clarified. To this end, the accounting officer should be empowered to check the information received by the authorising officer by delegation and to enter reservations, if necessary;
- given that executive agencies are authorising officers by delegation of the Commission, internal control issues regarding the implementation of the operational appropriations by their directors are part of the reports established pursuant to Article 86 paragraphs 3 and 4 of the general Financial Regulation. In order to streamline reporting mechanisms and avoid diffuse information flows, the report of the internal auditor regarding the administrative appropriations of executive agencies should become part of the internal auditor's report pursuant to paragraph 3 of the general Financial Regulation. For the same reason, the Commission should include the reports established by the agencies in accordance with Article 49, fourth paragraph in its report pursuant to Article 86(4) of the general Financial Regulation which is transmitted to the discharge authority;
- the conditions for the use, by the executive agencies, of Commission services and offices, interinstitutional European offices and the Translation Centre for bodies of the European Union established by Council Regulation (EC) No 2965/94 setting up a Translation Centre for bodies of the European Union should be clarified. A provision for the selection of experts, similar to the one introduced in the general Financial Regulation, should be inserted.

## Executive Agencies: standard financial regulation

2007/0901(CNS) - 10/04/2008 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted, by 583 votes to 16 with 17 abstentions, a legislative resolution amending the draft Commission regulation amending Regulation (EC) N° 1653/2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) N° 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes. The report was tabled for consideration in plenary by Ingeborg **GRÄSSLE** (EPP-ED, DE), on behalf of the Budgets Committee.

The main amendments – adopted in the framework of the consultation procedure - were as follows:

- a new recital states that, in consideration of the difference in deadlines for the European Parliament's discharge decision in respect of the general budget, which is 15 May of year n+2, and its discharge decision in respect of the executive agencies, which is 29 April of year n+2, all actors involved should try to avoid difficulties in practice and strive for a harmonisation of the legal bases;
- it should be clarified that the management board or steering committee - which is appointed by the Commission, the Commission being therefore responsible for ensuring that the board members possess the necessary qualifications and are not subject to any conflict of interest -

bears certain responsibilities for budget and control issues and should therefore be accountable to the discharge authority;

-the Commission shall ensure that the standard financial regulation for EAs deviates from the Financial Regulation applicable to the general budget of the European Communities only if the specific operating requirements of the executive agencies so require;

-the appropriations available at 31 December arising from the assigned revenue shall be carried over automatically. The appropriations available corresponding to assigned revenue carried over must be used first;

-the summary of the budgets and amending budgets shall contain certain prescribed items;

-Members clarified the duty of publication, so that the budgetary authority can gain a genuine overview of the development of the agency's budget. They ensured that 'reasons for confidentiality' are allowed, but that they do not lead to evasion of the fundamental duty of publication;

- the establishment plan referred to in Article 21 shall show next to the number of posts authorised for the financial year, the number authorised for the preceding year and the number of posts actually filled, as well as the number of contract staff and national experts. By analogy, the well-founded estimate of the number of contract staff planned and provisionally budgeted for the financial year shall also include the number of contract staff estimated for the preceding year and the number of staff actually employed. The establishment plan shall constitute an absolute limit for the agency; no appointment may be made in excess of the limit set;

-it is stressed that the authorising officer (i.e. the director of the agency) continues to be ultimately responsible; the fact that he has delegated the task does not mean that he has delegated the responsibility;

-the budgetary authority should be enabled to monitor the use of external experts by the executive agencies;

-the European Parliament, upon a recommendation from the Council, which shall decide by qualified majority, shall give a discharge to the director in respect of the implementation of the administrative budget for year N by no later than 29 April of year N+2. The director shall inform the management board of the observations of the European Parliament contained in the resolution accompanying the discharge decision.