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REPORT

on the discharge for the implementation of the budget of the European
Maritime Safety Agency for the financial year 2005
(C6-0397/2006 – 2006/2164(DEC))

Committee on Budgetary Control

Rapporteur: Edit Herczog

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the discharge for the implementation of the budget of the European Maritime Safety Agency for the financial year 2005
(C6-0397/2006 – 2006/2164(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Maritime Safety Agency for the financial year 2005¹,
- having regard to the Court of Auditors' report on the final annual accounts of the European Maritime Safety Agency for the financial year 2005, together with the Agency's replies²,
- having regard to the Council's recommendation of 27 February 2007 (5711/2007 - C6-0080/2007),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³, and in particular Article 185 thereof,
- having regard to Regulation (EC) No 1406/2002 of the European Parliament and of the Council of 27 June 2002 establishing a European Maritime Safety Agency⁴, and in particular Article 19 thereof,
- having regard to the 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 Transport and Tourism (A6-0114/2007),

¹ OJ C 266, 31.10.2006, p. 13.

² OJ C 312, 19.12.2006, p. 30.

³ OJ L 248, 16.9.2002, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

⁴ OJ L 208, 5.8.2002, p.1. Regulation as last amended by Regulation (EC) No 1891/2006 (OJ L 394, 30.12.2006, p. 1).

⁵ OJ L 357, 31.12.2002, p. 72.

1. Grants to the executive director of the European Maritime Safety Agency discharge for the implementation of the Agency's budget for the financial year 2005;
2. Sets out its observations in the resolution below;
3. Instructs its President to forward this decision and the resolution that forms an integral part of it to the executive director of the European Maritime Safety Agency, 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. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on closing the accounts of the European Maritime Safety Agency for the financial year 2005
(C6-0397/2006 – 2006/2164(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Maritime Safety Agency for the financial year 2005¹,
- having regard to the Court of Auditors' report on the final annual accounts of the European Maritime Safety Agency for the financial year 2005, together with the Agency's replies²,
- having regard to the Council's recommendation of 27 February 2007 (5711/2007 - C6-0080/2007),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³, and in particular Article 185 thereof,
- having regard to Regulation (EC) No 1406/2002 of the European Parliament and of the Council of 27 June 2002 establishing a European Maritime Safety Agency⁴, and in particular Article 19 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 Transport and Tourism (A6-0114/2007),

1. Notes that the final annual accounts of the European Maritime Safety Agency for the financial years 2004 and 2005 are as follows:

¹ OJ C 266, 31.10.2006, p. 13.

² OJ C 312, 19.12.2006, p. 30.

³ OJ L 248, 16.9.2002, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

⁴ OJ L 208, 5.8.2002, p.1. Regulation as last amended by Regulation (EC) No 1891/2006 (OJ L 394, 30.12.2006, p. 1).

⁵ OJ L 357, 31.12.2002, p. 72.

Revenue and expenditure account for the financial years 2004 and 2005 (in EUR 1000)

	2005	2004
Revenue		
Community subsidies	16 060	12 800
Other revenue		5
Total budget revenue (a)	16 060	12 805
Expenditure		
<i>Staff - Title I of the budget</i>		
Payments	6 063	3 594
Appropriations carried over	161	143
<i>Administration - Title II of the budget</i>		
Payments	1 598	635
Appropriations carried over	333	684
<i>Operating activities - Title III of the budget</i>		
Payments	7 515	437
Appropriations carried over		2 074
Total budget expenditure (b)	15 670	7 567
Balance (c = a-b)	390	5 238
Appropriations carried over and cancelled	126	251
Exchange-rate differences	-1	-1
Balance of the budget implementation for the financial year	515	5 488
Variation in automatic carry-overs of appropriations and invoices t	-1 021	2 089
Variation in investments for the financial year	469	242
Variation in debts (Commission)	-52	-5 489
Depreciation for the financial year	-151	-43
Variation in advances/Pre-financing to suppliers	5 296	56
Provisions	-106	
Other items	-515	
Outturn of the economic adjustments for the financial year (e)	4 435	2 343

NB - Variations in totals are due to the effects of rounding

Source. Agency data. This table summarises the data supplied by the Agency in its annual accounts.

