

2007 discharge: Commission

1. European Parliament Decision of 23 April 2009 on the discharge for implementation of the European Union general budget for the financial year 2007, Section III – Commission (SEC(2008)2359 – C6-0415/2008 – 2008/2186(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2007¹,
- having regard to the final annual accounts of the European Communities for the financial year 2007 - Volume I (SEC(2008)2359 – C6-0415/2008)²,
- having regard to the Commission's annual reports to the European Parliament and to the Council on the follow-up to 2006 discharge decisions (COM(2008)0629, COM(2008)0628), and to the Commission staff working documents accompanying those reports (SEC(2008)2579, SEC(2008)2580),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2007' (COM(2008)0338),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2007 (COM(2008)0499), and to the Commission staff working document accompanying that report (SEC(2008)2361),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2006 annual report (COM(2008)0112),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006)0194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework)³,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005)0252),
- having regard to the Commission action plan towards an integrated internal control framework (COM(2006)0009), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007)0086), and the Commission staff working document accompanying that report (SEC(2007)0311),
- having regard to the first half-yearly report on the scoreboard for the application of the

¹ OJ L 77, 16.3.2007.

² OJ C 287, 10.11.2008, p. 1.

³ OJ C 107, 30.4.2004, p. 1.

Commission action plan towards an integrated internal control framework published on 19 July 2006 (SEC(2006)1009), pursuant to Parliament's request in its resolution accompanying the discharge decision in respect of the financial year 2004,

- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies¹,
- having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008)0097),
- having regard to the communication from Commissioners Hübner and Špidla to the Commission giving an interim progress report on the action plan to strengthen the Commission's supervisory role under shared management of structural actions (SEC(2008)2756), and to the Commission staff working document accompanying that communication (SEC(2008)2755),
- having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM(2008)0110), and to the Commission staff working document accompanying that report (SEC(2008)0259),
- having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2007, together with the institutions' replies², and to the Court of Auditors' special reports,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 248 of the EC Treaty³,
- having regard to the Commission communication of 16 December 2008 on a common understanding of the concept of tolerable risk of error (COM(2008)0866), and to the Commission staff working document accompanying that communication (SEC(2008)3054),
- having regard to the Council's recommendation of 10 February 2009 on the discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2007 (5587/2009 – C6-0055/2009),
- having regard to Articles 274, 275 and 276 of the EC Treaty and Articles 179a and 180b of the Euratom Treaty,
- having regard to Articles 246 et seq. of the EC Treaty, on the Court of Auditors,
- having regard to international audit standards and international accounting standards, in particular those applying to the public sector,
- having regard to the International Peer Review of the Court of Auditors,

¹ OJ C 216, 14.9.2007, p. 3.

² OJ C 286, 10.11.2008, p. 1.

³ OJ C 287, 10.11.2008, p. 111.

- having regard to Council Regulation (EEC, Euratom, ECSC) No 259/68 of 29 February 1968 laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities¹, in particular Title V, Chapter 3, dealing with old-age and invalidity pensions, and Annex XII, which lays down the implementing provisions for Article 83a of the Staff Regulations,
 - 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 Communities², and in particular Articles 145, 146 and 147 thereof,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0168/2009),
- A. whereas under Article 274 of the EC Treaty the Commission implements the budget on its own responsibility, having regard to the principles of sound financial management,
1. Grants the Commission discharge for implementation of the European Union general budget for the financial year 2007;
 2. Sets out its observations in the resolution that forms an integral part of the Decisions on the discharge for implementation of the European Union general budget for the financial year 2007, Section III – Commission and executive agencies;
 3. Instructs its President to forward this Decision, and the resolution that forms an integral part of it, to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank, and to the national parliaments and national and regional audit institutions of the Member States, and to arrange for their publication in the Official Journal of the European Union (L series).

¹ OJ L 56, 4.3.1968, p. 1.

² OJ L 248, 16.9.2002, p. 1.

2. European Parliament Decision of 23 April 2009 on the discharge for implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2007 (SEC(2008)2359 – C6-0415/2008 – 2008/2186(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2007¹,
- having regard to the final annual accounts of the European Communities for the financial year 2007 - Volume I (SEC(2008)2359 – C6-0415/2008)²,
- having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2007³,
- having regard to the Commission's annual reports to the European Parliament and to the Council on the follow-up to 2006 discharge decisions (COM(2008)0629, COM(2008)0628), and to the Commission staff working documents accompanying those reports (SEC(2008)2579, SEC(2008)2580),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2007' (COM(2008)0338),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2007 (COM(2008)0499), and to the Commission staff working document accompanying that report (SEC(2008)2361),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2006 annual report (COM(2008)0112),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006)0194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework)⁴,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005)0252),
- having regard to the Commission action plan towards an integrated internal control framework (COM(2006)0009), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007)0086), and the Commission staff working document accompanying that report (SEC(2007)0311),
- having regard to the first half-yearly report on the scoreboard for the application of the Commission action plan towards an integrated internal control framework published on 19

¹ OJ L 77, 16.3.2007.

² OJ C 287, 10.11.2008, p. 1.

³ OJ C 278, 31.10.2008, p. 32.

⁴ OJ C 107, 30.4.2004, p. 1.

July 2006 (SEC(2006)1009), pursuant to Parliament's request in its resolution accompanying the discharge decision in respect of the financial year 2004,

- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies¹,
- having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008)0097),
- having regard to the communication from Commissioners Hübner and Špidla to the Commission giving an interim progress report on the action plan to strengthen the Commission's supervisory role under shared management of structural actions (SEC(2008)2756), and to the Commission staff working document accompanying that communication (SEC(2008)2755),
- having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM(2008)0110), and to the Commission staff working document accompanying that report (SEC(2008)0259),
- having regard to the Court of Auditors' report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2007, together with the Agency's replies²,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 248 of the EC Treaty³,
- having regard to the Commission communication of 16 December 2008 on a common understanding of the concept of tolerable risk of error (COM(2008)0866), and to the Commission staff working document accompanying that communication (SEC(2008)3054),
- having regard to the Council's recommendation of 10 February 2009 on the discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2007 (5589/2009 – C6-0056/2009),
- having regard to Articles 274, 275 and 276 of the EC Treaty and Articles 179a and 180b of the Euratom Treaty,
- having regard to Articles 246 et seq. of the EC Treaty, on the Court of Auditors,
- having regard to international audit standards and international accounting standards, in particular those applying to the public sector,
- 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 Communities⁴, and in

¹ OJ C 216, 14.9.2007, p. 3.

² OJ C 311, 5.12.2008, p. 71.

³ OJ C 287, 10.11.2008, p. 111.

⁴ OJ L 248, 16.9.2002, p. 1.

particular Articles 145, 146 and 147 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 66(1) and (2) thereof,
 - having regard to Commission Decision 2005/56/EC of 14 January 2005 on the creation of the Education, Audiovisual and Culture Executive Agency for the management of Community action in the fields of education, audiovisual and culture in application of Council Regulation (EC) No 58/2003³,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0168/2009),
- A. whereas under Article 274 of the EC Treaty the Commission implements the budget on its own responsibility, having regard to the principles of sound financial management,
1. Grants the Director of the Education, Audiovisual and Culture Executive Agency discharge for implementation of the Agency's budget for the financial year 2007;
 2. Sets out its observations in the resolution that forms an integral part of the Decisions on the discharge for implementation of the European Union general budget for the financial year 2007, Section III – Commission and executive agencies;
 3. Instructs its President to forward this Decision, together with the Decision on the discharge for implementation of the European Union general budget for the financial year 2007, Section III – Commission and the resolution that forms an integral part of those decisions, to the Director of the Education, Audiovisual and Culture Executive Agency, the Council, the Commission, the Court of Justice and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 24, 27.1.2005, p. 35.

3. European Parliament Decision of 23 April 2009 on the discharge for implementation of the budget of the Executive Agency for Competitiveness and Innovation for the financial year 2007 (SEC(2008)2359 – C6-0415/2008 – 2008/2186(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2007¹,
- having regard to the final annual accounts of the European Communities for the financial year 2007 - Volume I (SEC(2008)2359 – C6-0415/2008)²,
- having regard to the final annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2007³,
- having regard to the Commission's annual reports to the European Parliament and to the Council on the follow-up to 2006 discharge decisions (COM(2008)0629, COM(2008)0628), and to the Commission staff working documents accompanying those reports (SEC(2008)2579, SEC(2008)2580),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2007' (COM(2008)0338),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2007 (COM(2008)0499), and to the Commission staff working document accompanying that report (SEC(2008)2361),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2006 annual report (COM(2008)0112),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006)0194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework)⁴,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005)0252),
- having regard to the Commission action plan towards an integrated internal control framework (COM(2006)0009), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007)0086), and the Commission staff working document accompanying that report (SEC(2007)0311),
- having regard to the first half-yearly report on the scoreboard for the application of the

¹ OJ L 77, 16.3.2007.

² OJ C 287, 10.11.2008, p. 1.

³ OJ C 278, 31.10.2008, p. 29.

⁴ OJ C 107, 30.4.2004, p. 1.

Commission action plan towards an integrated internal control framework published on 19 July 2006 (SEC(2006)1009), pursuant to Parliament's request in its resolution accompanying the discharge decision in respect of the financial year 2004,

- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies¹,
- having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008)0097),
- having regard to the communication from Commissioners Hübner and Špidla to the Commission giving an interim progress report on the action plan to strengthen the Commission's supervisory role under shared management of structural actions (SEC(2008)2756), and to the Commission staff working document accompanying that communication (SEC(2008)2755),
- having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM(2008)0110), and to the Commission staff working document accompanying that report (SEC(2008)0259),
- having regard to the Court of Auditors' report on the annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2007, together with the Agency's replies²,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 248 of the EC Treaty³,
- having regard to the Commission communication of 16 December 2008 on a common understanding of the concept of tolerable risk of error (COM(2008)0866), and to the Commission staff working document accompanying that communication (SEC(2008)3054),
- having regard to the Council's recommendation of 10 February 2009 on the discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2007 (5589/2009 – C6-0056/2009),
- having regard to Articles 274, 275 and 276 of the EC Treaty and Articles 179a and 180b of the Euratom Treaty,
- having regard to Articles 246 et seq. of the EC Treaty, on the Court of Auditors,
- having regard to international audit standards and international accounting standards, in particular those applying to the public sector,
- 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 Communities⁴, and in

¹ OJ C 216, 14.9.2007, p. 3.

