

# EUROPEAN PARLIAMENT

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*Committee on Budgetary Control*

**2007/0042(CNS)**

17.7.2007

## **OPINION**

of the Committee on Budgetary Control

for the Committee on Budgets

on the proposal for a Council Regulation on the Financial Regulation  
applicable to the Euratom Supply Agency  
(COM(2007)0108 – C6-0120/2007 – 2007/0042(CNS))

Draftsman: Kyösti Virrankoski

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## SHORT JUSTIFICATION

### 1. What is the Euratom Supply Agency?

The Euratom Supply Agency is the Community body responsible for ensuring an equitable supply of nuclear materials (ores, raw materials and special fissile materials). As such, it has the exclusive right to conclude contracts relating to the supply of these materials coming from inside the Community or from outside (Article 52 Euratom). It has been in operation since 1960 and acts under the supervision of the European Commissioner (Mr Piebalgs), who issues directives to it, possesses a right of veto over its decisions and appoints the Director-General.

The agency has a staff of 16 officials (plus 1 seconded national expert), based in Luxembourg and works in close cooperation with DG TREN (Energy and Transport).

The supply agency's expenditure in 2005 amounted to EUR 162,000 with a budget utilisation rate of 80%.

The Agency has legal personality and financial autonomy (Article 54 Euratom).

### 2. Legal environment

Unlike other decentralised agencies, the Euratom Supply Agency was created directly by a Treaty (Euratom) provision rather than by an act of secondary legislation. For this reason, according to the view taken by the Commission in drafting its proposal, the agency is not considered as a Community body covered by Article 185 Financial Regulation and falls outside the scope both of the Framework Financial Regulation for agencies (Regulation 2343/2002) and also of the general Financial Regulation (Regulation 1605/2002). It is also important to note that the agency's annual budget is very modest, being in the region of EUR 200,000. However, this amount does not cover the salaries of the Agency's officials, which are paid out of the Commission's own budget. The remarks corresponding to the agency's budget line (Article 060106) state that since expenditure on staff and buildings is included in the appropriations entered in other articles, the Commission subsidy, together with the Agency's own revenue, is intended to cover expenditure incurred by the Agency in its activities.

### 3. The need for a specific Financial Regulation for the Euratom Supply Agency

For several years now the Court of Auditors has requested the adoption of a Financial Regulation for the Agency which could help to achieve the objectives of sound financial management pursued by the Institutions. In view of all the circumstances and because the agency receives a grant charged to the EU budget, the Commission decided to base the proposal for a Financial Regulation for the Agency on the framework Financial Regulation No 2343/2002, since the legal environment is broadly similar. However, that model has also been adapted to take account of the special features of the Agency. The key points in the proposal for the Committee on Budgetary Control are:

- powers and responsibilities of the accounting officer, the internal auditor and authorising officers;

- annual activity report by the Director-General;
- access to the Commission's financial irregularities panel;
- discharge to be given in future by the European Parliament (rather than the Commission as at present).

#### 4. Impact of recent changes to the Financial Regulation and its implementing rules

The Commission's proposal was drawn up before the recent revision of both the general Financial Regulation and its implementing rules. The revised rules on public procurement (Articles 88-107 of the Financial Regulation) are however directly applicable by the Euratom Supply Agency by virtue of Article 69 of the proposed new text. Thus as regards procurement, consistency with the general Financial Regulation is guaranteed.

#### 5. Amendments

Your rapporteur proposes a general provision linking the specific Euratom Financial Regulation to that of the general Financial Regulation and implementing rules as recently revised.

In other respects your rapporteur has based his amendments on those contained in the committee's opinion to the Committee on Budgets on the Financial Regulation (PE 367.814 - rapporteurs: Mrs Grässle and Mr Pahor).

