

**Discharge 2005: European Training Foundation**

**1. European Parliament decision of 24 April 2007 on the discharge for the implementation of the budget of the European Training Foundation for the financial year 2005 (C6-0396/2006 – 2006/2163(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Training Foundation for the financial year 2005<sup>1</sup>,
  - having regard to the Court of Auditors' report on the final annual accounts of the European Training Foundation for the financial year 2005, together with the Foundation's replies<sup>2</sup>,
  - 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 Communities<sup>3</sup>, and in particular Article 185 thereof,
  - having regard to Council Regulation (EEC) No 1360/90 of 7 May 1990 establishing a European Training Foundation<sup>4</sup>, and in particular Article 11 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 1605/2002<sup>5</sup>, and in particular Article 94 thereof,
  - having regard to Rule 71 of and Annex V to its Rules of Procedure,
  - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0113/2007),
1. Grants the director of the European Training Foundation discharge for the implementation of the Foundation's budget for the financial year 2005;

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<sup>1</sup> OJ C 266, 31.10.2006, p. 40.

<sup>2</sup> OJ C 312, 19.12.2006, p. 73.

<sup>3</sup> 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).

<sup>4</sup> OJ L 131, 23.5.1990, p.1. Regulation as last amended by regulation (EC) No 1648/2003 (OJ L 245, 29.9.2003, p. 22).

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

2. Sets out its observations in the resolution below;
3. Instructs its President to forward this decision and the resolution that forms an integral part of it to the director of the European Training Foundation, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

## **2. European Parliament decision of 24 April 2007 on closing the accounts of the European Training Foundation for the financial year 2005 (C6-0396/2006 – 2006/2163(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Training Foundation for the financial year 2005<sup>1</sup>,
  - having regard to the Court of Auditors' report on the final annual accounts of the European Training Foundation for the financial year 2005, together with the Foundation's replies<sup>2</sup>,
  - 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 Communities<sup>3</sup>, and in particular Article 185 thereof,
  - having regard to Council Regulation (EEC) No 1360/90 of 7 May 1990 establishing a European Training Foundation<sup>4</sup>, and in particular Article 11 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 1605/2002<sup>5</sup>, and in particular Article 94 thereof,
  - having regard to Rule 71 of and Annex V to its Rules of Procedure,
  - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0113/2007),
1. Notes that the final annual accounts of the European Training Foundation for the financial years 2004 and 2005 are as follows:

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<sup>1</sup> OJ C 266, 31.10.2006, p. 40.

<sup>2</sup> OJ C 312, 19.12.2006, p. 73.

<sup>3</sup> 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).

<sup>4</sup> OJ L 131, 23.5.1990, p.1. Regulation as last amended by Regulation (EC) No 1648/2003 (OJ L 245, 29.9.2003, p. 22).

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

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

	2005	2004
<b>Revenue</b>		
Commission subsidies	18 500	17 600
Other donors - Italian Ministry Foreign Affairs	479	800
Other donors - CE - ETE MED convention	2 500	0
Other donors - CE - Tempus TA 2004/05 convention	1 739	0
Miscellaneous revenue	34	80
<b>Total revenue (a)</b>	<b>23 252</b>	<b>18 480</b>
<b>Expenditure</b>		
Staff - Title I of the budget		
- Payments	11 310	11 122
- Appropriations carried over	478	123
Administration - Title II of the budget		
- Payments	1 232	1 213
- Appropriations carried over	326	247
Operating activities - Title III of the budget		
- Payments	2 818	3 449
- Appropriations carried over	1 925	1 168
Earmarked revenue - Title IV		
- Payments	123	260
- Appropriations received - not paid in 2005	356	540
CE - ETE MED convention - Title V		
- Payments	135	0
- Appropriations received - not paid in 2005	2 365	0
CE - Tempus TA 2004/05 convention - Title VI		
- Payments	677	0
- Appropriations received - not paid in 2005	1 062	0
<b>Total expenditure (b)</b>	<b>22 808</b>	<b>18 122</b>
<b>Outturn for the financial year (a-b)</b>	<b>444</b>	<b>358</b>
Balance carried over from the previous financial year	-759	-1 318
Appropriations carried over and cancelled	388	204
Reimbursements to the Commission	0	0
Exchange-rate differences	1	-4
<b>Balance for the financial year</b>	<b>74</b>	<b>-759</b>

Source: Foundation data -This table summarises the data supplied by the Foundation in its annual accounts.