² OJ C 311, 5.12.2008, p. 79.

³ OJ C 287, 10.11.2008, p. 111.

⁴ OJ L 248, 16.9.2002, p. 1.

particular Articles 145, 146 and 147 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 66(1) and (2) thereof,
 - having regard to Commission Decision 2004/20/EC of 23 December 2003 setting up an executive agency, the 'Intelligent Energy Executive Agency', to manage Community action in the field of energy in application of Council Regulation (EC) No 58/2003³,
 - having regard to Commission Decision 2007/372/EC of 31 May 2007 amending Decision 2004/20/EC in order to transform the Intelligent Energy Executive Agency into the Executive Agency for Competitiveness and Innovation⁴,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0168/2009),
- A. whereas under Article 274 of the EC Treaty the Commission implements the budget on its own responsibility, having regard to the principles of sound financial management,
1. Grants the Director of the Executive Agency for Competitiveness and Innovation discharge for implementation of the Agency's budget for the financial year 2007;
 2. Sets out its observations in the resolution that forms an integral part of the Decisions on the discharge for implementation of the European Union general budget for the financial year 2007, Section III – Commission and executive agencies;
 3. Instructs its President to forward this Decision, together with the Decision on the discharge for implementation of the European Union general budget for the financial year 2007, Section III – Commission and the resolution that forms an integral part of those decisions, to the Director of the Executive Agency for Competitiveness and Innovation, the Council, the Commission, the Court of Justice and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 5, 9.1.2004, p. 85.

⁴ OJ L 140, 1.6.2007, p. 52.

4. European Parliament Decision of 23 April 2009 on the discharge for implementation of the budget of the Executive Agency for the Public Health Programme for the financial year 2007 (SEC(2008)2359 – C6-0415/2008 – 2008/2186(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2007¹,
- having regard to the final annual accounts of the European Communities for the financial year 2007 - Volume I (SEC(2008)2359 – C6-0415/2008)²,
- having regard to the final annual accounts of the Executive Agency for the Public Health Programme for the financial year 2007³,
- having regard to the Commission's annual reports to the European Parliament and to the Council on the follow-up to 2006 discharge decisions (COM(2008)0629, COM(2008)0628), and to the Commission staff working documents accompanying those reports (SEC(2008)2579, SEC(2008)2580),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2007' (COM(2008)0338),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2007 (COM(2008)0499), and to the Commission staff working document accompanying that report (SEC(2008)2361),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2006 annual report (COM(2008)0112),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006)0194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework)⁴,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005)0252),
- having regard to the Commission action plan towards an integrated internal control framework (COM(2006)0009), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007)0086), and the Commission staff working document accompanying that report (SEC(2007)0311),
- having regard to the first half-yearly report on the scoreboard for the application of the

¹ OJ L 77, 16.3.2007.

² OJ C 287, 10.11.2008, p. 1.

³ OJ C 278, 31.10.2008, p. 81.

⁴ OJ C 107, 30.4.2004, p. 1.

Commission action plan towards an integrated internal control framework published on 19 July 2006 (SEC(2006)1009), pursuant to Parliament's request in its resolution accompanying the discharge decision in respect of the financial year 2004,

- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies¹,
- having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008)0097),
- having regard to the communication from Commissioners Hübner and Špidla to the Commission giving an interim progress report on the action plan to strengthen the Commission's supervisory role under shared management of structural actions (SEC(2008)2756), and to the Commission staff working document accompanying that communication (SEC(2008)2755),
- having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM(2008)0110), and to the Commission staff working document accompanying that report (SEC(2008)0259),
- having regard to the Court of Auditors' report on the annual accounts of the Executive Agency for the Public Health Programme for the financial year 2007, together with the Agency's replies²,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 248 of the EC Treaty³,
- having regard to the Commission communication of 16 December 2008 on a common understanding of the concept of tolerable risk of error (COM(2008)0866), and to the Commission staff working document accompanying that communication (SEC(2008)3054),
- having regard to the Council's recommendation of 10 February 2009 on the discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2007 (5589/2009 – C6-0056/2009),
- having regard to Articles 274, 275 and 276 of the EC Treaty and Articles 179a and 180b of the Euratom Treaty,
- having regard to Articles 246 et seq. of the EC Treaty, on the Court of Auditors,
- having regard to international audit standards and international accounting standards, in particular those applying to the public sector,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the

¹ OJ C 216, 14.9.2007, p. 3.

² OJ C 311, 5.12.2008, p. 86.

³ OJ C 287, 10.11.2008, p. 111.

Financial Regulation applicable to the general budget of the European Communities¹, and in particular Articles 145, 146 and 147 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular Article 66, first and second paragraphs, thereof,
 - having regard to Commission Decision 2004/858/EC of 15 December 2004 setting up an executive agency, the 'Executive Agency for the Public Health Programme', for the management of Community action in the field of public health — pursuant to Council Regulation (EC) No 58/2003⁴,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0168/2009),
- A. whereas under Article 274 of the EC Treaty the Commission implements the budget on its own responsibility, having regard to the principles of sound financial management,
1. Grants the Director of the Executive Agency for the Public Health Programme discharge for implementation of the Agency's budget for the financial year 2007;
 2. Sets out its observations in the resolution that forms an integral part of the Decisions on the discharge for implementation of the European Union general budget for the financial year 2007, Section III – Commission and executive agencies;
 3. Instructs its President to forward this Decision, together with the Decision on the discharge for implementation of the European Union general budget for the financial year 2007, Section III – Commission and the resolution that forms an integral part of those decisions, to the Director of the Executive Agency for Health and Consumers (formerly Executive Agency for the Public Health Programme), the Council, the Commission, the Court of Justice and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

¹ OJ L 248, 16.9.2002, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 369, 16.12.2004, p. 73.

5. European Parliament Decision of 23 April 2009 on closing the accounts for implementation of the European Union general budget for the financial year 2007, Section III – Commission (SEC(2008)2359 – C6-0415/2008 – 2008/2186(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2007¹,
- having regard to the final annual accounts of the European Communities for the financial year 2007 - Volume I (SEC(2008)2359 – C6-0415/2008)²,
- having regard to the Commission's annual reports to the European Parliament and to the Council on the follow-up to 2006 discharge decisions (COM(2008)0629, COM(2008)0628), and to the Commission staff working documents accompanying those reports (SEC(2008)2579, SEC(2008)2580),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2007' (COM(2008)0338),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2007 (COM(2008)0499), and to the Commission staff working document accompanying that report (SEC(2008)2361),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2006 annual report (COM(2008)0112),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006)0194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework)³,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005)0252),
- having regard to the Commission action plan towards an integrated internal control framework (COM(2006)0009), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007)0086), and the Commission staff working document accompanying that report (SEC(2007)0311),
- having regard to the first half-yearly report on the scoreboard for the application of the Commission action plan towards an integrated internal control framework published on 19 July 2006 (SEC(2006)1009), pursuant to Parliament's request in its resolution accompanying the discharge decision in respect of the financial year 2004,

¹ OJ L 77, 16.3.2007.

² OJ C 287, 10.11.2008, p. 1.

³ OJ C 107, 30.4.2004, p. 1.

- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies¹,
- having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008)0097),
- having regard to the communication from Commissioners Hübner and Špidla to the Commission giving an interim progress report on the action plan to strengthen the Commission's supervisory role under shared management of structural actions (SEC(2008)2756), and to the Commission staff working document accompanying that communication (SEC(2008)2755),
- having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM(2008)0110), and to the Commission staff working document accompanying that report (SEC(2008)0259),
- having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2007, together with the institutions' replies², and to the Court of Auditors' special reports,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 248 of the EC Treaty³,
- having regard to the Commission communication of 16 December 2008 on a common understanding of the concept of tolerable risk of error (COM(2008)0866), and to the Commission staff working document accompanying that communication (SEC(2008)3054),
- having regard to the Council's recommendation of 10 February 2009 on the discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2007 (5587/2009 – C6-0055/2009),
- having regard to Articles 274, 275 and 276 of the EC Treaty and Articles 179a and 180b of the Euratom Treaty,
- having regard to Articles 246 et seq. of the EC Treaty, on the Court of Auditors,
- having regard to international audit standards and international accounting standards, in particular those applying to the public sector,
- having regard to the International Peer Review of the Court of Auditors,
- having regard to Council Regulation (EEC, Euratom, ECSC) No 259/68 of 29 February 1968 laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities⁴, in particular Title V, Chapter 3, dealing with

¹ OJ C 216, 14.9.2007, p. 3.

² OJ C 286, 10.11.2008, p. 1.

³ OJ C 287, 10.11.2008, p. 111.

⁴ OJ L 56, 4.3.1968, p. 1.

old-age and invalidity pensions, and Annex XII, which lays down the implementing provisions for Article 83a of the Staff Regulations,

- 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 Communities¹, and in particular Articles 145, 146 and 147 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(2) and (3) thereof,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0168/2009),
- A. whereas under Article 275 of the EC Treaty the Commission is responsible for drawing up the accounts,
1. Approves closing the accounts for implementation of the European Union general budget for the financial year 2007;
 2. Sets out its observations in the resolution that forms an integral part of the Decisions on the discharge for implementation of the European Union general budget for the financial year 2007, Section III – Commission and executive agencies;
 3. Instructs its President to forward this Decision to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank, and to the national parliaments and national and regional audit institutions of the Member States, and to arrange for its publication in the Official Journal of the European Union (L series).

¹ OJ L 248, 16.9.2002, p. 1.

² OJ L 11, 16.1.2003, p. 1.

