

2006 discharge: European Centre for the Development of Vocational Training

1. European Parliament decision of 22 April 2008 on discharge in respect of the implementation of the budget of the European Centre for the Development of Vocational Training for the financial year 2006 (C6-0371/2007 – 2007/2046(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006¹,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006, together with the Centre's replies²,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 – C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³, and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training⁴, and in particular Article 12a 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 Council Regulation (EC, Euratom) No 1605/2002⁵, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0110/2008),
1. Grants the Director of the European Centre for the Development of Vocational Training discharge in respect of the implementation of the Centre's budget for the financial year

¹ OJ C 261, 31.10.2007, p. 46.

² OJ C 309, 19.12.2007, p. 86.

³ OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).

⁴ OJ L 39, 13.2.1975, p. 1. Regulation as last amended by Regulation (EC) No 2051/2004 (OJ L 355, 1.12.2004, p. 1).

⁵ OJ L 357, 31.12.2002, p. 72.

2006;

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 Director of the European Centre for the Development of Vocational Training, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

2. European Parliament decision of 22 April 2008 on the closure of the accounts of the European Centre for the Development of Vocational Training for the financial year 2006 (C6-0371/2007 – 2007/2046(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006¹,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006, together with the Centre's replies²,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 – C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³, and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training⁴, and in particular Article 12a 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 Council Regulation (EC, Euratom) No 1605/2002⁵, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0110/2008),
1. Notes that the final annual accounts of the European Centre for the Development of Vocational Training are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Centre for the Development of Vocational Training for the financial year 2006;

¹ OJ C 261, 31.10.2007, p. 46.

² OJ C 309, 19.12.2007, p. 86.

³ OJ L 248, 16.9.2002, p. 1 Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).

⁴ OJ L 39, 13.2.1975, p. 1. Regulation as last amended by Regulation (EC) No 2051/2004 (OJ L 355, 1.12.2004, p. 1).

⁵ OJ L 357, 31.12.2002, p. 72.

3. Instructs its President to forward this Decision to the Director of the European Centre for the Development of Vocational Training, 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).

3. European Parliament resolution of 22 April 2008 with observations forming an integral part of the decision on the discharge in respect of the implementation of the budget for the European Centre for the Development of Vocational Training for the financial year 2006(C6-0371/2007 – 2007/2046(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006¹,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Centre for the Development of Vocational Training for the financial year 2006, together with the Centre's replies²,
 - having regard to the Council's recommendation of 12 February 2008 (5843/2008 – C6-0084/2008),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³, and in particular Article 185 thereof,
 - having regard to Regulation (EEC) No 337/75 of the Council of 10 February 1975 establishing a European Centre for the Development of Vocational Training⁴, and in particular Article 12a 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 Council Regulation (EC, Euratom) No 1605/2002⁵, and in particular Article 94 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0110/2008),
- A. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts for the financial year 2006 are reliable, and the underlying transactions, subject to one reservation, are legal and regular,

¹ OJ C 261, 31.10.2007, p. 46.

² OJ C 309, 19.12.2007, p. 86.

³ OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).

⁴ OJ L 39, 13.2.1975, p. 1. Regulation as last amended by Regulation (EC) No 2051/2004 (OJ L 355, 1.12.2004, p. 1).

⁵ OJ L 357, 31.12.2002, p. 72.

B. whereas on 24 April 2007 Parliament granted the Director of the European Centre for the Development of Vocational Training discharge in respect of the implementation of the Centre's budget for the financial year 2005¹, and in its resolution accompanying the discharge decision inter alia

- recalled that appropriations for operating activities were under-utilised (cancellation of 15 % of commitment appropriations, 20 % of payment appropriations and 15 % of appropriations carried over), in particular after the reorganisation of procedures for awarding contracts;
- demanded the full application of the principle of the segregation of the duties of authorising officer and accounting officer to avoid situations as in 2005 where some of the accounting officer's duties were performed by departments for which the authorising officer was responsible;
- insisted that the Centre should apply standard recruitment procedures in order to avoid the situation as in 2005 where an important management post was filled through an internal selection procedure when an external procedure would have provided a wider range of candidates;
- expressed concern about the very high rate of irregularities found by the Court of Auditors in the examined contracts, where out of six all but one were affected by irregularities,

