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## REPORT

1. on the discharge to the European Centre for the Development of Vocational Training for the financial year 2001  
(C5-0601/2002 – 2002/2186(DEC))
2. on the discharge to the European Foundation for the Improvement of Living and Working Conditions for the financial year 2001  
(C5-0597/2002 – 2002/2187(DEC))
3. on the discharge to the European Agency for Reconstruction for the financial year 2001  
(C5-0596/2002 – 2002/2188(DEC))

Committee on Budgetary Control

Rapporteur: Freddy Blak



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## PROCEDURAL PAGE

### European Centre for the Development of Vocational Training (Thessaloniki)

By letter of 27 November 2002, the Court of Auditors forwarded to Parliament its report on the financial statements of the European Centre for the Development of Vocational Training (Cedefop - Thessaloniki) for the financial year 2001, together with the Centre's replies (2002/2186(DEC)).

At the sitting of 16 December 2002, the President of Parliament announced that he had referred this document to the Committee on Budgetary Control, as the committee responsible (C5-0601/2002).

At the sitting of 13 February 2003, the President of Parliament announced that he had referred the document to the Committee on Employment and Social Affairs for its opinion.

On 10 March 2003, the Council forwarded to Parliament its recommendation on the discharge to be given to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of the Centre's statement of revenue and expenditure for the financial year 2001.

At the sitting of 13 March 2003, the President of Parliament announced that he had referred this document to the Committee on Budgetary Control as the committee responsible, and to the Committee on Employment and Social Affairs for its opinion (C5-0088/2003).

### European Foundation for the Improvement of Living and Working Conditions (Dublin)

By letter of 27 November 2002, the Court of Auditors forwarded to Parliament its report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions (Dublin) for the financial year 2001, together with the Foundation's replies (2002/2187(DEC)).

At the sitting of 16 December 2002, the President of Parliament announced that he had referred this document to the Committee on Budgetary Control, as the committee responsible (C5-0597/2002).

At the sitting of 13 February 2003, the President of Parliament announced that he had referred this document to the Committee on Employment and Social Affairs for its opinion.

On 10 March 2003, the Council forwarded to Parliament its recommendation on the discharge to be given to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions (Dublin) in respect of the implementation of the Foundation's statement of revenue and expenditure for the financial year 2001.

At the sitting of 13 March 2003, the President of Parliament announced that he had referred this document to the Committee on Budgetary Control as the committee responsible, and to the Committee on Employment and Social Affairs for its opinion (C5-0089/2003).

## European Agency for Reconstruction

By letter of 27 November 2002, the Court of Auditors forwarded to Parliament its report on the financial statements of the European Agency for Reconstruction for the financial year 2001, together with the Agency's replies (2002/2188(DEC)).

At the sitting of 16 December 2002, the President of Parliament announced that he had referred this document to the Committee on Budgetary Control, as the committee responsible, and to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy for its opinion (C5-0596/2002).

On 10 March 2003, the Council forwarded to Parliament its recommendation on the discharge to be given to the Director of the European Agency for Reconstruction in respect of the implementation of the Agency's budget for the financial year 2001.

At the sitting of 13 March 2003, the President of Parliament announced that he had referred this document to the Committee on Budgetary Control, as the committee responsible, and to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy for its opinion (C5-0090/2003).

At its meeting of 10 September 2002, the Committee on Budgetary Control appointed Freddy Blak rapporteur.

At its meetings of 19 February, 10 and 19 March 2003, the Committee on Budgetary Control considered the Court of Auditors' reports, the Council recommendations and the draft report.

At the last meeting it adopted:

1. the proposal for a decision on the discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2001,  
by 16 votes to 1.
2. the motion for a resolution containing the comments accompanying the proposal for a decision on the discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2001,  
by 16 votes to 1.
3. the proposal for a decision on the discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the the implementation of its budget for the financial year 2001,  
by 16 votes to 1.
4. the motion for a resolution containing the comments accompanying the proposal for a decision on the discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2001,

by 16 votes to 1.

5. the proposal for a decision on the discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001, by 16 votes to 1.
6. the motion for a resolution containing the comments accompanying the proposal for a decision on the discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001, by 16 votes to 1.

The following were present for the vote: Diemut R. Theato, chairman, Herbert Bösch, 1st vice-chairman, Freddy Blak, 2nd vice-chairman and rapporteur; María Antonia Avilés Perea, Juan José Bayona de Perogordo, Manuel António dos Santos (for Eluned Morgan), Christopher Heaton-Harris, Helmut Kuhne, Brigitte Langenhagen, John Joseph McCartin (for Generoso Andria), Emmanouil Mastorakis (for Paulo Casaca), Jan Mulder (for Antonio Di Pietro), Ole Sørensen, Bart Staes, Gabriele Stauner, Rijk van Dam and Michiel van Hulten.

The opinions of the Committee on Employment and Social Affairs, and the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy are attached.

The report was tabled on 25 March 2003.

## PROPOSAL FOR A DECISION

### **1. European Parliament decision on the discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2001 (C5-0601/2002 - 2002/2186(DEC))**

*The European Parliament,*

- having regard to the Court of Auditors' report on the financial statements of the European Centre for the Development of Vocational Training for the financial year 2001, together with the Centre's replies<sup>1</sup>, (C5-0601/2002),,
  - having regard to the Council's recommendation of 7 March 2003 (C5-0088/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 12 of Council Regulation (EEC) n° 337/75<sup>2</sup> as amended by Council Regulation (EEC) n° 1946/93<sup>3</sup> and having regard to article 185 of the recast Financial Regulation of 25 June 2002<sup>4</sup>,
  - having regard to Rule 93a and Annex V of 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 (A5-0079/2003),
1. Gives discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2001;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Management Board of the European Centre for the Development of Vocational Training , the Council, the Commission and the Court of Auditors and to have it published in the Official Journal (L series).

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<sup>1</sup> OJ C 326, 27.12.2002, p. 42.

<sup>2</sup> OJ L 39, 13.2.1975, p. 1.

<sup>3</sup> OJ L 181, 23.7.1993, p. 11.

<sup>4</sup> OJ L 248, 16.9.2002.