6. European Parliament resolution of 23 April 2009 with observations forming an integral part of the Decisions on the discharge for implementation of the European Union general budget for the financial year 2007, Section III – Commission and executive agencies (SEC(2008)2359 – C6-0415/2008 – 2008/2186(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2007¹,
- having regard to the final annual accounts of the European Communities for the financial year 2007 - Volume I (SEC(2008)2359 – C6-0415/2008)²,
- having regard to the Commission's annual reports to the European Parliament and to the Council on the follow-up to 2006 discharge decisions (COM(2008)0629, COM(2008)0628), and to the Commission staff working documents accompanying those reports (SEC(2008)2579, SEC(2008)2580),
- having regard to the Commission communication entitled 'Synthesis of the Commission's management achievements in 2007' (COM(2008)0338),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2007 (COM(2008)0499), and to the Commission staff working document accompanying that report (SEC(2008)2361),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2006 annual report (COM(2008)0112),
- having regard to the Green Paper on the European Transparency Initiative, adopted by the Commission on 3 May 2006 (COM(2006)0194),
- having regard to Opinion No 2/2004 of the Court of Auditors on the 'single audit' model (and a proposal for a Community internal control framework)³,
- having regard to the Commission communication on a roadmap to an integrated internal control framework (COM(2005)0252),
- having regard to the Commission action plan towards an integrated internal control framework (COM(2006)0009), the report from the Commission to the Council, the European Parliament and the Court of Auditors on the progress of the Commission action plan towards an integrated internal control framework (COM(2007)0086), and the Commission staff working document accompanying that report (SEC(2007)0311),
- having regard to the first half-yearly report on the scoreboard for the application of the Commission action plan towards an integrated internal control framework published on 19 July 2006 (SEC(2006)1009), pursuant to Parliament's request in its resolution accompanying the discharge decision in respect of the financial year 2004,

¹ OJ L 77, 16.3.2007.

² OJ C 287, 10.11.2008, p. 1.

³ OJ C 107, 30.4.2004, p. 1.

- having regard to Opinion No 6/2007 of the Court of Auditors on the annual summaries of Member States; 'national declarations' of Member States; and audit work on EU funds of national audit bodies¹,
- having regard to the Commission's action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008)0097),
- having regard to the communication from Commissioners Hübner and Špidla to the Commission giving an interim progress report on the action plan to strengthen the Commission's supervisory role under shared management of structural actions (SEC(2008)2756), and to the Commission staff working document accompanying that communication (SEC(2008)2755),
- having regard to the report from the Commission to the Council, the European Parliament and the Court of Auditors on the Commission action plan towards an integrated internal control framework (COM(2008)0110), and to the Commission staff working document accompanying that report (SEC(2008)0259),
- having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2007, together with the institutions' replies², and to the Court of Auditors' special reports,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 248 of the EC Treaty³,
- having regard to the Commission communication of 16 December 2008 on a common understanding of the concept of tolerable risk of error (COM(2008)0866), and to the Commission staff working document accompanying that communication (SEC(2008)3054),
- having regard to the Council's recommendation of 10 February 2009 on the discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2007 (5587/2009 – C6-0055/2009),
- having regard to the Council's recommendation of 10 February 2009 on the discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2007 (5589/2009 – C6-0056/2009),
- having regard to Articles 274, 275 and 276 of the EC Treaty and Articles 179a and 180b of the Euratom Treaty,
- having regard to Articles 246 et seq. of the EC Treaty, on the Court of Auditors,
- having regard to international audit standards and international accounting standards, in particular those applying to the public sector,
- having regard to the International Peer Review of the Court of Auditors,

¹ OJ C 216, 14.9.2007, p. 3.

² OJ C 286, 10.11.2008, p. 1.

³ OJ C 287, 10.11.2008, p. 111.

- having regard to Council Regulation (EEC, Euratom, ECSC) No 259/68 of 29 February 1968 laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities¹, in particular Title V, Chapter 3, dealing with old-age and invalidity pensions, and Annex XII, which lays down the implementing provisions for Article 83a of the Staff Regulations,
 - 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 Communities², and in particular Articles 145, 146 and 147 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular Article 14(2) and (3) thereof,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0168/2009),
- A. whereas Article 274 of the EC Treaty establishes that responsibility for implementation of the Community budget lies with the Commission and must be exercised with regard to the principles of sound financial management, in cooperation with the Member States,
- B. whereas the Commission has a duty to do its utmost to provide full support for measures to improve financial management with a view to obtaining a positive statement of assurance (DAS) from the Court of Auditors (ECA),
- C. whereas Article 184 of Regulation (EC, Euratom) No 1605/2002 provides for a revision of the Financial Regulation whenever it proves necessary, and at least every three years, and whereas the current three-year period will end on 1 January 2010; whereas the same article stipulates that Parliament may request the conciliation procedure,
- D. whereas the political power of the European Communities over the non-executive agencies, which is a condition for the inclusion of the accounts of such agencies in the consolidated accounts of the European Communities, seems to be widening from year to year, and whereas their place in the political organigramme of Community operational bodies is gradually being obscured,
- E. whereas the implementation of some EU policies is characterised by the 'shared management' of the Community budget by the Commission and the Member States, under which some 80% of Community expenditure is administered by the Member States,
- F. whereas in its resolution of 24 April 2007⁴ on discharge in respect of the financial year 2005, it considered that each Member State must be able to take responsibility for the management of EU funds received, either through a single national management declaration or in the form of several declarations within a national framework,

¹ OJ L 56, 4.3.1968, p. 1.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 11, 16.1.2003, p. 1.

⁴ OJ L 187, 15.7.2008, p. 25.

- G. whereas in its annual report on the financial year 2007 the ECA stressed, in connection with its assessment of progress in establishing an integrated internal control framework, that 'the nature of EU spending means that the main risk of error resides at the level of the final beneficiary' (paragraph 1.47),
- H. whereas the submission by the Member States of annual summaries of audits and declarations available in the shared management field, pursuant to paragraph 44 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management¹ (IIA) should be a first step towards national management declarations and should make a major contribution to improving management of the Community budget, with the common fundamental goal of obtaining a positive DAS for all EU expenditure,
- I. whereas the concept of tolerable risk of error was first introduced at EU level by the ECA in its Opinion No 2/2004 on the 'single audit'², and whereas the ECA has stated that 'any control system is a trade-off between the cost of operating the defined intensity of checks on the one hand, and the benefit these procedures bring on the other. In the Community context the benefit involves reducing the risk that funds are wasted and containing the risk of error to a tolerable level',
- J. whereas in its annual report for 2007 the ECA takes the view that 'costs of control are an important issue, both for the EU budget and Member [States]' and that 'the balance between cost and residual risk for individual spending areas is of such importance that it should be approved by the political level (i.e. by the budget/discharge authorities) in the name of the citizens of the Union' (paragraph 1.52(b) and (c)), and whereas in paragraph 2.42(c) of the report, the ECA recommends that progress be made in taking forward the concept of tolerable risk,
- K. whereas in paragraph 5 of its conclusions of 8 November 2005 the ECOFIN Council took the view that it was of fundamental importance to introduce an integrated internal control system and simplify the legislation on controls and requested 'that the Commission assess the cost of controls by area of expenditure',
- L. whereas in June 2008 the Slovenian Presidency of the Council took the view that 'in line with the 2005 Council conclusions (...) a common understanding between the European Parliament and the Council should be reached regarding the residual risk to be tolerated in the underlying transactions, having regard to the costs and benefits of controls for the different policy areas and the value of the expenditure concerned'³,
- M. whereas, however, while dialogue between the external auditor (the ECA) and the audited party (the Commission) is necessary, it cannot be disputed that, in accordance with international audit standards, which must continue to provide the general framework for budgetary control, it is for the external auditor to assess the risks on the basis of which he forms a judgment as to the choice of audit procedure,
- N. whereas, furthermore, the cost of an audit depends not just on the tolerable level of error but

¹ OJ C 139, 14.6.2006, p. 1.

² Opinion No 2/2004 of the Court of Auditors of the European Communities on the "single audit" model (and a proposal for a Community internal control framework) (OJ C 107, 30.4.2004, p. 1).

³ Council of the European Union, note from the Presidency to the delegations - 'An improved sound financial management of EU funds 10284/08 FIN 217', 3.6.2008 (available in English only).

also on the complexity of the organisational set-up of the entity being audited and the quality of its internal control system,

- O. whereas, in accordance with international audit standards, the external auditor chooses appropriate methods for the selection of the items to be checked with a view to obtaining the evidence required in order to achieve the goals of his audit tests; whereas, furthermore, while the choice of methods depends on the circumstances, the main criteria are the audit risk and the objective of carrying out effective checks; whereas, lastly, the external auditor must ensure that the methods used produce sufficient appropriate evidence for the objectives of the audit to be achieved,
- P. whereas, in the new generation of programmes, the Directorate-General for Education and Culture has harmonised the action programmes, in particular by introducing the single audit approach; whereas, in that context, the ex ante and ex post declarations made by the Member States constitute new, additional factors in the supervision and control of systems,
- Q. whereas the annual discharge procedure enables Parliament to remain in direct contact with the key stakeholders in charge of such management, and, on the basis of the findings of the ECA audit, to improve management of EU expenditure for the public benefit and thereby create a more reliable decision-making basis,
- R. whereas Article 83 of Regulation (EEC, Euratom, ECSC) No 259/68 stipulates that pensions are charged to the budget and that the Member States must jointly guarantee payment of such benefits in accordance with the scale laid down for financing such expenditure; whereas staff pay back to the general budget 10.25% of their salaries as their contribution to the funding of the pension scheme,
- S. whereas Article 83 of Regulation (EEC, Euratom, ECSC) No 259/68 lays down that the Member States must jointly guarantee the pension fund, which signifies that this guarantee may take effect should one or more Member States default, but does not imply that the Communities do not have a claim against the Member States which entered into that commitment,
- T. whereas 2007 was the first year of the implementation of the Development Cooperation Instrument,
- U. whereas 2007 was the European Year of Equal Opportunities for All, which gave special attention to the multiple forms of discriminations that women often face,
- V. whereas because of persistent inequalities between women and men the utilisation of budgetary resources has different effects on the two genders,
- W. whereas during the next budgetary procedure the Council should take due account of the 2007 discharge results and recommendations and support proposals for reform seeking to give the Member States greater responsibility, with a view to resolving once and for all problems which the ECA has been flagging up for years,
- X. whereas the Commission, the Council and Parliament should, in cooperation with the ECA, set themselves the common goal of obtaining a positive DAS,

