

EUROPEAN PARLIAMENT

1999



2004

Session document

20 April 2004

B5-0223/2004

MOTION FOR A RESOLUTION

further to the Commission statement

pursuant to Rule 37(2) of the Rules of Procedure

by Enrique Barón Crespo and Helmut Kuhne

on behalf of the PSE Group

on Commission action on Eurostat

European Parliament resolution on Commission action on Eurostat

The European Parliament,

- having regard to its resolution of 29 January 2004 on the action taken by the Commission on the observations contained in the resolution accompanying the decision giving discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year (Commission) (C5-0004/2004),
 - having regard to the Commission's report on the follow-up to 2001 discharges (COM(2003) 651 - C5-0536/2003),
 - having regard to Article 276 of the EC Treaty,
 - having regard to Article 147 of the Financial Regulation,
 - having regard to Rule 37(2) of its Rules of Procedure,
1. Notes that the Financial Regulation was constantly violated at Eurostat between 1999 and 2003 and that the management of Eurostat neither responded to the reports of the internal audit units by taking decisive action nor informed those in positions of responsibility within Eurostat unambiguously about abuses which had occurred;
 2. Notes, furthermore, that no new rules are required in order to prevent any recurrence of the abuses which have occurred; considers, rather, that existing rules should be applied so that management and the Commissioners responsible can better exercise their administrative and political responsibilities;
 3. Calls on the Commission to address, either by a revision of the implementing provisions or by specific legislative/procedural measures, any weaknesses identified in the new Financial Regulation which may expose the Community budget to the risk of fraud; recommends that any such measure be considered in conjunction with the anticipated revision of the OLAF Regulation;
 4. Congratulates the Commission's Internal Audit Service as well as Eurostat's IAC on the quality and thoroughness of their work; finds, however, the extremely long delays, the resistance and the hesitation of the Commission in transmitting these vital reports to Parliament unacceptable; calls on the Commission to consider the full publication of these documents, or at least anonymised versions;
 5. Insists that, following the Internal Audit Service's analysis of around 400 contracts between Eurostat and third parties, the IAS recommendations be put into practice immediately; calls in particular for:

- the tasks of management, verification/supervision/monitoring and internal auditing to be kept separate at all times;
 - in connection with verification/supervision/monitoring, the directors responsible for resources to keep open a channel for communication with the Commission's Accounting Officer and to send a copy of their reports to him as well;
 - the summary report to include all the key aspects of the various annual activity reports/statements of assurance;
 - the auditing teams working within the directorates-general in close cooperation with the Internal Audit Service (IAS) to keep a channel of communication open and to send all their reports to that department as well;
 - the role and functioning of the Audit Progress Committee to be reviewed in the light of recent events;
 - whistle-blowers to be able to turn to a body outside their institution, so as to ensure that their anonymity remains intact;
6. Recalls its conclusions from President Prodi's Eurostat action plan, namely that:
- it regrets the absence of proposals for structural change in the relations between Commissioners and Directors-General, and considers it vital to clarify the leading role of Commissioners as well as their political responsibility; notes that the proposals of the Commission progress report on the actions adopted under the March 2000 White Paper on administrative reform do not go far enough in this regard;
 - the Commission basically does not need new rules to improve information and communication in the institution, but should apply the existing ones;
 - the Commission must cooperate closely with the European Parliament on the OLAF reform;
7. Considers that, despite the Commission's efforts to improve relations between Commissioners and departments, the Eurostat affair has made it clear that there was inadequate transparency and communication between Eurostat's management and the Commission's cross-sector departments and between Eurostat and the Commissioner responsible;
8. Calls for the annual activity reports drawn up by the Directors-General to reflect their responsibilities as authorising officers, as provided for by the Financial Regulation; calls for the summary report to include all the key aspects of the various annual activity reports/statements of assurance;
9. Demands that the Commission follow up on the recommendations of its Internal Audit Service (IAS) and establish a system of reporting lines between the designated control and audit functions within each DG and their counterparts (i.e. the IAS) having the same responsibilities for the Commission as a whole; notes that such reporting lines are a necessary complement to the existing normal operational reporting lines;
10. Maintains, with reference to the channels used for disseminating requests from Commissioners and the replies issued by departments, that such replies (when relating

to topics deemed sensitive) should always be forwarded by the Director-General to the relevant Commissioner himself and not just to his head of office;