## MOTION FOR A RESOLUTION

### **2. European Parliament resolution containing the comments accompanying the proposal for a decision on the discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2001 (C5-0601/2002 - 2002/2186(DEC))**

*The European Parliament,*

- having regard to the Court of Auditors' report on the financial statements of the European Centre for the Development of Vocational Training for the financial year 2001 , together with the Centre's replies<sup>1</sup> (C5-0601/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0088/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 12 of Council Regulation (EEC) n° 337/75<sup>2</sup> as amended by Council Regulation (EEC) n° 1946/93<sup>3</sup> and having regard to article 185 of the recast Financial Regulation of 25 June 2002<sup>4</sup>,
  - having regard to Rule 93a and Annex V of 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 (A5–0079/2003),
- A. whereas the Thessaloniki Centre pursues its mission as a reference Centre for the promotion and development of vocational education and training at Community level through compiling documentation on systems and developments in this area and dissemination of all relevant information and documentation, through conducting research in that field, through supporting a concerted approach to vocational training development and by providing a discussion forum for interested parties,
- B. whereas on 10 April 2002 Parliament gave discharge to the Management Board of the Centre in respect of the implementation of its budget for the 2000 financial year and, at the same time,
- regretted the fact that Cedefop had failed to honour its undertakings regarding the procedure it had itself decided to implement with respect to the award of contracts, in particular for informatics-related projects,
  - welcomed the Action Plan adopted by the Management Board as a follow-up to the report of the external evaluation as well as the fact that Cedefop gave an undertaking to implement this Action Plan in accordance with the objectives and time-schedule

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<sup>1</sup> OJ C 326, 27.12.2002, p. 42.

<sup>2</sup> OJ L 39, 13.2.1975, p. 1.

<sup>3</sup> OJ L 181, 23.7.1993, p. 11.

<sup>4</sup> OJ L 248, 16.9.2002.



indicated, while keeping the Parliament informed through an annual progress report,

- insisted that the co-operation framework which the Centre had set up with the European Training Foundation be fully implemented;

C. whereas the Court of Auditors has obtained reasonable assurance that the accounts for the financial year ended 31 December 2001 are reliable and the underlying transactions are, taken as a whole, legal and regular;

1. Notes the following figures for the accounts of the European Centre for the Development of Vocational Training;

**Revenue and expenditure account for the financial years 2001 and 2000**

(1000 EUR)

	2001	2000
<b>Revenue</b>		
Own revenue		
Commission subsidies	13.200	11.502
Revenue from previous financial years	724	2.165
Sundry revenue	-	18
Earmarked revenue (Phare + third parties)	402	205
Financial revenue	104	122
<b>Total revenue (a)</b>	<b>14.430</b>	<b>14.011</b>
<b>Expenditure</b>		
<i>Staff - Title I of the budget</i>		
Payments	7.231	6.881
Appropriations carried over	266	282
<i>Administration - Title II of the Budget</i>		
Payments	700	781
Appropriations carried over	323	210
<i>Operating activities - Title III of the budget</i>		
Payments	2.720	2.793
Appropriations carried over	2.059	2.041
<i>Earmarked revenue (third parties)</i>		
Payments	277	41
Appropriations carried over	453	191
<b>Total expenditure (b)</b>	<b>14.029</b>	<b>13.220</b>
<b>Out-turn for the financial year (a-b)<sup>(1)</sup></b>	<b>401</b>	<b>791</b>
Balance carried over from the previous financial year	-228	- 520
Cancelled appropriations carried over from the previous year	349	232
Appropriations to be carried over, allocated revenue	0	-
Appropriations for re-use from the financial year 2000, not utilised	12	-
Repayments to the Commission	0	- 697
Exchange-rate differences	- 2	- 34
<b>Balance for the financial year</b>	<b>532</b>	<b>- 228</b>
<i>Source</i> : European Centre for the Development of Vocational Training. NB: Any discrepancies in totals are due to the effects of rounding. <sup>(1)</sup> The negative balance of the out-turn and own capital does not constitute a capital loss. It result from the application of the financial regulation in respect of revenue (only revenue collected) and expenditure (payments plus appropriations carried over)		

***Budgetary implementation / Financial Provisions***

2. Regrets that the Centre did not depreciate its fixed assets in order for the book values to reflect the real value of the goods which form part of the Centre's assets; expects the Centre to comply with the Court's observation;

3. Regrets that the Centre, despite the criticism of the Court, has kept an imprecise account with too high a ceiling; expects the Centre to be more receptive to observations made by the Court in order to avoid such criticism in the future;
4. Deplores the fact that, despite repeated criticism by the Court, the Centre has not fully respected the tendering procedures for the awarding of contracts; recalls that this is not only a violation of the principle of equal treatment but could also result in legal action against the Centre by the tenderers who were disadvantaged; will continue to monitor such cases; expects the Centre to proceed with its efforts towards better programming of its work in order to avoid urgencies which have in the past resulted in non-observance of the rules for public tender procedures;
5. Notes that the Court of Auditors takes the view that the carry-over rate for operating appropriations remains too high (2,8 million) and that the Centre should pursue its efforts to increase the quality and monitoring of the planning of its activities; notes that the New Financial Regulation will provide an improved legal base for carry-overs; welcomes however the assurance by the Centre to try and improve the quality and to follow up the programming of activities;

#### ***Follow-up to External Evaluation***

6. Takes the view that the recommendations contained in the 2001 external evaluation report should be followed more by the Centre in order to ensure the consistency required between the tasks assigned to it and the organisation of its financial and human resources;
7. Expects, therefore, the Centre to respond positively to the Court of Auditors criticism in order for it to achieve a better balance between its administrative expenditure and its operating expenditure arising from its activity programme so as to remedy the inconsistencies between its tasks and the distribution of its financial and human resources;
8. Takes note of the efforts which the Centre has deployed in its Action Plan; will be monitoring the relevance of the measures announced in order that the appropriate results be achieved, especially with a view to responding adequately to the new challenges of enlargement; calls on the Centre to carry out in the coming years an analysis of the impact of the measures adopted;

#### ***Cooperation with the ETF***

9. Notes in this respect the joint efforts undertaken by the Centre and the European Training Foundation (ETF), as they appear in the Joint Progress Report of September 2002, in implementing the framework co-operation between the two bodies during the enlargement process and the preparation of the candidate countries;
10. Considers that in the light of the conclusions of the Copenhagen summit a detailed analysis of the impact of the transfer of competence in respect of the accession countries from the ETF to CEDEFOP is needed; calls on the Commission, therefore, together with the agencies concerned, to carry out such an assessment and, if necessary, to submit

proposals relating to the transfer of expertise and of human and financial resources;

11. Suggests that its committees responsible monitor the results of this co-operation in order to evaluate the possibility of further enhancing such cooperation without prejudice to solutions entailing the merger of activities where appropriate ;

### ***Further proposals***

12. Recalls that the external evaluation report stressed that a substantial effort was needed in order to raise the public profile of Cedefop and called, inter alia, for improvement in the dissemination and targeting of information; that the same report suggested a discussion on the subject of whether and in what ways Cedefop could gain from strengthened cooperation with the European training foundation;