MAIN CONCLUSIONS

1. Welcomes the further progress made by the Commission and some of the Member States towards a more efficient use of EU funds and the overall control environment, which is reflected by the improvements in the DAS of the ECA;
2. Welcomes the considerable progress made in the management of the 7th Framework Programme by the Commission's research family in comparison with former Framework Programmes; reiterates that Common Agricultural Policy (CAP) funds management has further improved, in particular thanks to the functioning of the Integrated Administrative Control System (IACS); deeply regrets that in 2007 Greece was still not meeting its obligations to implement IACS;
3. Notes that 2007 was the first year of closure of the 2000-2006 multiannual programmes and that many funds were recovered;
4. Notes considerable improvements in the field of Research and Technological Development (RTD) financial management where error rates were reduced by more than 50% in the space of three years; invites the Commission to continue its simplification efforts in order to improve the use of programmes by final beneficiaries;
5. Welcomes the efforts made by the Commission in the field of funds allocated to Cohesion Policy in its implementation of the action plan to strengthen the Commission's supervisory role under shared management of structural actions which was adopted in the context of the 2006 discharge; hopes that the first results of the abovementioned action plan and the simplification efforts will be seen in the 2008 ECA Annual Report;
6. Remains concerned about the lack of EU capacity in crisis management; considers that the Union is losing its political compass, visibility and accountability when using international trust funds which could have been managed by the Commission if it had respected discharge reports 2005 and 2006 and built up its own post-crisis instrument; is greatly concerned at the lack of control of EU funds implemented by certain UN agencies and the unwillingness of UN agencies to follow up on fraud cases where EU funds are involved;

HORIZONTAL ISSUES

Statement of Assurance

7. Notes the improvements in the individual parts which comprise the DAS; regrets, however, that, for the fourteenth year in succession, the DAS issued by the ECA in its annual report for 2007 includes a qualified opinion on the legality and regularity of the transactions underlying the accounts; notes that the ECA takes the view that, in a large number of expenditure areas (agriculture and natural resources, cohesion, research, energy and transport, external aid, development and enlargement, education and citizenship), payments are still materially affected by errors, albeit to differing degrees;
8. Welcomes the fact that, according to the ECA's report, revenue, administrative expenditure, expenditure relating to economic and financial affairs and expenditure relating to the European Agricultural Guarantee Fund (EAGF) are free from material error;
9. Notes that the situation – in particular as regards control systems – is improving, but not to

a sufficient extent nor sufficiently quickly;

Reliability of the accounts

10. Welcomes the ECA's statement to the effect that the annual accounts of the European Communities present fairly, in all material respects, the financial position of the Communities as of 31 December 2007, and the results of their operations and cash flows for the year then ended (Chapter 1, DAS, paragraph VII); calls on the Commission nevertheless to pay due attention to the comments presented by the ECA in order to improve the comprehensiveness and accuracy of the basic accounting data;
11. Considers it abnormal for the annual accounts to show net assets of EUR -58 600 000 000 and wonders whether the amounts to be requested from Member States should not be entered as assets, given that the estimated EUR 33 500 000 000 in staff pensions is clearly a commitment; asks for further specification concerning the annexed notes on the other amounts to be called from Member States, totalling EUR 27 900 000 000; notes the explanations provided by the Commission's Accounting Officer to the effect that international accounting standards applicable to the public sector have been complied with; proposes that consideration be given to establishing a Community pension fund in order to externalise these financial commitments vis-à-vis staff;
12. Fails to understand why the assets received by the European Communities in connection with the Galileo programme were not entered in the annual accounts, given that, according to the ECA's report, the agreements were signed in late 2007 between the European Space Agency, the Galileo Joint Undertaking and the GNSS (Global Navigation Satellite Systems) Supervisory Authority, which was set up in 2004 and given responsibility for taking over the activities of the former Galileo Joint Undertaking on 1 January 2007; accordingly, calls on the Commission to put forward a proposal concerning the major European projects (Galileo or TENs) which require funding which goes beyond the scope of the multiannual financial framework and which it cannot therefore control;
13. Calls for consideration to be given to the possibility of including in the annual accounts provisions for major maintenance and refurbishment work on the European Communities' buildings stock, given the lack of a buildings depreciation schedule broken down by specific component and setting out the main tangible fixed assets to be replaced at regular intervals; takes the view that such provisions for major maintenance or refurbishment works should be backed by multiannual upkeep programmes designed to keep buildings in a good state of repair without prolonging their life;
14. Calls for proper verification that, in the absence of a capital tie-up, the European Communities' level of political authority in the agencies included in the consolidated accounts complies with international public-sector accounting standards;
15. Expresses concerns and doubts about the possibility of appointing 'non category' senior officials, unless specifically mentioned in the staff establishment plans, in the last step of the AD16 grade under any circumstances, and asks the Commission to clarify the possibilities under the Staff Regulations in the light of this specific budgetary position;

Legality of the underlying transactions

16. Notes with satisfaction that the areas in which the Commission has applied appropriate supervisory and control systems (revenue, commitments and payments concerning administrative and other expenditure, and economic and financial affairs) are free from material errors as to the legality and regularity of the underlying transactions (Chapter 1, DAS, paragraph IX);
17. Deplores the fact, nonetheless, that in extremely important Community spending areas (agricultural spending excluding the EAGF, cohesion, research, energy and transport, external actions, education and culture), the ECA notes, once again, that complicated or unclear legal requirements result firstly in a large number of errors at final-beneficiary level and secondly in only partially effective monitoring and control systems and that that complexity is instrumental in preventing the ECA from issuing a positive DAS (Chapter 1, DAS, paragraphs X and XI); calls on the Commission, therefore, to conduct an analysis to determine the extent of, and possible solutions to, the problems; stresses therefore the need for simplification of the underlying rules and regulations in order to achieve a positive DAS;
18. Calls on the Commission to further step up its monitoring of controls delegated to Member States and to give them clear guidance on how to prevent, identify and correct errors, and insists that, where Member States' control systems remain ineffective, the Commission do everything in its power to compel the Member States to meet their obligations and make the necessary improvements, in particular by imposing payment suspensions and financial corrections;

Budgetary management - financial corrections

19. Notes the fact that the ECA found that in 2007, the first year of the new 2007-2013 programming period, the use of commitment appropriations had markedly improved by comparison with the start of the previous programming period;
20. Considers with regard to shared or decentralised management, however, that the Commission must apply Regulation (EC, Euratom) No 1605/2002 in full and assume its ultimate responsibility for budget implementation, and emphasises the need to make financial corrections as soon as irregularities uncorrected by Member States are detected, without waiting for the end of the multiannual cycle;

Amounts recovered

21. Notes with concern the problems surrounding recovery of irregularly disbursed Community funds and the poor quality of the data supplied on the correction mechanism applied at Member State level, which, on occasion, are contradictory and incomplete as regards cohesion policies, and the fact that, with regard to agriculture, the ECA has doubts as to the reliability of the information supplied (paragraphs 3.26 and 5.44 of the 2007 annual report);
22. Points also to the importance of the final decisions and corrective measures taken with the aim of excluding from Community funding expenditure which has not been carried out in conformity with Community legislation, and restates its call for the precise budget heading and the year to which individual recoveries relate to be specified, in keeping with standard

practice in the agriculture and natural resources sector;

23. Calls on the Commission to enhance the efficiency and effectiveness of multiannual recovery systems, including at Member State level, and to consolidate data on recoveries and financial corrections, in particular in the areas covered by the Structural Funds, in order to provide reliable figures which can be compared between the various policy areas and fund management procedures; calls on the Commission to report to Parliament in the notes accompanying the annual accounts, so that an overview can be obtained;
24. Calls, in view of the persistence of recovery-related problems, for the system to be evaluated;

Suspension of payments

25. Assures the Commission of its full support in the rigorous application of the legislation on suspension of payments, and welcomes the measures already initiated for the non-transfer of funds where the Commission has no absolute guarantee of the reliability of the management and control systems of the Member State which is the beneficiary of those funds;

Annual summaries of audits and declarations available in the shared-management field, and national management declarations

26. Welcomes the fact that annual summaries of audits by the Member States are being made available as from 2008, along with the evaluation and declarations presented in the 2007 annual activity reports of the directorates-general dealing with Structural Funds, and calls on the Commission to make efforts to ensure that these annual summaries can be published together with the Commission's reply; takes the view that the annual summaries drawn up by the Member States are public documents and should therefore also be forwarded to Parliament's committee responsible in the course of the discharge procedure;
27. Notes with concern that, owing to disparities in presentation and to a lack of added value, the ECA considers that those annual summaries do not yet constitute a reliable appraisal of the operation and effectiveness of the control systems; welcomes in this light the Commission's revised Guidance Note aimed at ensuring higher quality in the annual summaries for 2008 and is of the opinion that meaningful annual summaries will reduce the number of on-the-spot audits;
28. Calls on the Commission, in that connection, to analyse the summaries received in 2009 with the aim of optimising their added value in terms of the assurance they provide regarding the operation of the internal control systems employed by the Member States; also calls on the Commission to include an analysis of the annual summaries submitted by Member States in the annual report pursuant to Article 86(4) of Council Regulation (EC, Euratom) No 1605/2002, using as benchmarks the provisions of the Interinstitutional Agreement on budgetary discipline and sound financial management (IIA);
29. Deplores the Commission's failure to act on the call made in the resolution of 22 April

2008 on discharge for the financial year 2006¹ for a specific document to be drawn up, and forwarded to Parliament and the Council, which analyses, on the basis of the annual summaries received, the strengths and weaknesses of each Member State's national system for the administration and control of Community funds and the results of the audits conducted; deplores also the fact that, to date, it has not received detailed information from the Commission on an assessment and comparative analysis of the initial annual summaries presented; considers it of utmost importance that the quality of those annual summaries be reported on in order to ensure that value is added to the process by, among other things, identifying common problems, possible solutions and best practices;

