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25.3.2010

REPORT

on discharge in respect of the implementation of the budget of the European
Aviation Safety Agency for the financial year 2008
(C7-0193/2009 – 2009/2122(DEC))

Committee on Budgetary Control

Rapporteur: Véronique Mathieu

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2008 (C7-0193/2009 – 2009/2122(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2008,
 - having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2008, together with the Agency's replies¹,
 - having regard to the Council's recommendation of 16 February 2010 (5827/2010 – C7-0061/2010),
 - having regard to Article 276 of the EC Treaty and Article 319 of the Treaty on the Functioning of the European Union,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities², and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council of 20 February 2008³ establishing a European Aviation Safety Agency, and in particular Article 60 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 94 thereof,
 - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A7-0068/2010),
1. Grants the Executive Director of the European Aviation Safety Agency discharge in respect of the implementation of the Agency's budget for the financial year 2008;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this Decision and the resolution that forms an integral part of it to the Executive Director of the European Aviation Safety Agency, the Council,

¹ OJ C 304, 15.12.2009, p. 21.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 79, 19.3.2008, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

the Commission and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the European Aviation Safety Agency for the financial year 2008
(C7-0193/2009 – 2009/2122(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2008,
 - having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2008, together with the Agency's replies¹,
 - having regard to the Council's recommendation of 16 February 2010 (5827/2010 – C7-0061/2010),
 - having regard to Article 276 of the EC Treaty and Article 319 of the Treaty on the Functioning of the European Union,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities², and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council of 20 February 2008³ establishing a European Aviation Safety Agency, and in particular Article 60 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 94 thereof,
 - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A7-0068/2010),
1. Approves the closure of the accounts of the European Aviation Safety Agency for the financial year 2008;
 2. Instructs its President to forward this Decision to the Executive Director of the European Aviation Safety Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the Official Journal of the European Union (L series).

¹ OJ C 304, 15.12.2009, p. 21.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 79, 19.3.2008, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2008

(C7-0193/2009 – 2009/2122(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Aviation Safety Agency for the financial year 2008,
 - having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the financial year 2008, together with the Agency's replies¹,
 - having regard to the Council's recommendation of 16 February 2010 (5827/2010 – C7-0061/2010),
 - having regard to Article 276 of the EC Treaty and Article 319 of the Treaty on the Functioning of the European Union,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities², and in particular Article 185 thereof,
 - having regard to Regulation (EC) No 216/2008 of the European Parliament and of the Council of 20 February 2008³ establishing a European Aviation Safety Agency, and in particular Article 60 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 94 thereof,
 - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A7-0068/2010),
- A. whereas the Court of Auditors has stated that it has obtained reasonable assurance that the annual accounts for the financial year 2008 are reliable and that the underlying transactions are legal and regular,
- B. whereas on 23 April 2009 Parliament granted the Executive Director of the European Aviation Safety Agency discharge for implementation of the Agency's budget for the

¹ OJ C 304, 15.12.2009, p. 21.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 79, 19.3.2008, p. 1.

⁴ OJ L 357, 31.12.2002, p. 72.

financial year 2007¹, and in its resolution accompanying the discharge decision inter alia:

- noted that the Court of Auditors had criticised several audited procurement procedures,
 - requested that the Agency stick to the promise given in its replies to the Court of Auditors to comply strictly with the procurement rules and to pay particular attention to the provision of clear information to potential bidders,
 - noted that the Court of Auditors' observation that the 2007 establishment plan consisted of 467 temporary posts, but that budget appropriations for staff expenditure did not cover actual staff costs for these posts and that, as a consequence, the Agency had agreed with the Commission to reduce the number of its posts to a maximum of 342, of which 333 were filled at the year-end,
1. Welcomes the fact that the Court of Auditors found the Agency accounts for 2008 to be reliable and the underlying transactions, taken as a whole, to be legal and regular;
 2. Notes that the Agency received EUR 30 000 000 in commitment and in payment appropriations from the 2008 budget;
 3. Notes that the Agency's budget increased by 42% from EUR 72 000 000 to EUR 102 000 000 from 2007 to 2008 and that staff numbers rose from 362 to 442;