### ***General points concerning the bodies referred to in Article 185 of the Financial Regulation***

13. Takes note of the fact that there is an imbalance between administrative and operational expenditure in many Agencies with the administrative expenditure exceeding expenditure for operational purposes;
14. Takes the view that these Agencies should have more operational tasks; they could for example be entrusted with executing Community programmes in the field of education or health; thus the creation of further executive agencies by the Commission could be avoided; asks the Commission to make proposals in this respect by 30 June 2003 at the latest and before creating any further executive agencies;
15. Recalls that independent *ex-ante* control of the Agencies by the Financial Controller of the Commission has ceased to exist;
16. Is worried that the absence of outside *ex-ante* verifications of financial operations might increase the risk of irregularities and mismanagement; invites therefore
  - the Court of Auditors to increase the number of checks carried out by its auditors;
  - the Agencies to thoroughly review and modify their procedures for implementing their budget in order to counter this risk;
17. Asks the Agencies to bring their procedures for implementing the budget in line with the requirements of the new framework Financial Regulation<sup>1</sup> as soon as possible and by 1 July 2003 at the latest;
18. Recalls that the Agencies shall adopt their own financial rules, which may not depart from the framework Financial Regulation except where their specific operating needs so require and with the Commission's prior consent; asks the Court of Auditors to give an opinion on all financial provisions adopted by the Agencies which depart from the framework

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<sup>1</sup> OJ L 357, 31.12.02, p. 72.

Financial Regulation;

19. Underlines in particular the strict segregation of duties between authorising officers and accounting officers and the enhanced role of the latter in
  - a) laying down and validating the accounting systems;
  - b) keeping the accounts;
  - c) validating systems laid down by the authorising officer to supply accounting information;
  - d) cooperating with the Commission's accounting officer
  - e) preparing and presenting the financial statements and the reports on implementation of the budget;
20. Stresses that accounting officers shall be appointed by the management boards of the Agencies on the grounds of particular competence as evidenced by diplomas or by equivalent professional experience; recalls that they shall not be hierarchically subordinated to authorising officers;
21. Asks the Agencies to fully respect the rules for procurement procedures as laid down in the Financial Regulation; stresses that open calls for tenders must be used as much as possible in order to enhance transparency and to ensure equal treatment of potential tenderers
22. Calls upon the agencies to monitor closely the granting of leave on personal grounds, in order to ensure that conditions of transparency and separation of interests are met;
23. Recalls that non-respect of public procurement rules is not only potentially detrimental to the financial interests of the Agencies but can also be a criminal offence under the law of Member States;
24. Asks the Court of Auditors to report at the next opportunity on whether the Community bodies duly cooperate with the European Anti-Fraud Office (OLAF) and apply the corresponding 1999 interinstitutional agreement unreservedly; also asks the Court of Auditors to evaluate the effectiveness of this cooperation on the basis of the cases processed so far;
25. Notes that the Court of Auditors deplores the practice of "super-user" rights in computerised systems (where one and the same person is able to discharge the duties of the manager, the authorising officer, the financial controller and the accounting officer) as incompatible with the principle of the separation of duties; asks all the Agencies to ensure that such "super-user" rights are no longer attributed;
26. Stresses that computerised systems must guarantee the existence of a complete audit trail for each operation and for any change made to the system so that it is possible at any time to identify the nature of the change and the person who made it;

27. Invites the Commission, with a view to accelerating the efforts towards preparing integration of the future Member States, to make proposals aiming at fostering better functioning of these Community bodies, ensuring better value for money through a cost/benefit analysis, and avoiding any unnecessary proliferation of agencies; such proposals may provide, for bodies entrusted with similar tasks, for the setting up Common Boards ;
28. Considers it out of the question, on grounds of efficiency and cost, further to expand the administrative boards of the Community bodies during the forthcoming enlargement; takes the view that enlargement offers a good opportunity thoroughly to reconsider the composition and working methods of these administrative boards, which are already very ponderous as a rule; calls on the Commission to put forward appropriate proposals by 31 July 2003 to amend the founding regulations accordingly and, in so doing, to examine whether provision could be made for joint administrative boards for bodies with similar responsibilities;
29. Recalls the Court of Auditors' observation<sup>1</sup> that there is a risk that directors of Community bodies become too dependent on the Commission; calls therefore on the Commission to submit by 31 July 2003 an amendment to the founding regulation of the agencies which provides that the directors of Community bodies may in future be appointed only with the approval of Parliament;
30. Invites the Commission to make an overall study of activities currently deployed by various Community bodies that may overlap or serve the same goals in order to propose appropriate solutions including possible mergers of agencies; notes that the Commission has stated a possible overlap between CEDEFOP and the European Foundation in the field of vocational training and between the Foundation for the improvement of Working and Living Conditions and the Agency for Health and Safety and Work<sup>2</sup>;
31. Invites the Commission furthermore, in line with its proposal on European governance aimed at concentrating its activity on the core tasks, to include in its action programme the appropriate proposals with a view to ensuring that overlapping between the activities of its services and those of the agencies is avoided;

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<sup>1</sup> Opinion 10/2002 of the Court of Auditors on a Commission proposal for amendment of the constituent acts of Community bodies following the adoption of the new financial regulation.

<sup>2</sup> See working doc from DG-budget on the management costs and analytical accounts of the decentralised agencies.

## PROPOSAL FOR A DECISION

### **3. European Parliament decision on the discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2001 (C5-0597/2002 - 2002/2187(DEC))**

*The European Parliament,*

- having regard to the Court of Auditors' report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2001, together with the Foundation's replies<sup>1</sup> (C5-0597/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0089/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 16 of Council Regulation (EEC) n° 1365/75<sup>2</sup> as amended by Council Regulation (EEC) n° 1947/93<sup>3</sup> and having regard to article 185 of the recast Financial Regulation of 25 June 2002<sup>4</sup>,
  - having regard to Rule 93a and Annex V of 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 (A5-0079/2003),
1. Gives discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2001;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions, the Council, the Commission and the Court of Auditors and to have it published in the Official Journal (L series).

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<sup>1</sup> OJ C 326, 27.12.2002, p. 57.