2. Approves closing the accounts of the European Maritime Safety Agency for the financial year 2005;
3. Instructs its President to forward this decision to the executive director of the European Maritime Safety Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the Official Journal of the European Union (L series).

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the decision on the discharge for the implementation of the budget of the European Maritime Safety Agency for the financial year 2005

(C6-0397/2006 – 2006/2164(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Maritime Safety Agency for the financial year 2005¹,
- having regard to the Court of Auditors' report on the final annual accounts of the European Maritime Safety Agency for the financial year 2005, together with the Agency's replies²,
- having regard to the Council's recommendation of 27 February 2007 (5711/2007 - C6-0080/2007),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³, and in particular Article 185 thereof,
- having regard to Regulation (EC) No 1406/2002 of the European Parliament and of the Council of 27 June 2002 establishing a European Maritime Safety Agency⁴, and in particular Article 19 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 Transport and Tourism (A6-0114/2007),

A. whereas the Court of Auditors stated that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2005 were reliable and that the

¹ OJ C 266, 31.10.2006, p. 13.

² OJ C 312, 19.12.2006, p. 30.

³ OJ L 248, 16.9.2002, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

⁴ OJ L 208, 5.8.2002, p.1. Regulation as last amended by Regulation (EC) No 1891/2006 (OJ L 394, 30.12.2006, p. 1).

⁵ OJ L 357, 31.12.2002, p. 72.

underlying transactions, taken as a whole, were legal and regular,

- B. whereas on 27 April 2006 Parliament gave discharge to the director in respect of the implementation of the Agency's budget for 2004 financial year¹ and in the resolution accompanying the discharge decision Parliament, inter alia
- notes the Court of Auditor's finding of a number of failures in the internal control system;
 - regrets the little use made of appropriations for maritime anti-pollution measures; only EUR 200 000 of the EUR 700 000 available in both commitment and payment appropriations was used, representing a rate of 28 %;

General points concerning the majority of EU Agencies requiring individual discharge

1. Considers that the ever-growing number of Community Agencies and the activities of certain of them do not seem to form part of an overall policy framework, and that the remits of some Agencies do not always reflect the real needs of the Union or the expectations of its citizens, and notes that in general terms the Agencies do not always have a good image or a good press;
2. Invites the Commission therefore to define an overall policy framework for the setting up of new Community Agencies and to present a cost-benefit study before the setting up of any new agency, while being careful to avoid any overlap of activities between Agencies or with the remits of other European organisations;
3. Calls on the Court of Auditors to give its opinion on the cost-benefit study before Parliament takes its decision;
4. Invites 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;
5. Considers it regrettable, given the growing number of regulatory agencies, that the negotiations on the draft interinstitutional agreement on the operating framework for the European regulatory agencies have not yet been concluded, and calls on the relevant departments of the Commission, in consultation with the Court of Auditors, to do their utmost to ensure that the agreement is brought to a rapid conclusion;
6. Notes that the Commission's budgetary responsibility calls for closer linking of the Agencies to the Commission; calls on the Commission and the Council to take all necessary steps to give the Commission a blocking minority in the supervisory bodies of the regulatory Agencies by 31 December 2007 and to provide for such a minority from the outset when new Agencies are set up;

¹ OJ L 340, 6.12.2006, p. 123.