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

**3. European Parliament resolution of 24 April 2007 with observations forming an integral part of the decision on the discharge for the implementation of the budget of the European Training Foundation for the financial year 2005 (C6-0396/2006 – 2006/2163(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Training Foundation for the financial year 2005<sup>1</sup>,
  - having regard to the Court of Auditors' report on the final annual accounts of the European Training Foundation for the financial year 2005, together with the Foundation's replies<sup>2</sup>,
  - 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 Communities<sup>3</sup>, and in particular Article 185 thereof,
  - having regard to Council Regulation (EEC) No 1360/90 of 7 May 1990 establishing a European Training Foundation<sup>4</sup>, and in particular Article 11 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 1605/2002<sup>5</sup>, and in particular Article 94 thereof,
  - having regard to Rule 71 of and Annex V to its Rules of Procedure,
  - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A6-0113/2007),
- A. whereas the Court of Auditors stated the annual accounts for the financial year ended 31 December 2005 were reliable and that the underlying transactions, taken as a whole, were legal and regular,

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<sup>1</sup> OJ C 266, 31.10.2006, p. 40.

<sup>2</sup> OJ C 312, 19.12.2006, p. 73.

<sup>3</sup> 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).

<sup>4</sup> OJ L 131, 23.5.1990, p.1. Regulation as last amended by Regulation (EC) No 1648/2003 (OJ L 245, 29.9.2003, p. 22).

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

- B. whereas on 27 April 2006 Parliament gave discharge to the director in respect of the implementation of the Foundation's budget for the 2004 financial year<sup>1</sup> and in the resolution accompanying the discharge decision Parliament, *inter alia*,
- was disappointed to note that the Foundation had still not solved the problem concerning the correct presentation in its accounts of expenditure related to the Tempus programme; noted that this problem had persisted despite repeated criticism from the Court of Auditors in annual reports since 1999, and that the Court of Auditors had placed a reserve on the Foundation's accounts as a consequence; insisted that the accounts of the Foundation respect the principles of unity and budget accuracy;
  - insisted that the Agency comply with the regulations in force concerning the publication of a budget sub-divided into articles and items and including an establishment plan;

***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;

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<sup>1</sup> OJ L 340, 6.12.2006, p. 117.

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 and 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 commitment rate for the appropriations for the financial year is high (practically 100 % for the Foundation's own activities) and draws the Foundation's attention to the high rate (over 40 %) of carry-overs of commitments for operating activities (Title III); is particularly concerned as a similar situation prevails for the implementation of MEDA and Tempus activities; invites the Foundation to better ensure its programming;
22. Considers the Foundation to be a source of important information and of exchange of experience for the partner countries of the European Union and for all EU institutions;
23. Points out that training programmes and the improvement thereof form the basis for the development and expansion of democracy; consequently encourages the Foundation to step up its activities in partner countries where major obstacles stand in the way of the progress of democracy;
24. Criticises the fact that, as in previous years and in infringement of its financial regulation, the Foundation only published a summary of its budget in the Official Journal;
25. Invites the Foundation to present a new budget nomenclature which corresponds better to the Foundation's reality and which could avoid constant transfers; invites the Foundation to improve coordination between the financial unit and the operational units, which should lead to a decrease in transfers which are necessary;
26. Invites the Foundation to improve compliance with existing rules for final accounts;
27. Deplores the fact that the Foundation has still not finished introducing its system of internal control and the fact that at the end of 2005 there was no analysis of operational risks and *ex post* checks and that at the same time the accounting officer had not yet validated the accounts information and inventory systems;
28. Welcomes the fact that the Foundation has continued to step up its work on the development of human resources, thus enabling partner countries to make better use of its experience when tackling the reform of their training and further training systems;
29. Insists that the Foundation has to overcome shortcomings in the field of the



documentation of staff selection procedures.