<sup>2</sup> OJ L 139 du 30.5.1975, p. 1

<sup>3</sup> OJ L 181 du 23.7.1993, p. 13

<sup>4</sup> OJ L 248 du 16.9.2002

## MOTION FOR A RESOLUTION

### **4. European Parliament resolution containing the comments accompanying the proposal for a decision on the discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2001 (C5-0597/2002 - 2002/2187(DEC))**

*The European Parliament,*

- having regard to the Court of Auditors' report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2001, together with the Foundation's replies<sup>1</sup> (C5-0597/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0089/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 16 of Council Regulation (EEC) n° 1365/75<sup>2</sup> as amended by Council Regulation (EEC) n° 1947/93<sup>3</sup> and having regard to article 185 of the recast Financial Regulation of 25 June 2002<sup>4</sup>,
  - having regard to Rule 93a and Annex V of 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 (A5-0079/2003),
- A. whereas the European Foundation for the Improvement of Living and Working Conditions (Dublin Foundation) in its work programme of 2001 aimed at developing and implementing fewer and more substantial research programmes, reinforcing the Foundation's role as a forum for debate, developing a coherent and consistent communication strategy, increasing accountability, transparency and cost effectiveness and taking into account important changes in the European Union;
- B. whereas on 10 April 2002 Parliament gave discharge to the Administrative Board of the Foundation in respect of the implementation of its budget for the 2000 financial year and, at the same time:
- expressed concern at the volume of appropriations carried over from 2000 to 2001 and urged the Foundation to take steps to ensure better monitoring of the implementation of its budget with the aim of keeping carryovers and cancellations of appropriations to a minimum;
  - called on the Foundation to take steps to ensure that all shortcomings in the accounting systems employed had been remedied in time for the 2001 discharge;

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<sup>1</sup> OJ C 326, 27.12.2002, p. 57.

<sup>2</sup> OJ L 139 du 30.5.1975, p. 1

<sup>3</sup> OJ L 181 du 23.7.1993, p. 13

<sup>4</sup> OJ L 248 du 16.9.2002

- regretted the fact that in the Foundation continued to make excessive use of imprest accounts;

C. whereas the Court of Auditors has obtained reasonable assurance that the accounts for the financial year ended 31 December 2001 are reliable and the underlying transactions are, taken as a whole, legal and regular;

1. Notes the following figures for the accounts of the European Foundation for the Improvement of Living and Working Conditions:

### Revenue and expenditure account for the financial years 2001 and 2000

(1000 EUR)

	2001	2000
<b>Revenue received during the financial year</b>		
Commission subsidies	14.958	14.700
Miscellaneous revenue	16	212
Financial revenue	96	29
<b>Total revenue (a)</b>	<b>15.070</b>	<b>14.941</b>
<b>Budgetary expenditure for the financial year</b>		
<i>Staff – Title I of the budget</i>		
Payments	7.583	7.057
Appropriations carried over	190	146
<i>Administration - Title II of the Budget</i>		
Payments	854	1.123
Appropriations carried over	245	248
<i>Operating activities - Title III of the budget</i>		
Payments	3.129	2.681
Appropriations carried over	3.148	3.183
<b>Total expenditure (b)</b>	<b>15.150</b>	<b>14.437</b>
<b>Out-turn for the financial year (a-b)<sup>(1)</sup></b>	<b>-80</b>	<b>504</b>
Balance carried over from the previous financial year	-1.210	-1.859
Appropriations carried over from the previous financial year which lapse	59	158
Appropriations for re-use from the financial year 2000, not utilised	24	-
Exchange-rate differences	-2	-14
<b>Balance for the financial year</b>	<b>-1.209</b>	<b>-1.210</b>
<i>Source</i> : Data compiled by the Foundation - These tables summarise the data provided by the Foundation in its own financial statements. NB: Any discrepancies in totals are due to the effects of rounding. <sup>(1)</sup> The negative balance of the out-turn and own capital does not constitute capital loss. It results from the application of the financial regulation in respect of revenue (only revenue collected) and expenditure (payments plus appropriations carried over)		

### Financial Control

2. Notes that the Court of Auditors takes the view that the carry-over rate for operating appropriations remains too high (3,5 million euro) and that the Foundation should do everything possible to reduce the carry-over rate; notes that the New Financial Regulation will provide an improved legal basis for carry-overs; welcomes however the initiatives that the Foundation has taken in order to reduce the level of carry-overs;
3. Notes that the Foundation finds the SI2 system accounting system extremely complex



with many faults, weaknesses and instabilities; regrets that the Commission has imposed a computer/accounting system (SI2) on the Foundation, which is much too cumbersome and seem to be somewhat "overkill"; calls on the Commission to ensure that the agency has the required manpower and technical support in order to operate the system;

4. Regrets that the Court found several instances, where one and the same person was able to approve the commitments and payments, using the electronic approval system, thus discharging the duties of the manager, the authorising officer, the financial controller and the accounting officer; notes that the Court of Auditors deplores the practice of "super user" rights as incompatible with the principle of the separation of duties, welcomes the assurance by the Foundation that this practice is not used any more;
5. Regrets that the Foundation has not fully respected the tendering procedures in all its service contracts; recalls that this is not only a violation of the principle of equal treatment but could also result in legal action against the Foundation by the tenderers who were disadvantaged; urges the Foundation to ensure that proper tendering procedures are followed for all contracts;
6. Acknowledges that the Foundation needs more flexible financial procedures; calls on the Foundation to implement the new Financial regulation as soon as possible and to find an appropriate balance between flexibility and accountability;

#### ***External assessment***

7. Welcomes the external evaluation and the draft Action Plan responding to the recommendations made in the evaluation; congratulates the Foundation on the overall very positive appraisal; calls on the Foundation to carry out in the coming years an analysis of the impact of the measures adopted;
8. Notes that the Foundation is meeting most of its deadlines set out in the Action Plan; draws attention to the following points made in the evaluation:
  - The need to review and improve co-operation between the Foundation and the European Commission as well as the European Parliament
  - The need to establish a system to track the use of the Foundation's outputs
  - The need to introduce more internal quality control processes

#### ***Overall assessment***

9. Congratulates the Foundation on the good work carried out by highly qualified staff; would however wish that its good work would be known to a wider audience, welcomes the enhanced information efforts; acknowledges that the main role of the organisation is to contribute to the debate at European level and welcomes the steps the Brussels Liaison Office has taken in order to improve contact with the European institutions;
10. Notes that the Foundation has a high share of administrative expenditure (Title 1 and 2 of the budget). In the 2003 budget, it makes up for about 10 million euro, whilst operational

expenditure (Title 3) is about 7 million euro; notes that many of the operating systems in practice at the European Commission are imposed on the Foundation even though they are more adapted to the needs of a very large administration rather than a smaller organisation like the Foundation;

11. Asks the Commission to take advantage of the expertise in the Foundation and to consider the cost benefit of outsourcing more of its tasks to the Foundation; calls on the Commission to reconsider creating more executive agencies when the tasks could be given to the existing agencies;