30. Calls on the Commission regularly to present this qualitative and quantitative evaluation of the annual summaries in the activity reports and to make this information available to all the parties concerned, and to the public, during the discharge procedure; expects to receive the first of these assessments by September 2009 and asks that, in addition to an annual formal presentation to Parliament, this analysis of annual summaries should also be circulated to all national parliamentary public accounts committees;
31. Calls on the Commission to carry out, after three years, a comprehensive evaluation, analysing the added value of the annual summaries for the sound financial management of EU funds in the Member States, as well as the degree of independence of the auditors involved;
32. Considers that the annual summaries which Member States have to provide of available audits and declarations, pursuant to Point 44 of the IIA, ought to be a first step towards the introduction of national management declarations in all Member States; asks the Commission to declare what it has done in this respect, taking into account previous discharge resolutions, and urgently to make all necessary efforts to upgrade the annual summaries so that they carry the same political weight as the national management declarations; is of the opinion that the Commission should use its right of initiative to propose a Council decision to make national declarations compulsory;
33. Welcomes the initiative taken by some Member States (Denmark, the Netherlands, Sweden and the United Kingdom) to approve the adoption of a national declaration on the management of Community funding, but regrets the fact that, despite those initiatives, most other Member States are resisting its introduction, and deplores the fact that Belgium, Bulgaria, the Czech Republic, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Austria, Poland, Portugal, Romania, Slovenia, Slovakia and Finland have not yet taken steps to develop an effective system of national declarations;
34. Calls, pursuant to Article 248(3) of the EC Treaty, as regards shared-management controls, for cooperation to be stepped up between national audit bodies and the ECA; proposes examination of the possibility of national audit bodies, in their capacity as independent external auditors, and with due regard for international audit standards, issuing national audit certificates for the management of Community funds, which would be submitted to Member State governments with a view to being produced during the discharge process in accordance with an appropriate interinstitutional procedure to be introduced;

Control systems

¹ OJ L 88, 31.3.2009, p. 25.

The Action Plan for an integrated internal control framework

35. Notes with satisfaction the overall progress made in the development of the Action Plan and the fact that a majority of actions have been implemented and most of the gaps identified in the Action Plan filled;
36. Voices its concern over the ECA's repeated criticism of the inadequate quality of controls in Member States; Notes with concern the complaints by beneficiaries and national control bodies about the number of controls and the cost thereof;
37. Also notes with concern beneficiaries' criticism of the number of manuals, guidance notes, working documents and participation rules applicable to grants; calls for those documents to be consolidated and for discussion with Parliament on simplifying the implementing rules;
38. Emphasises that control systems are a reflection of the complexity of regulations and rules on the various, sometimes overlapping levels; urges therefore the Commission to accelerate the simplification exercise whilst fully involving Parliament; asks Member States and regions to undertake the same efforts;
39. Calls on the Commission to review the conditions for using the flat-rate method so as to increase reliability in beneficiaries' interest; regards it as unacceptable to dispute - after the event - the flat rates opted for;
40. Deplores the fact that Action 4 of the Action Plan, concerning the launching of an interinstitutional initiative on the basic principles to be considered regarding the risks to be tolerated in the underlying transactions, is being implemented late;
41. Points also, in this context, to the importance of Action 10 of the Action Plan, which proposes making an 'analysis of the costs of controls', in view of the 'need to reach an appropriate balance between the costs and benefits of controls';
42. Also expects the annual activity reports of the directorates-general to include, again, information on the quality of, and improvement in, controls in the Member States, and calls on the Commission to grade all payment agencies and certification bodies;
43. Calls on the Commission to present regular assessments of the integrated internal control system, and calls for even better coverage – in the annual activity reports and the synthesis report – of Commission departments' and Member States' shared-management systems, in particular as regards technical quality and ethical considerations, e.g. the level of independence of national audit authorities;
44. Calls on the Commission to carry out a more complete and exhaustive evaluation of the resources given over to control systems, by spending area, for all Union spending areas, as called for by Parliament in its discharge resolutions in previous years and in view of the 'getting results' concept;
45. Calls on the Commission in addition, on the basis of the annual summaries received, to analyse the strengths and weaknesses of each Member State's national system for the administration and control of Community funds, together with an estimate of the cost of national systems for the control of Community funds; reminds the Commission of its

commitment to improve the quality of the annual summaries of the Member States in order to make them useful instruments to mitigate the risk of errors for the years to come; asks the Commission to live up to its commitment in this respect;

46. Considers that that comparative analysis should be forwarded to Parliament, the Council and the ECA in late 2009 or early 2010 and should serve as a basis for interinstitutional dialogue on tolerable risk of error;
47. Notes that while 'tolerable risk of error' is, in an integrated internal control framework, a fundamental concept to be taken into consideration by the ECA when it issues its DAS, it should, according to ECA Opinion No 4/2006 on the draft Council regulation amending Regulation (EC, Euratom) No 1605/2002¹, be stipulated exactly how to determine tolerable risk of error;

Tolerable risk of error

48. Welcomes the Commission communication of 16 December 2008 on a common understanding of the concept of tolerable risk of error as a sound methodological basis for an economic analysis of acceptable level of risk, and expects the Commission to take this work further when preparing its proposal on tolerable level of risk by budgetary area; recognises, in this context, the importance of that communication as an initial basis for discussion, from a strictly economic perspective, on 'tolerable level of risk' for two Union spending areas, i.e. the Structural Funds and the EAFRD; calls, however, for this dialogue between external auditor and audited party to continue to comply with international auditing standards which stipulate that it is for the external auditor to decide which risks he should take as the basis for his judgment as to the choice of audit procedure;
49. Deplores the fact that, in the abovementioned communication, the Commission exposes the problems encountered in obtaining sufficiently reliable information from Member States, and regards this as detrimental to the Union's image;
50. Has doubts as to the reliability of data provided by Member States and therefore calls on the Commission to compile fresh statistics, plus an in-depth analysis thereof, once the impact of the 2007-2013 rules becomes clear and to forward that analysis to Parliament and the Council before the end of 2011;
51. Considers that determining tolerable level of risk is most important and highly complex; takes the view that there should be a close tie-in between tolerable level of risk and an in-depth study into the cost-effectiveness of Commission and Member State control systems for each Community spending area;
52. Calls, given the pressing need to continue to analyse the costs and benefits of control, calls on the Commission, with the technical support of the ECA, to carry out an in-depth analysis in the areas of research, external relations and administrative expenditure, and to submit a report on the findings before the end of 2010;
53. Considers that the volume of Community funds lost because of errors should also be taken into consideration when a tolerable error rate is determined;

¹ OJ C 273, 9.11.2006, p. 2.

54. Takes the view that tangible proposals should be produced with regard to improving the management and control of Community spending and, indeed, for some aspects, a degree of harmonisation, and proposes that, during the forthcoming budgetary procedure, Parliament should give the Commission the resources needed to undertake a study;
55. Calls on the Commission without delay to submit its proposals for achieving the objective of a positive DAS;

Transparency

56. Recalls the Commission's decision to start with a voluntary register for lobbyists and to evaluate the system after one year; is aware of the legal basis for a mandatory register provided by the Treaty of Lisbon; recalls that Parliament's current register is already mandatory and that a possible common register would be de facto mandatory, since registering is, in either case, a prerequisite for gaining access to Parliament;
57. Deplores the fact that its call for a new code of conduct for Members of the Commission, so as to improve and define more clearly their individual and collective political responsibility and accountability for their decisions and for the implementation of their policies by their services, has not been followed up;
58. Recalls once again the Commission's responsibility for ensuring the completeness, searchability and comparability of data provided on the beneficiaries of EU funding and regrets that this objective has still not been achieved;
59. Recalls once again the importance of complete transparency and publicity with regard to the cabinet staff of Members of the Commission not recruited in accordance with the Staff Regulations;
60. Notes that, since the financial year 2007, it has been compulsory to publish the names of recipients of European funds; notes with regret that Parliament has no overview either of publication or of the details of recipients and their projects; calls on the Commission to assess the usefulness of the information published by the Member States in the light of the policy objectives set forth;
61. Expresses surprise at the fact that the Commission has offered a EUR 1 500 000 contribution to Parliament's fitness centre from its ex-Economat off-budget bank accounts (COM(2008)0692) and disagrees with this way of seeking the agreement of Parliament to use money; recalls paragraph 6 of its abovementioned resolution of 24 April 2007 on discharge in respect of the financial year 2005 and paragraphs 6 and 7 of its resolution of 27 April 2006 on discharge in respect of the financial year 2004¹; calls on the Commission to enter the money from the ex-Economat off-budget bank accounts in the ordinary budget before making proposals for its use;
62. Reminds the Commission of the fact that a comprehensive, easily accessible public database containing information on all final beneficiaries of EU funding should be available before the next European elections;

Financial Regulation

¹ OJ L 340, 6.12.2006, p. 5.