Performance

4. Stresses how important it is for the Agency to set SMART objectives and RACER indicators in its programming so as to assess its achievements; notes the reply from the Agency, which gives an assurance that it has improved its work programme for 2010, establishing objectives and key performance indicators and a better resource planning system; calls, also, on the Agency to consider making a Gantt diagram part of the programming for each of its operational activities, with a view to indicating in a concise form the amount of time spent by each staff member on a project and encouraging an approach geared towards achieving results;
5. Calls on the Agency to set out, in its table to be annexed to the Court of Auditors' next report, a comparison of operations carried out during the year for which discharge is to be granted and in the previous financial year so as to enable the discharge authority to assess more effectively its performance from one year to the next;

Fees and charges Regulation

6. Notes that 2008 was the first full year of implementation of certification tasks under Commission Regulation (EC) No 593/2007 of 31 May 2007 on the fees and charges levied by the European Aviation Safety Agency²;

¹ OJ L 255, 26.9.2009, p. 122.

² OJ L 140, 1.6.2007, p. 3.

7. Calls on the Agency to establish a monitoring system at the level of certification projects to make sure that, over the entire project duration, the fees levied do not deviate significantly from the actual cost;
8. Regrets that, in 2008, the system of annual flat fees generated income which was significantly above the actual costs of the services rendered and calls upon the Agency to put forward, as a matter of urgency, a detailed plan to guarantee that this does not recur in future years;

Carryover of appropriations

9. Draws attention to the fact that the Agency carried forward to 2009 a high level of appropriations for operating expenditure (more than EUR 53 million, which is 79% of the operating appropriations); accepts that the high level of appropriations that was carried forward to 2009 is at odds with the principle of annuality even if a certain uncertainty about the level of fees and charges is inherent in the Agency's initial business cycle; stresses also that this situation reveals weaknesses in the enterprise resource planning system resulting from a delay in signing the service contract; calls therefore, for much more realistic forecasts to be presented to the Commission and Parliament for the next financial year, allowing sufficient time for these to be analysed;
10. Notes that the Agency's accounts for the financial year 2008 show income from interest as an amount of EUR 1 988 000; concludes from the annual closure of accounts and the amount of interest payments that the Agency maintains enormously high cash reserves over long periods; notes that as of 31 December 2008 the Agency's cash reserves amounted to EUR 57 245 000; calls on the Commission to examine ways of ensuring that the principle of needs-based cash management, as laid down in Article 15(5) of Regulation (EC, Euratom) No 2343/2002, is implemented to the full and that changes in approach are needed to ensure that the Agency's cash reserves are kept as low as possible on a long-term basis;
11. Notes that, in 2008, 15% of staff-related expenditure was transferred to operating expenditure, which indicates unrealistic planning; is concerned about the efficiency gains arising from this transfer and will investigate further the development and follow-up costs for the implementation of the enterprise resource planning system (ERP) in this regard;
12. Expresses concern about the lack of coordination between the needs, staff and financial regulation of the Agency and, in particular, that the staff selection procedures make it difficult to recruit appropriately qualified personnel; considers that the interinstitutional working group on decentralised agencies could address this issue;

Other improvements to be made by the Agency

13. Calls on the Agency to improve its recruitment planning so as to be more realistic and to put an end to the shortcomings affecting the establishment of the budget and the monitoring of the enterprise resource planning system;

Internal audit

14. Acknowledges that the Agency has implemented 15 of the 28 recommendations made by the Internal Audit Service (IAS) since 2006; notes that, of the 13 in progress, 2 are considered to be ‘critical’ and 5 ‘very important’; notes that these recommendations concern the budgetary uncertainty, the absence of risk analysis, the absence of an appraisal and promotion policy, the cut-off procedure and the absence of a procedure for recording exceptions which have been closed;

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15. Refers, for other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of XX April 2010¹ on the performance, financial management and control of the agencies.

¹ Texts adopted, P7_TA-PROV(2010)...