***General points concerning the bodies referred to in Article 185 of the Financial Regulation***

12. Takes note of the fact that there is an imbalance between administrative and operational expenditure in many Agencies with the administrative expenditure exceeding expenditure for operational purposes;
13. Takes the view that these Agencies should have more operational tasks; they could be entrusted with executing Community programmes (for example in the field of education or health); this could, in turn, help to avoid creating further executive agencies by the Commission; asks the Commission to make proposals in this respect by 30 June 2003 at the latest and before creating any further executive agencies;
14. Recalls that independent *ex-ante* control of the Agencies by the Financial Controller of the Commission has ceased to exist;
15. Is worried that the absence of outside *ex-ante* verifications of financial operations might increase the risk of irregularities and mismanagement; invites therefore
  - the Court of Auditors to increase the number of checks carried out by its auditors;
  - the Agencies to thoroughly review and modify their procedures for implementing their budget in order to counter this risk;
16. Asks the Agencies to bring their procedures for implementing the budget in line with the requirements of the new framework Financial Regulation<sup>1</sup> as soon as possible and by 1 July 2003 at the latest;
17. Recalls that the Agencies shall adopt their own financial rules, which may not depart from the framework Financial Regulation except where their specific operating needs so require and with the Commission's prior consent; asks the Court of Auditors to give an opinion on all financial provisions adopted by the Agencies which depart from the framework Financial Regulation;
18. Underlines in particular the strict segregation of duties between authorising officers and accounting officers and the enhanced role of the latter in
  - a) laying down and validating the accounting systems;

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<sup>1</sup> OJ L 357, 31.12.02, p. 72.

- b) keeping the accounts;
  - c) validating systems laid down by the authorising officer to supply accounting information;
  - d) cooperating with the Commission's accounting officer
  - e) preparing and presenting the financial statements and the reports on implementation of the budget;
19. Stresses that accounting officers shall be appointed by the management boards of the Agencies on the grounds of particular competence as evidenced by diplomas or by equivalent professional experience; recalls that they shall not be hierarchically subordinated to authorising officers;
  20. Asks the Agencies to fully respect the rules for procurement procedures as laid down in the Financial Regulation; stresses that open calls for tenders must be used as much as possible in order to enhance transparency and to ensure equal treatment of potential tenderers;
  21. Calls upon the agencies to monitor closely the granting of leave on personal grounds, in order to ensure that conditions of transparency and separation of interests are met;
  22. Recalls that non-respect of public procurement rules is not only potentially detrimental to the financial interests of the Agencies but can also be a criminal offence under the law of Member States;
  23. Asks the Court of Auditors to report at the next opportunity on whether the Community bodies duly cooperate with the European Anti-Fraud Office (OLAF) and apply the corresponding 1999 interinstitutional agreement unreservedly; also asks the Court of Auditors to evaluate the effectiveness of this cooperation on the basis of the cases processed so far;
  24. Notes that the Court of Auditors deplores the practice of "super-user" rights in computerised systems (where one and the same person is able to discharge the duties of the manager, the authorising officer, the financial controller and the accounting officer) as incompatible with the principle of the separation of duties; asks all the Agencies to ensure that such "super-user" rights are no longer attributed;
  25. Stresses that computerised systems must guarantee the existence of a complete audit trail for each operation and for any change made to the system so that it is possible at any time to identify the nature of the change and the person who made it;
  26. Invites the Commission, with a view to accelerating the efforts towards preparing integration of the future Member States, to make proposals aiming at fostering better functioning of these Community bodies, ensuring better value for money through a cost/benefit analysis, and avoiding any unnecessary proliferation of agencies; such proposals may provide, for bodies entrusted with similar tasks, for the setting up Common Boards ;

27. Considers it out of the question, on grounds of efficiency and cost, further to expand the administrative boards of the Community bodies during the forthcoming enlargement; takes the view that enlargement offers a good opportunity thoroughly to reconsider the composition and working methods of these administrative boards, which are already very ponderous as a rule; calls on the Commission to put forward appropriate proposals by 31 July 2003 to amend the founding regulations accordingly and, in so doing, to examine whether provision could be made for joint administrative boards for bodies with similar responsibilities;
28. Recalls the Court of Auditors' observation<sup>1</sup> that there is a risk that directors of Community bodies become too dependent on the Commission; calls therefore on the Commission to submit by 31 July 2003 an amendment to the founding regulation of the agencies which provides that the directors of Community bodies may in future be appointed only with the approval of Parliament;
29. Invites the Commission to make an overall study of activities currently deployed by various Community bodies that may overlap or serve the same goals in order to propose appropriate solutions including possible mergers of agencies; notes that the Commission has stated a possible overlap between CEDEFOP and the European Foundation in the field of vocational training and between the Foundation for the improvement of Working and Living Conditions and the Agency for Health and Safety and Work<sup>2</sup>;
30. Invites the Commission furthermore, in line with its proposal on European governance aimed at concentrating its activity on the core tasks, to include in its action programme the appropriate proposals with a view to ensuring that overlapping between the activities of its services and those of the agencies is avoided.

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<sup>1</sup> Opinion 10/2002 of the Court of Auditors on a Commission proposal for amendment of the constituent acts of Community bodies following the adoption of the new financial regulation.

<sup>2</sup> See working doc from DG-budget on the management costs and analytical accounts of the decentralised agencies

## PROPOSAL FOR A DECISION

### **5. European Parliament decision on the discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001**

**(C5-0596/2002 - 2002/2188(DEC))**

*The European Parliament,*

- having regard to the Court of Auditors' report on the financial statements of the European Agency for Reconstruction for the financial year 2001, together with the Agency's replies<sup>1</sup> (C5-0596/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0090/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 8 of Council Regulation (EEC) n° 2667/2000<sup>2</sup> of 5 December 2000 and Article 185 of the recast Financial Regulation of 25 June 2002<sup>3</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs, Human Rights, Common foreign and Security Policy (A5-0079/2003),
1. Gives discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Director of the European Agency for Reconstruction, the Council, the Commission and the Court of Auditors and to have it published in the Official Journal (L series).

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<sup>1</sup> OJ C 326, 27.12.2002, p. 1.

<sup>2</sup> OJ L 306, 7.12.2000, p. 7.

<sup>3</sup> OJ L 248, 16.9.2002.

## MOTION FOR A RESOLUTION

### **6. European Parliament resolution containing the comments accompanying the proposal for a decision on the discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001 (C5-0596/2002 - 2002/2188(DEC))**

*The European Parliament,*

- having regard to the Court of Auditors' report on the financial statements of the European Agency for Reconstruction for the financial year 2001, together with the Agency's replies<sup>1</sup> (C5-0596/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0090/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 8 of Council Regulation (EEC) n° 2667/2000<sup>2</sup> of 5 December 2000 and Article 185 of the recast Financial Regulation of 25 June 2002<sup>3</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy (A5-0079/2003),
- A. whereas the Court of Auditors in its report for the financial year 2000<sup>4</sup> concluded that the efficiency of the Agency's administration and its budget management was high, the result being that the Agency achieved the most ambitious objectives it had set for its first year of activity in the areas of energy, housing, transport and agriculture;
- B. whereas in the same report the Court made a series of recommendations to the Agency dealing with the need to introduce a reliable computerised system of budgetary accounts, the development of a practical sectoral programme reflecting the priorities set in order for the Agency not to disperse its efforts and calling for the setting up, in co-operation with the Commission, of a mid and long term strategy in order to ensure the sustainability of the investments financed;
- C. whereas on 10 April 2002 Parliament gave discharge to the Director of the European Agency for Reconstruction in respect of the implementation of the budget for the 2000 financial year, on the basis of the report of the Court of Auditors, while at the same time, *inter alia*:
- insisted on the need to promote adequate investigation, including, as appropriate, an

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<sup>1</sup> OJ C 326, 27.12.2002, p. 1.