7. Invites the Court of Auditors to create an additional chapter in its Annual Report, devoted to all Agencies to be discharged under the Commission's accounts in order to have a much clearer picture of the use of EU funds by Agencies;
8. Recalls the principle according to which all Community Agencies, whether subsidised or not, are subject to discharge by the Parliament, even where a discharge authority exists by virtue of their constitutive texts;
9. Calls on the Court of Auditors to perform performance audits for all Agencies and to report back to the relevant committees of Parliament, including the Committee on Budgetary Control;
10. Notes that the number of Agencies is constantly increasing and that, in accordance with the Commission's political responsibility for the operation of the Agencies, which goes far beyond mere logistical support, there is an even higher need for the Directorates-General of the Commission charged with the setting up and monitoring of Agencies to develop a common approach to the Agencies; considers that a structure similar to the one created by the Agencies for coordination among the DGs concerned would be a pragmatic way forward towards a common approach by the Commission on all matters relating to the Agencies;
11. Invites the Commission to improve administrative and technical support to the Agencies, taking into account the growing complexity of the Community's administrative rules and technical problems;
12. Notes the lack of a disciplinary body in any of the Community Agencies, and calls on the Commission to take the necessary steps to ensure that such a mechanism is rapidly put in place;
13. Welcomes the considerable improvements in the coordination among the Agencies, which allows them to tackle recurring problems and makes cooperation with the Commission and Parliament more efficient;
14. Takes the view that the establishment by a number of Agencies of a shared support service aimed at making their computerised financial management systems consistent with those of the Commission is a measure that should be taken further and extended;
15. Calls upon the Agencies to improve their cooperation and benchmarking with actors in the field; urges the Commission to adopt any measures it considers necessary to help the Agencies enhance their image and raise the profile of their activities;
16. Calls upon the Commission to come up with a proposal to harmonise the format of the annual reporting by the Agencies to develop performance indicators which would allow a comparison of their efficiency;
17. Invites the Agencies to present at the beginning of every year performance indicators against which they could be measured;

18. Invites all Agencies to increasingly use SMART objectives which should lead to more realistic planning and implementation of goals;
19. Agrees with the Court of Auditors that the Commission also bears responsibility for the (financial) management of the Agencies; therefore, urges the Commission to monitor and where necessary direct and help the management of the different Agencies, especially in relation to the proper application of tender procedures, transparency of recruitment procedures, sound financial management (underspending and overbudgeting) and most importantly the proper application of the rules concerning the internal control framework;
20. Considers that the Agencies' work programmes should express their contributions in operational and measurable terms and that due consideration should be given to the Commission's Internal Control Standards;

Specific Points

21. Notes that the implementation of the budget for the financial year 2005 was affected by delays in staff recruitment and that this situation had repercussions on the utilisation of appropriations for administrative expenditure;
22. Notes that activity-based management was not brought in, even though the Agency's financial regulation made provision for its introduction on the model that was applied to the general budget with a view to better monitoring performance;
23. Is concerned that the Agency's computerised accounting system for the general accounts allows direct changes to be made to accounting records without corrective journal entries;
24. Insists that the register of liabilities to be entered in the balance sheet should be checked more carefully as liabilities are actually overestimated by at least EUR 92 000 (i.e. almost 10 % of current liabilities), corresponding to goods and services not yet received as at 31 December 2005;
25. Notes that the documentation of transactions, a prerequisite for a valid system of internal control, showed some weaknesses and that files which relate to commitments and payments were often incomplete or confused;
26. Is concerned that it is difficult to ascertain the total number of contracts concluded during the financial year and the number of contracts in progress; insists that the system of control must be tightened up, beginning with the adoption of minimum standards for administrative and control procedures, including the nature and organisation of data;
27. Notes that contract clauses which provide for pre-financing are not standardised with regard to the provision of bank guarantees; invites the Agency to solve this problem immediately;
28. Notes furthermore various shortcomings in public procurement management and insists that the Agency has to comply with the regulatory requirements;

29. Deplores the fact that delays in staff recruitment have had repercussions on the utilisation of appropriations for operating activities (Title III); welcomes the Agency's decision to establish a recruitment plan and insists that similar delays be avoided in the future in order for the Agency to be fully operational.

1.3.2007

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Budgetary Control

on the discharge for the implementation of the budget of the European Maritime Safety Agency for the financial year 2005
(C6-0397/2006 - 2006/2164(DEC))

Draftsman: Michael Cramer

SUGGESTIONS

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

1. Welcomes the fact that the Court of Auditors found the European Maritime Safety Agency's accounts for 2005 to be reliable and the underlying transactions, taken as a whole, to be legal and regular;
2. Notes that the Agency had EUR 38,4 million in commitment appropriations and EUR 36,1 million in payment appropriations from the Community budget in 2005;
3. Deplores the fact that delays in staff recruitment have led to repercussions on the utilisation of appropriations for operating activities (Title III); welcomes the Agency's decision to establish a recruitment plan and insists that similar delays be avoided in the future in order for the Agency to be fully operational;
4. Notes the Court of Auditor's remarks on weaknesses in the documentation of transactions; emphasises that complete documentation is an indispensable prerequisite for internal control and urges the Agency to quickly remedy the shortcomings in internal control identified by the Court of Auditors;
5. Proposes that the Committee on Budgetary Control grant discharge to the Executive Director of the European Maritime Safety Agency for the implementation of the Agency's budget for the financial year 2005.