General points which relate to horizontal issues affecting the EU agencies and which therefore also have a bearing on the discharge procedure for each individual agency

1. Notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled EUR 1 080,5 million in 2006 (the biggest being that of the European Agency for Reconstruction at EUR 271 million and the smallest being that of the European Police College (CEPOL) at EUR 5 million);
2. Points out that the range of external EU bodies subject to audit and discharge now includes not only traditional regulatory agencies but also executive agencies set up to implement specific programmes, and will in the near future also extend to joint undertakings set up as public-private partnerships (joint technology initiatives);
3. Observes as regards the Parliament that the number of agencies subject to the discharge procedure has evolved as follows: financial year 2000: 8; 2001: 10; 2002: 11; 2003: 14; 2004: 14; 2005: 16; 2006: 20 regulatory agencies and 2 executive agencies (not including 2 agencies which are audited by the Court of Auditors but subject to an internal discharge process);
4. Concludes therefore that the auditing / discharge process has become cumbersome and disproportionate compared to the relative size of the agencies' / satellite bodies' budgets; instructs its competent committee to undertake a wide-ranging review of the discharge process as regards agencies and satellite bodies with a view to devising a simpler and more rational approach, bearing in mind the ever-growing number of bodies each requiring a separate discharge report in future years;

¹ OJ L 187, 15.7.2008, p. 78.

Fundamental considerations

5. Requests that the Commission provide clear explanations regarding the following elements before the creation of a new agency or reform of an existing agency: agency type, objectives of the agency, internal governance structure, products, services, key procedures, target group, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy;
6. Requests that each agency be governed by a yearly performance agreement which is formulated by the agency and the responsible DG and which should contain the main objectives for the coming year, a financial framework and clear indicators to measure performance;
7. Requests that the performance of the agencies be regularly (and on an ad hoc basis) audited by the Court of Auditors or another independent auditor; considers that this should not be limited to traditional elements of financial management and the proper use of public money, but should also cover administrative efficiency and effectiveness and should include a rating of the financial management of each agency;
8. Takes the view that in the case of agencies which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts; is of the opinion that this will lead in the long run to less assigned revenue for the agencies and therefore also to lower administrative costs;
9. Notes that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations, etc.; considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements; therefore asks the Commission to look for a rapid solution in order to enhance the effectiveness by grouping the administrative functions of various agencies together, in order to achieve this critical mass (taking into consideration the necessary changes in the basic regulations governing the agencies and their budgetary independence), or urgently to draft specific rules for the agencies (in particular implementing rules for the agencies) which allow them to be in full compliance;
10. Insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years, in particular in year $n-1$, and revise the budget requested by the particular agency accordingly; invites its competent committee to respect this revision and, if not undertaken by the Commission, to revise itself the budget in question to a realistic level matching the absorption and implementation capacity of the agency in question;
11. Recalls its decision on discharge in respect of the financial year 2005, in which it invited 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 to take the necessary steps by reformulating the mandate of that agency or by closing it; notes that there has not been one single evaluation undertaken by the Commission in 2007; insists that the Commission should present at least 5 such evaluations before the decision on discharge in respect of the financial year 2007, starting with the oldest agencies;

12. Is of opinion that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements; considers further that the amendments to the general Financial Regulation should be incorporated into the agencies' framework financial regulation and into their various specific financial regulations;