<sup>2</sup> OJ L 306, 7.12.2000, p. 7.

<sup>3</sup> OJ L 248, 16.9.2002.

<sup>4</sup> OJ C 359 du 15.12.2001.

internal evaluation by the European Anti-Fraud Office (OLAF), of any well-founded suspicion of mismanagement and corruption linked to investments in favour of power-stations in Kosovo;

- urged the special representative of the Secretary General (SRSG) of the UN in Kosovo and called on the Commission to take the necessary steps, in cooperation with UNMIK, with a view to ensuring that a sustainable policy and the appropriate regulatory framework be developed allowing for improvement of Kosovo's tax collection capacity in order to increase budget revenue and attain budget sustainability;
- noted that the largest item in the Agency's budget was the one dealing with the rehabilitation of the energy sector; that this sector called for special attention given the situation of very frequent power cuts; called on UNMIK to carry out an audit of the cash-management and procurement procedures of the Kosovo electricity company;

D. whereas the Court of Auditors has obtained reasonable assurance that the accounts for the financial year ended 31 December 2001 are reliable and the underlying transactions are, taken as a whole, legal and regular;

1. Notes the following figures for the accounts of the European Reconstruction Agency:

#### Revenue and expenditure account for the financial years 2001 and 2000

(1000 EUR)

	2001	2000
<b>Revenue received during the financial year</b>		
Commission subsidies	517.633 <sup>(2)</sup>	257.933
Financial revenue	2.915	680
Miscellaneous revenue	135	175
Counterpart funds	5.787	
<b>Total revenue (a)</b>	<b>526.469</b>	<b>258.788</b>
<b>Budgetary expenditure for the financial year</b>		
<i>Staff - Title I of the budget</i>		
Payments	13.418	4.633
Appropriations carried over	337	131
<i>Administration - Title II of the Budget</i>		
Payments	5.908	2.077
Appropriations carried over	1.217	1.670
<i>Operating activities - Title III of the budget</i>		
Payments	140.309	139.786
Balance of the appropriations available for commitments	187.036	119.733
Appropriations automatically carried forward to 2002	176.863	
<b>Total expenditure (b)</b>	<b>525.088</b>	<b>268.030</b>
<b>Out-turn for the financial year (a-b)<sup>(1)</sup></b>	<b>1.381</b>	<b>-9.241</b>
Balance carried over from the previous financial year	-35.768	0
Payments on behalf of the Commission (TAKFO)	-70.050	-26.861
Cancellation of payment appropriations for 2000	31.061	0
Appropriations carried over from 2000 which lapsed (Titles I and II)	254	0
Exchange-rate differences	-5	334
<b>Balance for the financial year</b>	<b>-73.127</b>	<b>-35.768</b>

<sup>(1)</sup> The negative balance of the outturn and own capital does not constitute a loss of capital. It arises from the application of the Financial Regulation concerning revenue (only revenue collected) and expenditure (payments plus appropriations carried over)

<sup>(2)</sup> Includes 70 050 278 Euro received for payment against commitments previously entered into by the Commission. The Agency is responsible for the management of the payments.

NB: Any discrepancies in totals are due to the effects of rounding.

Source: Data compiled by the Agency. These tables summarise the data supplied by the Agency in its own financial

statements.

### ***Financial management - budget implementation***

2. Takes note that the Agency during the second half of 2001 installed the SI2 computerised budgetary account system; takes also note of the Agency's comments about the advantages and the disadvantages of this system and in particular of the fact that the system is heavy, cumbersome, that it requires time consuming interventions and that when interfacing SI2 with the general accountancy system the security of the system is weakened,
3. Urges the Agency, along with the Commission, to remedy the problems identified by the Court stemming from the introduction of SI2 and to find adequate solutions in order to reduce the dependency on the use of auxiliary informatic (IT) tools which are until now used in order to obtain an accurate impression of the implementation of the budget;

### ***Financial statements***

4. Notes the fact that the financial statements drawn up by the Agency in March 2002 contained errors and that it was the Court of Auditors that had to point them out to the Agency in order for a corrected version of the financial statements to be produced on 4 October 2002;
5. Expects the Agency to take all necessary steps in order for this situation not to occur again;

### ***Application of financial provisions***

6. Calls on the Agency to comply with the provisions of the Financial Regulation and with the Court's observation and to issue, on a systematic basis, recovery orders for sums owed to the Agency;
7. Regrets deeply that the Commission had put the agency under considerable pressure to sign a contract by private treaty, which the Financial Controller of the Commission later deplored as being highly illegal; notes that according to the Financial Controller the procedure followed was not correct and the salary was not justified;
8. Notes that in the case of one contract, a monthly fee of over 25 000 euro was paid;
9. Notes that the circumstances mentioned give rise to the suspicion that there were cases of favouritism; calls on the Commission to initiate an administrative investigation to identify possible responsibility and, where appropriate, to launch disciplinary proceedings;
10. Expects both the Agency and the Commission to refrain in future from signing such contracts by private treaty;



### ***The housing programme***

11. Welcomes the fact that the Agency has been able to exceed its target of houses rebuilt by 4%; takes however the view that, in line with the Court of Auditors observations in this respect, the Agency should improve the way in which it operates when selecting the work to be carried out in order for its action to meet more effectively the needs it intends to cover; calls on the Agency, similarly, to look into ways of ensuring that the most effective solutions are brought forward when operating in the other priority areas of its activity;