63. Notes with satisfaction that the simplification begun when Regulation (EC, Euratom) No 1605/2002 was last revised has had the desired effects as regards public procurement;
64. Points out, however, that the measures taken on grants have demonstrated their effectiveness only in part; asks that the Commission present to it by 1 January 2010 proposals for a revised and fully consolidated Financial Regulation with chapters specific to individual expenditure programmes which bring together all the requirements which a beneficiary of a programme must fulfil in one single comprehensive source and with further simplifications as regards the award and control of grants; calls, pursuant to Article 184 of Regulation (EC, Euratom) No 1605/2002, for the next three-yearly review of Regulation (EC, Euratom) No 1605/2002 to be carried out by means of the conciliation procedure;
65. Invites the Commission to engage at a very early stage in consultations with the other institutions subject to Regulation (EC, Euratom) No 1605/2002;

Anti-Fraud Office (OLAF)

66. Notes with concern OLAF's working conditions; calls on the Commission to give OLAF immediate access to its databases if this is necessary in connection with an investigation, so that investigations can be opened and conducted without delay;
67. Calls also for action to ensure that beneficiary third countries give OLAF all necessary assistance during on-the-spot inspections and checks, together with all relevant information on follow-up to investigations carried out; asks the Commission to ensure that all future contracts stipulate that the authorities of the countries concerned must fully cooperate with OLAF;
68. Is greatly concerned at the fact that only 6.7% of OLAF's 'judicial follow-up' recommendations gave rise to actual judicial proceedings; is aware that in 2007 60% of all OLAF investigations gave rise to 'judicial follow-up' recommendations; regards this state of affairs, which undermines the rule of law and citizens' confidence and from which only presumed fraudsters can benefit, as unacceptable; therefore strongly urges the Commission to use all the powers available to it under the Treaties to bring about effective cooperation among national authorities in the fight against Community fraud;
69. Notes with concern that between 2006 and 2008 only 37 out of 222 internal investigations gave rise to disciplinary proceedings and that, of these 37 investigations, only two produced genuine consequences, three were halted for lack of evidence and the other 32 – i.e. 87% – have yet to produce results; calls on the Commission to undertake to pursue internal investigations just as vigorously as external investigations and to ensure that those investigations which have not yet given rise to effective disciplinary follow-up produce results;
70. Calls once again on the Commission to establish a mechanism for exchanges of information between OLAF and the Member States concerning the follow-up to Community anti-fraud investigations; in particular, calls on the Commission to ensure that national judicial authorities keep OLAF regularly informed, by means of progress reports, on the outcome of the judicial action taken in the fight against Community fraud, following the forwarding of OLAF files;

SECTORAL ISSUES

Own resources

71. Notes that, according to information provided by the Commission (see the answer to Written Question E-5221/08), in September-October 2008 for the first time all 27 Member States included the allocation of Financial Intermediation Services Indirectly Measured (FISIM) in their national accounts data; on the basis of that data, the increase in the gross national income (GNI) of the EU-27 as a result of FISIM allocation amounts to EUR 149 200 000 000 in 2007 (i.e. 1.2% of EU-27 GNI); this new statistical approach thus serves to increase GNI by an amount substantially greater than the volume of the entire Union budget;
72. Draws attention to paragraph 93 of its abovementioned resolution of 24 April 2007 on discharge in respect of the financial year 2005, in which it pointed out that allocated FISIMs will automatically be included in the own resource decision, for GNI own resource purposes, since, in its proposal for a Council decision on the system of the European Communities' own resources (COM(2006)0099), the Commission entered no limiting reservation in that respect;
73. Notes that the Council, when adopting Decision 2007/436/EC, Euratom of 7 June 2007 on the system of the European Communities' own resources¹ on the basis of the Commission proposal (COM(2006)0099), likewise entered no limiting reservation concerning FISIM; expects, therefore, that when the new own resources decision comes into force, and backdated to 1 January 2007, GNI data including FISIMs will be used to calculate Community own resources and that, on that basis, past and future payments by the Member States will be calculated afresh;

Agriculture and natural resources

74. Notes with concern the ECA's conclusion that the transactions underlying this policy group, taken as a whole, are affected by a material level of error of legality and/or regularity (paragraphs 5.12 and 5.13 of the annual report for 2007), and also takes note of the problems found by the ECA at final-beneficiary level and of the fact that about 20% of payments audited at that level again turned out to be incorrect; notes, however, the decreasing frequency of errors and the limited financial impact of these errors (0.83% of the expenditure concerned);
75. Agrees with the ECA's acknowledgement that rural development expenditure, and in particular expenditure on agri-environmental measures, is particularly prone to a higher incidence of errors and that the controls have once again been found to be deficient because of the complex nature of the rules and imprecise definitions included in the eligibility rules in some national legislation, problems which adversely affect the quality of controls; urges the Commission to simplify, strengthen and consolidate the control rules;
76. Notes, however, the ECA's conclusion that the Integrated Administration and Control System continues to be effective in limiting the risk of irregular expenditure where the system is properly implemented and data are accurate and reliable as regards Single Payment Scheme payments based on allocated entitlements (paragraphs 5.20 and 5.21 of the

¹ OJ L 163, 23.6.2007, p. 17.

annual report for 2007);

77. Is concerned, however, at the ECA's criticisms of errors in interpreting the provisions of the regulations and at the finding that the cumulative effect of all such errors, over a number of years, will be significant if they are not corrected, and calls on the Commission to take the appropriate measures, consisting of at least simplifying the policy together with ensuring clearer and consistent control systems, to correct the errors as quickly as possible and to inform Parliament in late 2009 about the measures taken;
78. Considers unacceptable the existence of problems, identified once again by the ECA, in implementing the Integrated Administration and Control System in Greece and supports the Commission's intention, as stated to the parliamentary committee responsible, to apply current legislation on suspension of payments rigorously if the Greek Government does not remedy the existing problems within the stated time-limits; calls for payments to be suspended if the Greek authorities are unable to prove that the problems have been resolved by 31 December 2009;
79. Notes with concern the major weaknesses identified by the ECA in many Member States' control systems relating to rural development which result from the fact that a number of eligibility conditions are unclearly defined in national law and that, in many instances, the rules are complex, adversely affecting the quality of controls;
80. Deplores in particular the fact, as regards Single Payment Scheme management and control, that the ECA exposes inadequacies, in several 'old' Member States, affecting control systems in this area (in the Netherlands, Portugal, the United Kingdom, France and Spain; paragraph 5.26 of the annual report for 2007) and a number of systemic shortcomings with regard to area-aid eligibility checks in Greece, Italy, Spain, the United Kingdom, France and the Netherlands (see Annexes 5.1.1 and 5.1.2 to the annual report for 2007); notes the Commission's replies, which challenge the ECA's depiction of the situation;
81. Urges the Member States, in cooperation with the Commission, to step up their checks, in particular as regards beneficiaries' compliance with eligibility requirements; calls on the Commission to clarify and simplify those requirements as far as possible;
82. Deplores the fact that the same shortcomings inherent in the clearance system were again found by the ECA in 2007, such as the retroactive and multiannual nature of conformity clearance and the fact that no valid link can be made between the amounts recovered and the real amount of irregular payments (paragraph 5.47 of the annual report for 2007);
83. Considers that, after a number of years of the same serious criticisms of the same problem by the ECA, the Commission must propose measures to reform the system to make it possible to establish clear and valid links between amounts recovered and the amount of irregular payments and ensure, as far as possible, that the cost of financial corrections is met by the final beneficiaries and not by the taxpayer and that flat-rate corrections are applied to those Member States which fail to meet their obligations;

Fisheries subsidies

84. Welcomes the disclosure by selected Member States of the names of beneficiaries, the names of the operations concerned and the amounts of public (EU and national) funding and the inclusion on the Commission's web site of links to Member States' sources of

information;

85. Requests, however, the Commission to ensure that all Member States comply with the requirements of Article 53(b) and Article 53b(2)(d) of Regulation (EC, Euratom) No 1605/2002 and the requirements of Article 31, second paragraph, point (d) of Regulation (EC) No 498/2007¹;
86. Welcomes the proposal for a Council regulation establishing a Community control system for ensuring compliance with the rules of the Common Fisheries Policy (COM(2008)0721), which seeks to make it legally possible to suspend or reduce financial assistance from the European Fisheries Fund to Member States which fail to implement the rules of the Common Fisheries Policy (CFP) adequately;
87. Requests, however, that the Commission should also propose to exclude Member States which fail to implement adequately the rules of the CFP from Fisheries Partnership Agreements;
88. Requests the Commission to introduce EU legislation that excludes all vessel owners convicted of serious infringements in accordance with Council Regulation (EC) No 1447/1999² from receiving Community aid under the European Fisheries Fund and/or benefiting from Fisheries Partnership Agreements;
89. Requests the Commission to ensure that Community aid is not used to modernise fleet segments characterised by overcapacities;
90. Reminds the Commission of its commitments, within the framework of the EU Sustainable Development Strategy approved by the European Council in Göteborg in June 2001 and revised by the European Council in Vienna in June 2006, to abolish environmentally damaging subsidies and to put forward by 2008 a roadmap for the reform, sector by sector, of these subsidies with a view to eliminating them;

Cohesion

91. Notes with great concern the ECA's estimate that at least 11% of the total amount reimbursed in connection with structural policy projects should not have been reimbursed;
92. Notes that the Commission does not dispute that rate of 11%;
93. Notes that the number of audits carried out by the ECA seems low when set against the number of payments to final beneficiaries (for example, in the area of cohesion policy the ECA audited 180 interim payments, according to paragraph 6.21 of the annual report for 2007, out of several hundred thousand payments to final beneficiaries), but notes that this audit methodology is consistent with international audit standards in the light of the opinion contained in the report on the International Peer Review of the ECA undertaken by a team of experienced financial and performance auditors from the supreme audit institutions of

¹ Commission Regulation (EC) No 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1198/2006 on the European Fisheries Fund (OJ L120, 10.5.2007, p. 1).

² Council Regulation (EC) No 1447/1999 of 24 June 1999 establishing a list of types of behaviour which seriously infringe the rules of the common fisheries policy (OJ L 167, 2.7.1999, p. 5).