### AMENDMENTS

The Committee on Budgetary Control calls on the Committee on Budgets, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission	Amendments by Parliament
Amendment 1 Article 23, paragraph 1	
1. Budget appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.	1. Budget appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness, <b><i>and with the principle of proportionality.</i></b>

*(Corresponds to Amendment 44 in the Grässle/Pahor opinion on the general Financial Regulation)*

Amendment 2  
Article 24a (new)

**Article 24a**

***Any measure taken by the Agency to implement the budget pursuant to this Regulation shall comply with the principle of proportionality laid down in Article 5 of the EC Treaty.***

*(Corresponds to Amendment 28 in the Grässle/Pahor opinion on the general Financial Regulation)*

Amendment 3  
Article 40, paragraph 5a (new)

***5a. Before the adoption of the accounts by the Agency, the accounting officer shall sign them off, thereby certifying that he has a reasonable assurance that the accounts present a true and fair view of the financial situation of the Agency.***

***For that purpose, the accounting officer shall satisfy himself that the accounts have been prepared in accordance with the accounting rules, methods and accounting systems established under his responsibility as laid down in this Regulation for the accounts of the Agency, and that all revenue and expenditure is entered in the accounts.***

***The authorising officer by delegation shall forward all information that the accounting officer needs in order to fulfil his duties.***

***The authorising officer shall remain fully responsible for the proper use of the funds he manages as well as the legality and regularity of the expenditure under his***

*control.*

*The accounting officer shall be empowered to check the information received as well as to carry out any further checks he deems necessary in order to sign off the accounts.*

*The accounting officer shall make reservations, if necessary, explaining exactly the nature and scope of such reservations.*

*(Corresponds to Article 61 of the Financial Regulation of 13.12.06, based on Amendment 67 of the Grässle/Pahor opinion on the general Financial Regulation)*

#### Amendment 4

##### Article 70, paragraph 1, subparagraph 2

The Agency's accounts shall be accompanied by a report on budgetary and financial management during the year.

The Agency's accounts shall be accompanied by a report on budgetary and financial management during the year ***which gives an account, inter alia, of the rate of implementation of the appropriations and of transfers of appropriations among the various budget items.***

*(Corresponds to Amendment 117 in the Grässle/Pahor opinion on the general Financial Regulation)*

#### Amendment 5

##### Article 86, paragraph 2

2. The Court of Auditors shall be informed of the appointment of authorising officers and accounting officers and of delegation decisions under Articles 31 and 40.

2. The Court of Auditors shall be informed of the appointment of authorising officers and accounting officers and of delegation decisions under Articles 31 and 40.

***The Agency shall forward its internal financial rules to the Court of Auditors and the budgetary authority, for information.***

Amendment 6  
Article 90, paragraph 2

2. At the request of the European Parliament or the Council, the Director-General shall report on the measures taken in the light of these observations and comments. He/she shall send a copy thereof to the Commission and the Court of Auditors.

2. At the request of the European Parliament or the Council, the Director-General shall report on the measures taken in the light of these observations and comments. He/she shall send a copy thereof to the Commission and the Court of Auditors ***and to the European Parliament.***

Amendment 7  
Article 91a (new)

***Article 91a***

***Should circumstances arise which are not expressly dealt with by this Regulation, the provisions of Regulation (EC, Euratom) No 1605/2002 and its implementing rules shall apply by analogy.***

## PROCEDURE

<b>Title</b>	Financial Regulation applicable to the Euratom Supply Agency
<b>References</b>	COM(2007)0108 - C6-0120/2007 - 2007/0042(CNS)
<b>Committee responsible</b>	BUDG
<b>Opinion by</b> Date announced in plenary	CONT 10.5.2007
<b>Drafts(wo)man</b> Date appointed	Kyösti Virrankoski 27.3.2007
<b>Date adopted</b>	16.7.2007
<b>Result of final vote</b>	+ :           16 - :           0 0 :           0
<b>Members present for the final vote</b>	Jean-Pierre Audy, Herbert Bösch, Mogens N.J. Camre, Ingeborg Gräßle, Rodi Kratsa-Tsagaropoulou, Bogusław Liberadzki, Marusya Ivanova Lyubcheva, Francesco Musotto, José Javier Pomés Ruiz, Bart Staes, Kyösti Virrankoski
<b>Substitute(s) present for the final vote</b>	Valdis Dombrovskis, Salvador Garriga Polledo, Petre Popeangă, Pierre Pribetich, Petya Stavreva