### ***Follow-up to previous observations of the Court***

12. Congratulates the Agency on the Court of Auditors' overall positive assessment with regard to the follow-up by the Agency to the Court's observations concerning the previous financial year; notes the Court's remarks relating to the problems in the energy sector;
13. Expresses deep concern that it was precisely in the sector of energy that OLAF conducted investigations into a case of fraud, involving some € 4.5 million (4.2 million US dollars) dedicated to the stabilisation of the Kosovo power system; takes note that the investigation was concluded in December 2002;
14. Notes with satisfaction OLAF's statement of 5 December 2002 that its activity resulted in securing, at that date, the return to the Kosovo budget of US dollars 3.2 million of those funds and the launching of proceedings in order to secure the return of the balance; notes also that the principal suspect for that fraud was arrested in Germany and is brought to justice;
15. Expects to be fully informed by OLAF on this case;
16. Invites both the Agency and the Commission, in close co-operation with UNMIK, to do their utmost with a view to protecting the financial interests of the Community and to avoid any similar cases occurring in the future; calls on the Director of the Agency to make every effort deemed necessary in order to ensure the systematic monitoring of all projects in the energy sector financed by EU funds;
17. Invites the Commission to fully inform the Parliament on the possible disciplinary measures which this case may call for;
18. Takes note of the comprehensive evaluation undertaken in 2002 by the Agency regarding the best use of funds within the Kosovo energy sector; expects the Agency to inform the Parliament's competent committee in the context of the follow up report to discharge 2001 on progress made and on all relevant measures taken, in cooperation with UNMIK, KEK (Kosovo Power Corporation) and external supervisory contractors and, in particular, in relation to debt collection by KEK, with a view to achieving the long term sustainability of investment made in energy sector;

19. Asks the Commission to propose phasing out future EU funds to the energy sector in Kosovo if the present situation with fraud, mismanagement and loss of revenue continues;
20. Notes that the Agency places the responsibility for fraud and mismanagement in the energy sector on UNMIK or KEK; acknowledges that when funds are channelled through an intermediate body they can be difficult to monitor and control; questions however whether the Agency could be regarded as completely lifted of any responsibility as it is after all responsible for the management and control of the EU funds spent;

#### ***Further proposals***

21. Invites the Commission to make proposals aiming at fostering better functioning of the Agency, ensuring better value for money through a cost/benefit analysis and, in making such proposals, to consider whether the spread of the Agency between various locations is, from the point of view of its functioning, the most appropriate solution; calls for reinforced co-operation and co-ordination between the Agency, UNMIK and the Commission; invites the Agency to establish an overall plan for monitoring the projects financed and evaluating their consistency with the EU policy for the region;
22. Calls on the Commission and the Agency to pursue with the reinforcement of EU assistance to "institutional building" projects;
23. Insists on the need for the Agency's annual report to be presented to the European Parliament no later than 15 June each year; expects the Agency to take duly account of the European Parliament's recommendations included in its resolutions

#### ***General points concerning the bodies referred to in Article 185 of the Financial Regulation***

24. Takes note of the fact that there is an imbalance between administrative and operational expenditure in many Agencies with the administrative expenditure exceeding expenditure for operational purposes;
25. Takes the view that these Agencies should have more operational tasks; they could for example be entrusted with executing Community programmes in the field of education or health; thus the creation of further executive agencies by the Commission could be avoided; asks the Commission to make proposals in this respect by 30 June 2003 at the latest and before creating any further executive agencies;
26. Recalls that independent *ex-ante* control of the Agencies by the Financial Controller of the Commission has ceased to exist;
27. Is worried that the absence of outside *ex-ante* verifications of financial operations might increase the risk of irregularities and mismanagement; invites therefore
  - the Court of Auditors to increase the number of checks carried out by its auditors;
  - the Agencies to thoroughly review and modify their procedures for implementing their budget in order to counter this risk;

28. Asks the Agencies to bring their procedures for implementing the budget in line with the requirements of the new framework Financial Regulation<sup>1</sup> as soon as possible and by 1 July 2003 at the latest;
29. Recalls that the Agencies shall adopt their own financial rules, which may not depart from the framework Financial Regulation except where their specific operating needs so require and with the Commission's prior consent; asks the Court of Auditors to give an opinion on all financial provisions adopted by the Agencies which depart from the framework Financial Regulation;
30. Underlines in particular the strict segregation of duties between authorising officers and accounting officers and the enhanced role of the latter in
- a) laying down and validating the accounting systems;
  - b) keeping the accounts;
  - c) validating systems laid down by the authorising officer to supply accounting information;
  - d) cooperating with the Commission's accounting officer
  - e) preparing and presenting the financial statements and the reports on implementation of the budget;
31. Stresses that accounting officers shall be appointed by the management boards of the Agencies on the grounds of particular competence as evidenced by diplomas or by equivalent professional experience; recalls that they shall not be hierarchically subordinated to authorising officers;
32. Asks the Agencies to fully respect the rules for procurement procedures as laid down in the Financial Regulation; stresses that open calls for tenders must be used as much as possible in order to enhance transparency and to ensure equal treatment of potential tenderers;
33. Calls upon the agencies to monitor closely the granting of leave on personal grounds, in order to ensure that conditions of transparency and separation of interests are met;
34. Recalls that non-respect of public procurement rules is not only potentially detrimental to the financial interests of the Agencies but can also be a criminal offence under the law of Member States;
35. Asks the Court of Auditors to report at the next opportunity on whether the Community bodies duly cooperate with the European Anti-Fraud Office (OLAF) and apply the corresponding 1999 interinstitutional agreement unreservedly; also asks the Court of Auditors to evaluate the effectiveness of this cooperation on the basis of the cases processed so far;

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<sup>1</sup> OJ L 357, 31.12.02, p. 72.

36. Notes that the Court of Auditors deplores the practice of "super-user" rights in computerised systems (where one and the same person is able to discharge the duties of the manager, the authorising officer, the financial controller and the accounting officer) as incompatible with the principle of the separation of duties; asks all the Agencies to ensure that such "super-user" rights are no longer attributed;
37. Stresses that computerised systems must guarantee the existence of a complete audit trail for each operation and for any change made to the system so that it is possible at any time to identify the nature of the change and the person who made it;
38. Invites the Commission, with a view to accelerating the efforts towards preparing integration of the future Member States, to make proposals aiming at fostering better functioning of these Community bodies, ensuring better value for money through a cost/benefit analysis, and avoiding any unnecessary proliferation of agencies; such proposals may provide, for bodies entrusted with similar tasks, for the setting up Common Boards ;
39. Considers it out of the question, on grounds of efficiency and cost, further to expand the administrative boards of the Community bodies during the forthcoming enlargement; takes the view that enlargement offers a good opportunity thoroughly to reconsider the composition and working methods of these administrative boards, which are already very ponderous as a rule; calls on the Commission to put forward appropriate proposals by 31 July 2003 to amend the founding regulations accordingly and, in so doing, to examine whether provision could be made for joint administrative boards for bodies with similar responsibilities;
40. Recalls the Court of Auditors' observation<sup>1</sup> that there is a risk that directors of Community bodies become too dependent on the Commission; calls therefore on the Commission to submit by 31 July 2003 an amendment to the founding regulation of the agencies which provides that the directors of Community bodies may in future be appointed only with the approval of Parliament;
41. Invites the Commission to make an overall study of activities currently deployed by various Community bodies that may overlap or serve the same goals in order to propose appropriate solutions including possible mergers of agencies; notes that the Commission has stated a possible overlap between CEDEFOP and the European Foundation in the field of vocational training and between the Foundation for the improvement of Working and Living Conditions and the Agency for Health and Safety and Work<sup>2</sup>;
42. Invites the Commission furthermore, in line with its proposal on European governance aimed at concentrating its activity on the core tasks, to include in its action programme the appropriate proposals with a view to ensuring that overlapping between the activities of its services and those of the agencies is avoided.