Austria, Canada, Norway and Portugal;

94. Deplores, whilst appreciating the improvements in the overall assessment of the supervisory and control system noted in the ECA's Annual Report, the fact that, in spite of the Commission's unremitting efforts, management and control systems both at Member State level and at supervisory level at the Commission are not yet sufficiently effective to limit risks of error, and calls on the Commission to report to Parliament in early 2010 on the further actions carried out in 2009 and on the initial impact of the actions under the abovementioned action plan;
95. Notes with the great concern that the regional and cohesion funds take-up has reached unacceptably low levels, and urges the Commission to continue the revision procedure and to simplify existing regulations without delay;
96. Also reminds the Commission of the ECA's recommendation to make as much use of possible, without undermining the effectiveness of spending, of the scope for simplification provided for by the spending rules, and calls on it to launch a discussion exercise on new simplification measures that might be adopted, including computerisation of the system; welcomes in this light the Simplification Working Group set up by the Commission and expects the Commission to come forward with concrete simplification proposals for the period 2007-2013 based on the outcome of the proceedings of the Simplification Working Group;
97. Calls also on the Commission to make an estimate of the positive impact of cohesion policy, by Member State, and to submit to it a report on its Union-level added value;
98. Notes with concern that, under the European Regional Development Fund (ERDF) from 2000 to 2006, 95.47% of financial corrections were accounted for by Spain (59.07%), Italy (31.97%) and the United Kingdom (4.43%); notes that 22 Member States are responsible for 4.53% of financial corrections; calls on the Commission to bring its control requirements into line with the frequency and seriousness of errors in the Member States most affected; calls also on the Commission to inform Parliament about its response to these high rates of error in the three Member States concerned;
99. Notes with concern that, under the Cohesion Fund from 2000 to 2006, 95.92% of financial corrections were accounted for by Greece (53.06%) and Spain (42.86%); notes that 23 Member States are responsible for 4.08% of financial corrections; calls on the Commission to bring its control requirements into line with the frequency and seriousness of errors in the Member States most affected; calls also on the Commission to inform Parliament about its response to these high rates of error in the two Member States concerned;
100. Notes with concern that, under the European Social Fund (ESF) from 2000 to 2006, 84.28% of financial corrections were accounted for by Spain (46.42%) and Italy (37.86%); notes that 23 Member States are responsible for 15.72% of financial corrections; calls on the Commission to bring its control requirements into line with the frequency and seriousness of errors in the Member States most affected; calls also on the Commission to inform Parliament about its response to these high rates of error in the two Member States concerned;
101. Welcomes the quarterly reports the Commission has provided throughout 2008 on financial corrections resulting from its own or the ECA's audit work; calls on the

Commission to continue to apply financial corrections, in conformity with the regulation in force, in order to remove any irregular items of expenditure declared at an earlier stage and to employ rigorous closure procedures for the 2000-2006 ERDF, Cohesion Fund and ESF programmes so that, when the accounts are closed, such items of expenditure have been largely eliminated; calls on the Commission, further, to continue to provide it with detailed information about the financial corrections applied and, once the closure procedure has started, to provide an estimate of the residual error rate in the programmes closed in this way;

102. Calls for the Commission to continue to identify, in annual activity reports, control problems relating to shared management in the Member States, including at payment authority level, so as to identify the specific weaknesses, by Member State and by programme, and for there to be a direct tie-in between reservations and those problems; calls on it to produce an annual grading of Member States, for each European fund, and to forward it to Parliament, specifying the error rate established, and calls on the ECA to establish the same list on the basis of its audits;
103. Calls on the Commission - in its capacity as the body ultimately responsible for the sound financial management of Community funds - to apply strictly the Community rules on the suspension of payments where a Member State fails to provide the guarantees sought;
104. Notes that the ECA's annual report for 2007 still covers only 2000-2006 projects, since 2007 has essentially been a preparatory phase for the implementation of 2007-2013 programmes; stresses, therefore, that the effect of the new rules set out for the 2007-2013 programming period, which are simpler and stricter than those in force until 2006, cannot as yet be assessed;
105. Stresses that cohesion policy remains one of the main policies of the Union; underlines its important role in the Union's response to the financial crisis and its key place in the European Economic Recovery Plan; welcomes, therefore, the actions proposed by the Commission which are aimed at facilitating and accelerating the implementation of cohesion programmes;
106. Notes that such simplification procedures are key in reducing administrative burdens at national, regional and local level; however, stresses the importance of ensuring that such simplification procedures contribute to a reduction in the error rate in the future;
107. Approves of the Commission's declared position on financial corrections, namely that irregularities are likely to be detected and corrected by the multi-annual corrective system; notes that the Commission continuously verifies the data provided by Member States as to its completeness and accuracy and that there has been real progress in providing reliable evidence for corrections by Member States;
108. Notes the level of error found by the ECA and the remarks on the difference of interpretation by the ECA and the Commission as to the amount that should not have been reimbursed (especially the difference of interpretation concerning rules relating to the eligibility of expenditure); stresses the need for further clarification and calls for the interpretation of the rules as to the application of financial corrections to be harmonised; also calls on the Member States which have not done so yet to provide as soon as possible annual national declarations on expenditure under shared management;

109. Expresses some satisfaction at the apparent statistical improvement in Member States' control systems but criticises the fact that many control systems in Member States remain open to the risk of irregularity in reimbursements; considers that further improvements in the effectiveness of first-level control at national and sub-national level are needed; stresses in this respect the important, supervisory role of the Commission;
110. Stresses that the level of errors outlined in the ECA report does not necessarily imply fraud and therefore calls on the Commission and the ECA to make a clear distinction in this respect in future documents;
111. Deplores the most frequent errors, which related to the ESF and were, firstly, failure to supply evidence that overheads or staff costs were relevant to the project in question and, secondly, overestimation of staff costs or overheads; therefore strongly supports the new rules under the financial framework for the period 2007-2013 that simplify procedures and allow overheads to be declared on a flat-rate basis as a proportion of direct costs; furthermore, calls on the Member States to step up their information activities directed at beneficiaries and to improve day-to-day management checks in order to reduce errors;

Internal policies

112. Deplores the fact that according to the ECA, while the Commission manages internal policy actions directly, the same problems from previous years are persisting (cost reimbursement errors, complexity of the rules applied, and lack of an effective penalising mechanism), and calls on the Commission to continue its efforts to simplify, and further clarify, the proportionality rules applicable to shared-cost programmes;

Research

113. Welcomes the development in the RDT area leading to a reduction in the annual error rate from 8.03 % in 2006 to 2.39 % in 2007; this major achievement reflects the successful implementation of the 2005 discharge recommendations by the Commission's Research Family in close cooperation with the Committee on Budgetary Control and the Court of Auditors;
114. Notes that in 2007 the audit certificates system brought down the error rate to 2.5% for projects under the 6th Framework Programme, by comparison with 4.06% for projects under the 5th Framework Programme, which are not subject to the audit certificates system;
115. Welcomes Commission staff working document SEC(2008)3054, which provides an initial analysis of control costs, inter alia, for the Directorate-General for Research and the Directorate-General for Information Society and Media, with the aim of relaunching the interinstitutional debate in order to reach a common agreement on tolerable risk of error in the field of European research policy;
116. Calls on the Commission to continue to exploit the reimbursement possibilities offered by the 7th Framework Programme, in particular to analyse further the appropriateness of the rules of the programme on flat-rate payment procedures, and to inform the parliamentary committee responsible in the context of the mid-term review of its contribution to the simplification of the rules for beneficiaries and to the necessary improvements to the system;

117. Is concerned about 7th Framework Programme rules which deviate from the common nationally and internationally acknowledged and certified accounting and calculation methods and which do not accept the results of the national audit authorities concerning the nationally certified average hourly rates per cost centre; regards the 7th Framework Programme rules as clearly contradicting the modern accounting and calculation standards of European industry in asking for individual costs of persons actively involved in a specific research programme; asks the Commission to start a procedure making 7th Framework Programme rules compatible with general business practices that allow for calculation and charging of average hourly rates per cost centre and do not ask for individual costs of persons actively involved in a specific research programme;
118. As regards the certificates on the methodology (CoM and CoMAv), is concerned at as yet unapproved certificates and urges the Commission to establish the necessary comprehensible criteria for approving certificates on the methodology for both personnel and indirect costs; believes that beneficiaries should be allowed to use average personnel costs and to apply an established methodology for calculating the indirect cost; calls for a timely start to the process of approving (or rejecting) the certificates to make sure that the funds earmarked for research can be used; asks the Commission to accept such average hourly rates per cost centre without a certification as regards the methodology at least if they are audited and certified by a national authority;
119. Recalls its request, with a view to simplifying the administrative procedures and grant applications, for one single contact point to be set up for beneficiaries with the competence to decide on issues regarding the research framework;
120. Calls on the Commission, as a requirement for legal certainty, to refrain from re-calculating the financial statements of projects under the 6th Framework Programme that it has already approved and settled, by applying new interpretations to the eligibility criteria for costs established in the General Conditions (Annex II) of the FP6 model contract;
121. Notes that the two-stage procedure for the 7th Framework Programme is being applied in certain areas; calls on the Commission to consult with research organisations on the appropriateness of extending this experiment to other types of project where this would result in considerable reductions in the preparation costs of initial project applications;
122. Points out that, in the research field, the Commission has increased the number of research bodies, cooperation models and management mechanisms; recalls that this is due to the considerable increase in funds made available under the financial framework 2007-2013 for research and innovation; invites the ECA to assess possible problems of transparency vis-à-vis the budgetary authority and the differing way of dealing with beneficiaries under those models; calls for the Director-General to give over a chapter of his AAR to each such body, model and mechanism in order to provide information on the use of funds and the outcomes sought with these public-private cooperation models;
123. Calls on the ECA – allowing for the fact that the Commission's audit strategy covers expenditure for a framework programme over a four-year period, while the ECA has to report annually – to submit multiannual tables presenting the financial impact of the errors detected through its audit work in a format consistent with the Commission's inspection methodology;

Environment, public health and food safety

124. Considers the overall implementation rates for the budget headings covering the environment, public health and food safety satisfactory;
125. Underlines the overall implementation rate of 94.6% in the field of the environment, public health and food safety, which represents a satisfactory result considering that 2007 was the first year of the new financial framework 2007-2013 and saw the adoption and the entry into force of new programmes in the environment policy area;
126. Welcomes the implementation rate for the Community Tobacco Fund, which is 100%; is therefore convinced that this instrument, which grants financial support to projects improving public awareness of the harmful effects of tobacco consumption, in particular by means of information and education, is being implemented effectively;
127. Calls on the Commission to offer further assistance to applicants in the context of multiannual programmes, especially by providing specific training for applicants and user-friendly guidelines;
128. Welcomes the efforts to target calls for tenders more effectively and to provide more assistance to applicants, especially in public health programmes, in order to prevent the submission of project applications which are clearly not eligible for funding or are of poor quality, but notes that further work is needed in order to obtain a satisfactory situation;
129. Points out that part of the Health Action Programme is implemented by the Executive Agency for Health and Consumers; reminds the Commission in this context to use programme funds of an operational nature very cost-effectively as they are also used for administrative tasks;
130. Points out that compliance with the administrative and financial provisions of Regulation (EC, Euratom) No 1605/2002 should not lead to unnecessary delays in awarding grants or selecting projects to be financed and calls on the Commission to continue its efforts to improve administrative procedures which have an impact on the implementation of commitment and payment appropriations;