PROCEDURE

Title	Discharge for the implementation of the budget of the European Maritime Safety Agency for the financial year 2005
Procedure number	2006/2164(DEC)
Committee responsible	CONT
Opinion by Date announced in plenary	TRAN 29.11.2006
Enhanced cooperation – date announced in plenary	
Draftsman Date appointed	Michael Cramer 21.11.2006
Previous drafts(wo)man	
Discussed in committee	22.1.2007 27.2.2007
Date adopted	27.2.2007
Result of final vote	+: 38 –: 0 0: 2
Members present for the final vote	Gabriele Albertini, Inés Ayala Sender, Etelka Barsi-Pataky, Paolo Costa, Michael Cramer, Arūnas Degutis, Christine De Veyrac, Petr Duchoň, Saïd El Khadraoui, Luis de Grandes Pascual, Mathieu Grosch, Stanisław Jałowiecki, Georg Jarzembowski, Dieter-Lebrecht Koch, Jaromír Kohlíček, Sepp Kusstatscher, Bogusław Liberadzki, Eva Lichtenberger, Erik Meijer, Josu Ortuondo Larrea, Willi Piecyk, Luís Queiró, Luca Romagnoli, Gilles Savary, Brian Simpson, Renate Sommer, Dirk Sterckx, Ulrich Stockmann, Silvia-Adriana Țicău, Georgios Toussas, Yannick Vaugrenard, Marta Vincenzi, Corien Wortmann-Kool, Roberts Zīle
Substitute(s) present for the final vote	Johannes Blokland, Zita Gurmai, Jeanine Hennis-Plasschaert, Anne E. Jensen, Aldo Patriciello,
Substitute(s) under Rule 178(2) present for the final vote	Thijs Berman
Comments (available in one language only)	

PROCEDURE

Title	Discharge for the implementation of the budget of the European Maritime Safety Agency for the financial year 2005		
References	C6-0397/2006 – 2006/2164(DEC)		
Legal basis	Article 276 EC		
Basis in Rules of Procedure	Rule 71 and Annex V		
OJ publication of the agency's final annual accounts	OJ C 266, 31.10.2006		
OJ publication of the Court of Auditors' annual report	OJ C 312, 19.12.2006		
Council recommendation Date forwarded	5711/2007 - C6-0080/2007 27.2.2007		
Committee responsible Date of referral	CONT 29.11.2006		
Committees asked for opinions Date of referral	TRAN 29.11.2006		
Rapporteur(s) Date appointed	Edit Herczog 20.4.2006		
Discussed in committee	28.2.2007	26.3.2007	
Date adopted	26.3.2007		
Result of vote:			
Proposal for decision on discharge	for: 20	against: 2	abstentions: 1
Proposal for a decision on the closure of the accounts	for: 18	against: 2	abstentions: 1
Motion for a resolution with comments	for: 19	against: 2	abstentions: 1
Members present for the final vote	Jean-Pierre Audy, Herbert Bösch, Paulo Casaca, Szabolcs Fazakas, Christofer Fjellner, Ingeborg Gräßle, Dan Jørgensen, Bogusław Liberadzki, Nils Lundgren, Marusya Ivanova Lyubcheva, Hans-Peter Martin, Edith Mastenbroek, Francesco Musotto, Ovidiu Ioan Silaghi, Bart Staes		
Substitutes present for the final vote	Salvador Garriga Polledo, Edit Herczog, Véronique Mathieu, Bill Newton Dunn, Petre Popeangă, Paul Rübig, Margarita Starkevičiūtė, Ralf Walter		
Substitutes under Rule 178(2) present for the final vote			
Date tabled	2.4.2007		
Comments (available in one language only)			