Presentation of reporting data

13. Notes that there is no standard approach among the agencies with regard to the presentation of their activities during the financial year in question and of their accounts and reports on budgetary and financial management, nor to the question as to whether a declaration of assurance should be drawn up by the agency's director; observes that not all agencies clearly distinguish between (a) presenting the agency's work to the public and (b) technical reporting on budgetary and financial management;
14. Notes that while the Commission's standing instructions for the preparation of activity reports do not expressly require the agency to draw up a declaration of assurance, many directors have nonetheless done so for 2006, in one case including an important reservation;
15. Recalls paragraph 27 of its resolution of 12 April 2005¹, inviting the directors of the agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors General of the Commission;
16. Asks the Commission to amend its standing instructions to the agencies accordingly;
17. Suggests in addition that the Commission should work with the agencies towards producing a harmonised model applicable to all agencies and satellite bodies clearly distinguishing between
- an annual report intended for a general readership on the body's operations, work and achievements;
 - financial statements and a report on implementation of the budget;
 - an activity report along the lines of the activity reports of the Directors General of the Commission;
 - a declaration of assurance signed by the body's director, together with any reservations or observations which he considers it appropriate to draw to the attention of the discharge authority;

General findings by the Court of Auditors

18. Notes the Court's finding (Annual Report, paragraph 10.29²) that the disbursement of subsidies paid by the Commission from the Community budget is not based on sufficiently

¹ Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2003 (OJ L 196, 27.7.2005, p. 69).

² OJ C 273, 15.11.2007, p. 1.

justified estimates of the agencies' cash requirements and that this, combined with the size of carry-overs, leads them to hold sizeable cash balances; notes further the Court's recommendation that the level of subsidies paid to the agencies should be in line with their real cash requirements;

19. Notes that at the end of 2006 14 agencies had still to implement the ABAC accounting system (Annual Report, footnote to paragraph 10.31);
20. Notes the Court's remark (Annual Report, paragraph 1.25) concerning accrued charges for untaken leave which are accounted for by some agencies; points out that the Court of Auditors has qualified its statement of assurance in the case of three agencies (European Centre for the Development of Vocational Training (CEDEFOP), CEPOL and the European Railway Agency) for the financial year 2006 (2005: CEDEFOP, European Food Safety Authority, European Agency for Reconstruction);

Internal audit

21. Recalls that in accordance with Article 185(3) of the Financial Regulation the Internal Auditor of the Commission is also the internal auditor of the regulatory agencies receiving grants charged to the EU budget; points out that the Internal Auditor reports to each agency's management board and director;
22. Draws attention to the reservation entered in the Internal Auditor's Annual Activity Report for 2006 as follows:

"The Internal Auditor of the Commission is not in a position to properly fulfil his obligation assigned by Article 185 of the Financial Regulation as internal auditor of the Community bodies due to a lack of staff resources.";
23. Notes, however, the Internal Auditor's remark in his activity report for 2006 that as from 2007, with the additional staff resources granted by the Commission to the Internal Audit Service (IAS), all regulatory agencies in operation will be subject to internal audit work on an annual basis;
24. Notes the ever-growing number of regulatory and executive agencies and joint undertakings required to be audited by the IAS under Article 185 Financial Regulation; asks the Commission to inform its competent committee as to whether the staff resources at the IAS's disposal will be sufficient to conduct an annual audit of all such bodies in the coming years;
25. Observes that Article 72(5) of Regulation (EC, Euratom) No 2343/2002 requires each agency to send each year to the discharge authority and the Commission a report drawn up by its director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations; asks the agencies to indicate whether this is done and, if so, how;
26. Takes note, as regards internal audit capability, especially in relation to the smaller agencies, of a proposal made by the Internal Auditor before Parliament's competent committee on 14 September 2006 that smaller agencies should be authorised to buy in internal audit services from the private sector;

Evaluation of agencies

27. Recalls the joint statement by the Parliament, the Council and the Commission¹ negotiated at the conciliation before the ECOFIN budget Council of 13 July 2007 calling for (i) a list of agencies which the Commission intends to assess, and (ii) a list of the agencies already assessed, together with a summary of the major findings;

Disciplinary procedures

28. Notes that, because of their size, individual agencies have difficulty in setting up ad hoc disciplinary boards composed of staff at the appropriate career grade and that the Commission's IDOC (Investigation and Disciplinary Office) is not competent for agencies; calls on the agencies to consider an inter-agency disciplinary board;