11. Stresses that the Commission Secretary-General should be required to directly inform the Commissioner responsible for the DG concerned of any internal investigations of which he may be aware through OLAF, even if the information provided is concise; the Commissioner must undertake not to disclose outside the College of Commissioners any confidential information which might be entrusted to him or her;
12. Finds particularly distressing the fact that sending files or complaints to OLAF has become the standard procedure to excuse the general 'no-action-and-no-information' attitude; in this context, considers it essential that clear channels of communication between OLAF and the institutions in which alleged wrongdoing takes place be established;
13. Considers that responsibility must go hand in hand with management and political powers; consequently, the Commission and Commissioners, as well as senior civil servants with management responsibilities, must be armed with inspection tools that match their respective responsibilities;
14. Considers, as the case of OPOCE proves, that it is particularly difficult to identify clear political responsibility in interinstitutional bodies; calls therefore on the Institutions to re-examine the legal provisions governing existing interinstitutional bodies without however calling into question the principle of interinstitutional cooperation;
15. Takes note of the actions taken so far to remedy the situation in this Commission department; welcomes in particular
 - the thorough revision of all existing contracts with and subsidies to outside bodies and the cancellation of all automatic contract renewals;
 - the complete revision of existing relations between Eurostat and national statistical offices, including subventions that were not properly analysed over several years;
 - the drastic reduction in the number of publications;
 - the internalisation policy, meaning that statistical work will again be executed in-house, as recommended by the IAC-Eurostat reports and demanded in Parliament's above-mentioned 2001 discharge resolution;
16. Requests, however, that a follow-up report be drawn up during the present Commission's term of office, analysing whether previous IAS and IAC-Eurostat recommendations were complied with;
17. Deplores the former practice of Eurostat and OPOCE of creating financial envelopes; calls on the Commission to act swiftly and investigate the possibility of other Commission departments having been engaged in similar practices and to take appropriate action to uncover the truth about the real extent of the system and the final use of the funds in these financial envelopes;
18. Considers, that, in the case of Eurostat, there was an excessive dependency on external

agencies; welcomes, in this regard, the commitment to carry out internally the bulk of Eurostat's tasks and to review the nature of all contracts with external consultants linked to Eurostat;

19. Points out that rapid progress must be made as regards 'administrative culture', in which connection every effort must be made to ensure that the system around the authorising officer by delegation works perfectly;
20. Approves the Commission's efforts to establish a comprehensive 'whistleblower's doctrine', notes that such a doctrine is truly effective only if staff members are aware of it and encourages the Commission to ensure that this information is freely available to its staff;
21. Considers, in view of the vital role of risk assessment within internal control, that the Commission's report on the implementation of that standard is both disquieting and unsatisfactory; calls, therefore, on the Commission to give higher priority both to the performance of risk assessments and to implementation of the internal control system's other features; expects that the rules on internal control will be applied rapidly and universally;
22. Recalls that the administrative reform has been one of the main objectives of the present Commission, that the White Paper 'Reforming the Commission' was adopted on 1 March 2000, and that the Commission has committed itself to an ambitious programme for strengthening independence, accountability, efficiency, transparency and the highest standards of responsibility; notes that:
 - a) many very necessary and important steps in the right direction have been taken; and
 - b) there are still potential barriers to reform which have to be addressed;
23. Takes the view that the general conditions of contracts with the European institutions must oblige the contracting party to fully cooperate in clarifying the final ownership of important positions within that undertaking in the case where there is reason to suspect a possible conflict of interest
24. Draws attention to the fact that the examination of the problems at Eurostat shows that there need to be safeguards against concealment of critical information;
25. Notes that the financial management and control structures now comprise the following key organisational elements:
 - (a) the Directors-General as delegated authorising officers;
 - (b) the Internal Audit Service;
 - (c) the Audit Progress Committee;
 - (d) the Internal Audit Capabilities (DG level);
 - (e) the Accounting Officer; and
 - (f) the Central Financial Service in DG Budget;
26. Takes the view that the Eurostat case has pointed up the need to review the relations between these different actors and between the individual Commissioners and the College of Commissioners, as well as the functioning of the accountability chain, in

order to ensure progress not only in the area of financial management but also in the governance structure of the Commission;

27. Stresses the political importance that it ascribes to the statements made and conclusions drawn under the heading 'Eurostat' in its resolution of 29 January 2004;
28. Believes that each individual Commissioner is accountable for the services under his responsibility and must ensure that their objectives have been achieved on the basis of full respect for the principles of sound financial management;
29. Takes the view that the Internal Audit Service should be closely integrated into the Commission Presidency; emphasises that it is crucial for that Service to be established independently of the hierarchical structure of any individual Directorate-General so that effective internal control may be guaranteed;
30. Notes that, whilst the Financial Regulation only provides for an Internal Auditor, the Commission decided in 2000 to set up Internal Audit Capabilities (IAC) in each department in order to assist Directors-General and Heads of Service in their new responsibilities as regards financial management;
31. Recalls that the reform places a strong emphasis on decentralisation of financial controls; believes that this in turn points up the urgent need to develop more suitable and accountable forms of central management supervision of the control systems operating in individual departments;
32. Instructs its President to forward this resolution to the Commission.