23.2.2010

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Aviation Safety Agency for the financial year 2008
(C7-0193/2009 – 2009/2122(DEC))

Rapporteur: Anne E. Jensen

SUGGESTIONS

The Committee on Transport and Tourism calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the fact that the Court of Auditors found the European Aviation Safety Agency accounts for 2008 to be reliable and the underlying transactions, taken as a whole, to be legal and regular;
2. Notes that the Agency received EUR 30 million in commitment and in payment appropriations from the 2008 budget;
3. Notes that the European Aviation Safety Agency's budget increased by 42% from EUR 72 million to EUR 102 million from 2007 to 2008 and that staff numbers rose from 362 to 442;
4. Accepts that the high level of appropriations that was carried forward to 2009 is at odds with the principle of annuality even if a certain uncertainty about the level of fees and charges is inherent in the Agency's initial business cycle; calls for much more realistic forecasts to be presented to the Commission and Parliament for the next financial year, allowing sufficient time for these to be analysed;
5. Notes that, in 2008, 15% of staff-related expenditure was transferred to operating expenditure, which indicates unrealistic planning; is concerned about the efficiency gains arising from this transfer and will investigate further the development and follow-up costs for the implementation of the enterprise resource planning system (ERP) in this regard;

6. Expresses concern about the lack of coordination between the needs, staff and financial regulation of the Agency and, in particular, that the staff selection procedures make it difficult to recruit appropriately qualified personnel; considers that the interinstitutional working group on decentralised agencies could address this issue;
7. Regrets that, in 2008, the system of annual flat fees generated income which was significantly above the actual costs of the services rendered and calls upon the Agency to put forward, as a matter of urgency, a detailed plan to guarantee that this does not recur in future years;
8. Notes that the actions set out in the Agency's work programme often do not have measurable objectives or performance indicators, making it difficult to evaluate progress; calls on the Agency to set clear and measurable performance objectives and indicators;
9. Proposes, nevertheless, that Parliament grant the Executive Director of the European Aviation Safety Agency discharge in respect of the implementation of the Agency's budget for the financial year 2008.

RESULT OF FINAL VOTE IN COMMITTEE

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| Date adopted | 23.2.2010 |
| Result of final vote | +: 35 -: 2 0: 1 |
| Members present for the final vote | Magdalena Alvarez, Inés Ayala Sender, Georges Bach, Izaskun Bilbao Barandica, Antonio Cancian, Michael Cramer, Christine De Veyrac, Saïd El Khadraoui, Ismail Ertug, Carlo Fidanza, Knut Fleckenstein, Jacqueline Foster, Mathieu Grosch, Ville Itälä, Dieter-Lebrecht Koch, Georgios Koumoutsakos, Werner Kuhn, Eva Lichtenberger, Marian-Jean Marinescu, Vilja Savisaar, Olga Sehnalová, Brian Simpson, Dirk Sterckx, Silvia-Adriana Țicău, Giommara Uggias, Peter van Dalen, Dominique Vlasto, Artur Zasada |
| Substitute(s) present for the final vote | Jean-Paul Basset, Philip Bradbourn, Tanja Fajon, Michael Gahler, Anne E. Jensen, Petra Kammerevert, Dominique Riquet, Anna Rosbach, Janusz Władysław Zemke |
| Substitute(s) under Rule 187(2) present for the final vote | Charalampos Angourakis |

RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| Date adopted | 23.3.2010 |
| Result of final vote | +: 21 -: 1 0: 1 |
| Members present for the final vote | Jean-Pierre Audy, Jorgo Chatzimarkakis, Ryszard Czarnecki, Luigi de Magistris, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Ingeborg Gräßle, Martin Häusling, Ville Itälä, Iliana Ivanova, Monica Luisa Macovei, Christel Schaldemose, Theodoros Skylakakis, Bart Staes, Georgios Stavrakakis, Søren Bo Søndergaard |
| Substitute(s) present for the final vote | Thijs Berman, Esther de Lange, Christofer Fjellner, Salvador Garriga Polledo, Edit Herczog, Ivailo Kalfin, Véronique Mathieu, Olle Schmidt, Derek Vaughan |