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<sup>1</sup> Opinion 10/2002 of the Court of Auditors on a Commission proposal for amendment of the constituent acts of Community bodies following the adoption of the new financial regulation.

<sup>2</sup> See working doc from DG-budget on the management costs and analytical accounts of the decentralised agencies

## **OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS**

for the Committee on Budgetary Control

1. on the 2001 discharge to the European Centre for the Development of Vocational Training  
(C5-0601/2002 - 2002/2186(DEC))
2. on the 2001 discharge to the European Foundation for the Improvement of Living and Working Conditions  
(C5-0567/2002 - 2002/2187(DEC))

Draftsman: Karin Jöns

### **PROCEDURE**

The Committee on Employment and Social Affairs appointed Karin Jöns draftsman at its meeting of 12 November 2002.

It considered the draft opinion at its meetings of 22 January and 20 February 2003.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Theodorus J.J. Bouwman, chairman; Marie-Hélène Gillig, Winfried Menrad and Marie-Thérèse Hermange, vice-chairmen; Karin Jöns, draftsman; Sylviane H. Ainardi, Regina Bastos, Hans Udo Bullmann (for Jan Andersson), Philip Bushill-Matthews, Chantal Cauquil (for Arlette Laguiller), Alejandro Cercas, Alexander de Roo (for Hélène Flautre pursuant to Rule 153(2)), Proinsias De Rossa, Harald Ettl, Jillian Evans, Carlo Fatuzzo, Ilda Figueiredo, Fiorella Ghilardotti (for Elisa Maria Damião), Anne-Karin Glase, Robert Goebbels (for Anna Karamanou), Roger Helmer, Stephen Hughes, Anne Elisabet Jensen (for Elspeth Attwooll), Jean Lambert, Thomas Mann, Mario Mantovani, Claude Moraes, Manuel Pérez Álvarez, Bartho Pronk, Lennart Sacrédeus, Herman Schmid, Miet Smet, Gabriele Stauner (for Luigi Cocilovo), Helle Thorning-Schmidt, Ieke van den Burg, Anne E.M. Van Lancker, Barbara Weiler and Sabine Zissener (for Rodi Kratsa-Tsagaropoulou).

## CONCLUSIONS

The Committee on Employment and Social Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following points in its motion for a resolution:

General:

1. Notes that the number of representatives on the administrative boards of the agencies, in particular those to which appointments are made on a tripartite basis, is already at the upper limit of what is to be recommended if the agencies are to fulfil their tasks effectively; considers that a further significant increase in the number of representatives following enlargement could have detrimental effects, and calls on the Commission to submit, if necessary, proposals for adapting agencies' statutes;
2. Notes that at present only the annual accounts of a minority of agencies are the subject of an individual discharge procedure; calls on the Commission to submit proposals to adapt the statutes for all agencies in order to lay down the principle of individual discharges for all agencies;

CEDEFOP:

3. Is pleased with progress in implementing the action plan for improving the efficiency of the Centre which was adopted following external evaluation; calls on the Centre to carry out in the coming years an analysis of the impact of the measures adopted;
4. Welcomes the framework agreement with the European Training Foundation (ETF); considers, however, that in the light of the conclusions of the Copenhagen summit a detailed analysis of the impact of the transfer of competence in respect of the accession countries from the ETF to CEDEFOP is needed; calls on the Commission, therefore, together with the agencies concerned, to carry out such an assessment and, if necessary, to submit proposals relating to the transfer of expertise and of human and financial resources;

Dublin:

5. Welcomes the decision by the agency to reorient its information and communication strategy; welcomes the setting up, as part of this new strategy, of a permanent office for liaising with the Community institutions in Brussels;
6. Is pleased with progress in implementing the action plan for improving the efficiency of the Foundation which was adopted following external evaluation; calls on the Foundation to carry out in the coming years an analysis of the impact of the measures adopted.

19 February 2003

**OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS, HUMAN RIGHTS,  
COMMON SECURITY AND DEFENCE POLICY**

for the Committee on Budgetary Control

on the discharge to the European Agency for Reconstruction for the financial year 2001  
(C5-0596/2002 – 2002/2188(DEC))

Draftsman: Doris Pack

**PROCEDURE**

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy appointed Doris Pack draftsman at its meeting of 9 September 2002.

It considered the draft opinion at its meeting of 19 February 2003.

At this meeting it adopted the following conclusions unanimously.

The following were present for the vote Baroness Nicholson of Winterbourne, acting chairperson; Doris Pack (draftsman), Ole Andreasen, John Walls Cushman, Alfred Gomolka, Georg Jarzembowski (for Michael Gahler), Hugues Martin, Philippe Morillon, Jacques F. Poos, Ilkka Suominen, Hannes Swoboda, Demetrio Volcic.

...

## CONCLUSIONS

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following points in its motion for a resolution:

### **Paragraph 7 (to be modified as follows)**

Regrets that the Agency failed to give a satisfactory answer to the question of the contract signed by private treaty with an EU expert, in order for him to provide technical assistance to the Presidency of the Federal Republic of Yugoslavia; asks *the Commission to explain the reasons for requesting the Agency to do this contract under these exceptional conditions and* to be fully informed of the Financial Controller's role in this case;

### **Paragraph 19 (to be modified as follows)**

Invites the Commission to make proposals aiming at fostering better functioning of the Agency, ensuring better value for money through a cost/benefit analysis and, in making such proposals, to consider *reinforced co-operation and co-ordination between the Agency, UNMIK and the Commission; invites the Agency to establish an overall plan for monitoring the projects financed and evaluating their consistency with the EU policy for the region;*

### **Paragraph 19a (new)**

*Calls on the Commission and the Agency to pursue with the reinforcement of EU assistance to "institutional building" projects;*

### **Paragraph 19b (new)**

*Insists on the need for the Commission to present to the European Parliament the Agency's annual report at the latest by 1 May of the following year, which shall take fully into account the European Parliament's recommendations set up in its resolution of 5 September 2002<sup>1</sup>;*

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<sup>1</sup> EP resolution on the annual report on the Agency for Reconstruction (OJ C ...)