Draft Interinstitutional Agreement

29. Recalls the draft Interinstitutional Agreement on the operating framework for the European regulatory agencies presented by the Commission (COM(2005)0059), which was intended to create a horizontal framework for the creation, structure, operation, evaluation and control of the European regulatory agencies; notes that the draft represents a useful initiative in the effort to rationalise the creation and running of agencies; notes the statement in the Commission's 2006 synthesis report (paragraph 3.1, COM(2007)0274) that although progress in negotiations stalled after publication of the draft, discussions on substance were relaunched in the Council at the end of 2006; regrets that it has not been possible to make further progress towards adoption;
30. Welcomes therefore the Commission's commitment to bring forward a Communication on the future of the regulatory agencies during the course of 2008;

Self-financed agencies

31. Recalls that for the two self-financing agencies, discharge is given to the director by the administrative board; notes that both have significant accumulated surpluses from fee income carried over from previous years figures, as follows:
- Office for Harmonisation of the Internal Market cash and cash equivalents: EUR 281 million²;
 - Community Plant Variety Office cash and cash equivalents: EUR 18 million³;

Specific points

32. Expresses its satisfaction at the proper implementation of the budget for the financial year 2006;
33. Notes that the Centre has been endeavouring to strengthen and develop its internal

¹ Council document DS 605/1/07 Rev1.

² Source: report on the annual accounts of the Office for Harmonisation in the Internal Market for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 141).

³ Source: report on the annual accounts of the Community Plant Variety Office for the financial year 2006, together with the Office's replies (OJ C 309, 19.12.2007, p. 135).

supervision system by enhancing the effectiveness of its function and operational activities;

34. Believes that the Centre plays an important role in disseminating information at local, regional, national, and Community level, and in relation to civil society; urges it to become more effective still in fulfilling its purpose; again applauds the work carried out by the Centre, which is performing the tasks entrusted to it unstintingly and to invaluable effect;
35. Notes that for the financial year 2006 the Court of Auditors qualified its statement of assurance with the observation that, although in its previous year's report it had emphasised the absence of a legal basis for a decision of the Centre's Appeal Committee to grant to an agent compensation for non-pecuniary harm not provided for in the Staff Regulations, that compensation was nevertheless paid in 2006;
36. Takes note of the Centre's reply that the legality of the contested decision has since been confirmed by the Commission's Legal Service and of the subsequent information from the Court of Auditors that the issue has been resolved with the result that the Court's qualified remark should now be interpreted as an observation about management risk;
37. Draws attention to other observations by the Court of Auditors in its report on the Centre, concerning:
 - a high proportion of appropriations carried over or cancelled, together with a high number of budget transfers;
 - the absence of a suitable inventory procedure for identifying, registering and capitalising assets;
 - incomplete documentation of internal control processes;
 - the absence of a legal basis for the reimbursement of school fees for children of some of the Centre's agents;
 - a lack of effective control as to whether documents submitted by job applicants in support of their professional experience offer genuine proof;
 - irregularities in procurement procedures;
38. Welcomes the Centre's appointment of an internal auditor in December 2006;
39. Notes the statement in Centre's accounts that the audit report of the IAS of December 2006 confirmed that procedures are now regular and earlier IAS recommendations either fully implemented or well on the way to full implementation;
40. Notes the information contained in the annual report that in 2006 major efforts were undertaken to improve the internal control environment and implement the audit recommendations; welcomes the statement in the annual report that the 2007 annual management plan includes for the first time a systematic ex-ante risk management mechanism;
41. Notes that OLAF's findings relating to specific contracts between 2001 and 2005 have been transmitted to the competent Greek judicial authorities;

42. Notes the creation of a framework for cooperation between Centre and European Foundation for the Improvement of Living and Working Conditions signed in November 2006 by the Directors of the two agencies with the aim of ensuring the use of available research funding in areas of common interest;
43. Notes that the Centre has an entry in the assets side of its balance sheet corresponding to land and buildings (EUR 4,57 million), together with an accumulated surplus of EUR 5 million under liabilities.