Internal market and consumer protection

131. Welcomes the remarks made in the ECA's report, which provides a fair assessment of internal market policy, customs policy and consumer protection policy;
132. Calls on Member States to further improve their internal control systems to prevent the placing of unauthorised goods on the Community market; calls furthermore on the Commission to follow up on any shortcomings detected in the area of consumer protection in 2007;
133. Welcomes the ECA's observation that the control systems in customs and accounts are functioning well; underlines that even if customs controls are principally the responsibility of the Member States, only reliable economic operators should be managing the customs sector so as to avoid the risk of the import of goods into the internal market without payment of duties or customs valuation;
134. Applauds the efforts made to reach an implementation rate of 86% for budget line 12 02 01 (implementation and development of the internal market); notes that, according to the

Commission, the reason for unused payments is that some study contracts were signed late in the year and no payments were made, as planned, in 2007;

135. Points out that an implementation rate of 55% for budget line 14 04 02 (customs 2007) is not sufficient and therefore calls for better budget planning; notes that, according to the Commission, the major part of this budget line relates to long-term IT contracts with products and services delivered 'on demand', which makes the estimation and planning of precise financial needs difficult; acknowledges, however, the positive results for the 2008 budget, with an implementation rate higher than 97% for payment appropriations;

136. Notes that the implementation rate of 77% for budget line 17 02 02 (consumer protection programme) is lower than in previous years; notes further that, according to the Commission, the reasons for this are the transfer of non-differentiated appropriations from the Executive Agency for Health and Consumers back to the consumer protection programme, and some late commitments made during the year 2007, with the result that payments planned for 2007 were not made; calls therefore on the Commission to improve budget planning in this area;

Transport and tourism

137. Notes that in the 2007 budget, as finally adopted and amended in the course of that year, a total of EUR 1 322 667 000 in commitment appropriations was included for transport policies, and that EUR 743 111 000 in payment appropriations was available; notes also that of those amounts:

- EUR 933 578 000 in commitment appropriations and EUR 369 665 000 in payment appropriations was available for Trans-European Networks for Transport (TEN-T) projects,

- EUR 15 348 000 in commitment appropriations and EUR 14 500 000 in payment appropriations was available for transport safety,

- EUR 56 890 000 in commitment appropriations and EUR 10 425 000 in payment appropriations was available for the Marco Polo programme,

- EUR 113 631 000 in commitment appropriations and EUR 114 716 000 in payment appropriations was available for the transport agencies and the GNSS Supervisory Authority,

EUR 6 000 000 in commitment appropriations and EUR 6 578 000 in payment appropriations was available for transport security, including the pilot project on security on the trans-European road network;

138. Welcomes the continuing high utilisation rates of both commitment and payment appropriations for TEN-T projects, both reaching almost 100%, and calls on Member States to ensure that adequate funding is made available from national budgets to match this EU commitment;

139. Notes with concern the low utilisation rate of commitment appropriations for transport security (55.95 %) and for the GNSS Supervisory Authority (33.24 % under Title 3), for which a large part of the sum committed in 2007, drawn from the 2006 surplus, was carried over to 2008; notes with concern also the low utilisation rate of payment appropriations for the internal market and optimisation of transport systems (47.48 %), for passenger rights

(58.96 %), due to the delay in signing contracts, and for the GNSS Supervisory Authority (33.24 % under Title 3);

140. Notes with satisfaction that, as a result of reactions to the Court of Auditors' Special Report No 6/2005 on the trans-European network for transport¹, the maximum rate of financial aid for cross-border projects has been increased to 30% and the minimum funding threshold to EUR 1 500 000; notes further that the evaluation procedure for the selection of projects has been improved and monitoring has been enhanced, but deplores at the same time the fact that the structure for the description of works has not been harmonised and technical and financial monitoring has not been standardised;

141. Notes with satisfaction that the Court of Auditors' analysis of internal control standards with a direct link to the legality and regularity of underlying transactions shows that the Directorate-General for Energy and Transport complies with the baseline requirements;

Culture and education

142. Notes that, in its annual report for 2007, the ECA comments on the error rate detected in the education and culture policy area (paragraph 9.11 and Annex 9.1; error rate between 2% and 5%), but provides no explanation either of how the various national agencies and executive agencies operate or of the quality of their work or why these agencies are necessary;

143. Asks the ECA to analyse in greater detail, in its next annual report, the question of the effectiveness and continued existence of the various agencies in the education and culture policy area;

144. Notes that, in the new generation of programmes, the Directorate-General for Education and Culture has harmonised the action programmes and introduced the single internal audit approach; in that context, takes the view that the ex ante and ex post declarations made by the Member States constitute new factors in the supervision and internal control of systems;

145. Regrets, however, the shortcomings found by the ECA in the ex ante declaration procedure and the finding that the procedure provides no more than limited assurance as to the quality of the management of the expenditure concerned (paragraph 9.16 of the annual report for 2007); notes, however, that the ex ante declaration is only one of the pieces of evidence which the ECA obtains in the course of its audit with a view to delivering its opinion;

146. Notes the ECA's finding that the approaches taken by the national authorities with a view to obtaining a basis for the ex ante declaration of assurance differ and that the degree of disclosure as to the procedures carried out by those authorities varies greatly; calls on the Commission to commence an exercise to harmonise those declarations and to keep Parliament and the ECA informed about the exercise;

147. Takes note also of the fact that the ex post statements of assurance for 2007 had to be provided by Member States' national authorities by 30 April 2008; awaits the assessment to be carried out by the ECA as part of the DAS audit for 2008;

148. Criticises the fact that some national authorities and agencies are not abiding by their

¹ OJ C 94, 21.4.2006, p. 1.

obligations, leading to official reminder letters being sent by the Commission, and gives the Commission its full backing for suspending grant payments where final reports are not submitted;

149. Urges national agencies and national authorities to respect the implementation rules, as regards their respective responsibilities, established by the Commission; welcomes the fact that the Directorate-General for Education and Culture did not see any reason to uphold its reservation as regards the national agencies' control mechanisms, and supports the continuation of strict auditing controls;
150. Welcomes the fact that the number of late payments in the area of education and culture is decreasing, and expects the Commission to continue its efforts to further reduce them;
151. Expresses its hope that the control system established by the Directorate-General for Communication at the end of 2007 will make it unnecessary to enter a reservation regarding its budget management in the future, as was the case for the financial year 2007;
152. Requests further information from the Commission concerning the creation of administrative structures in Member States to assist in town-twinning activities, especially as regards the need for such structures, the costs involved and their purpose;
153. Requests the Commission to examine ways of making the Youth Programme more capable of reaching new groups of young people, in particular those from disadvantaged backgrounds; to this end, suggests that youth organisations, including the European Youth Forum, increase efforts to target such groups, to improve reporting standards and funding criteria and to disseminate information on the programme itself more widely amongst young people;

Civil liberties, justice and home affairs

154. Notes the low level of implementation of payment appropriations under the budget for the Area of Freedom, Security and Justice by comparison with 2006 (60.41% in 2007 and 86.26% in 2006); is aware that this is also due to the adoption in May and June 2007 of the Funds included within the Solidarity and Management of Migration Flows framework and to delays in the implementation of other specific programmes (e.g.: civil justice, drugs prevention and information programmes); points out the relative decrease in the implementation level of commitment appropriations in respect of 2006 (90.29% by comparison with 94.47% in 2006); calls on the Directorate-General for Freedom, Security and Justice to try to maximise the level of implementation of commitment and payment appropriations in 2008;
155. Takes note of the Court of Auditors' assessment of the supervisory checks carried out by the Commission for the European Refugee Fund II as being partially effective; takes due account of the Commission's replies in this respect;
156. Deplores the fact that the descriptions of the Member States' supervisory and control systems for the External Borders Fund were provided to the Commission only in the last quarter of 2007, as this prevented the Commission from assessing the Member States' systems by the end of 2007;

Women's rights and gender equality

157. Reminds the Commission that, by virtue of Article 3(2) of the EC Treaty, the promotion of equality between men and women is a fundamental principle of the Union and is an objective which has relevance across the full range of Community activities and policies;
158. Reiterates its call to the Commission for gender equality to be taken into due consideration as an ongoing priority objective during budgetary planning, in accordance with the principle of gender budgeting, as it requested in its resolution of 3 July 2003 on gender budgeting, building public budgets from a gender perspective¹, and criticises the delay in completing the Commission's feasibility study on the topic;
159. Deplores the fact that the Court of Auditors Annual Report on the implementation of the 2007 Budget does not contain information as to whether the budget successfully contributed to promoting equality between men and women;
160. Suggests that the Court of Auditors include the gender equality aspect in its annual and special reports, in particular relevant information on policies addressing the principle of non-discrimination between women and men and on availability of gender-specific data;

External actions

161. Notes, with great concern, the same criticisms by the ECA as in previous years, in particular as regards payments at final-beneficiary level;
162. Notes that external aid was virtually unaffected by the most recent revision of Regulation (EC, Euratom) No 1605/2002, and calls for a revision of Title IV, 'External action', of Regulation (EC, Euratom) No 1605/2002 so as to bring it more closely into line with the special conditions relating to contracts and grants in this area;
163. Deplores deeply the fact that the Commission has failed to create a truly European instrument for the implementation of crisis management, as it had been asked to do in the 2005 and 2006 discharges; insists that this should be done urgently and calls once again on the Commission to give itself the possibility of managing multidonor trust funds itself, where appropriate, when it is involved in such funds;
164. Calls on the Commission to ensure full financial transparency in external aid, in accordance with Articles 53 to 56 of Regulation (EC, Euratom) No 1605/2002, and to honour its undertaking to Parliament that any international organisation receiving Community funds will be required to submit the results of all internal and external audits of the use of those Community funds to the ECA and to the Commission's Internal Auditor; calls also for OLAF to be given access to data where fraud is suspected;
165. Notes that, on the basis of a number of hypotheses ('best estimates'), the total cost of the checks carried out by the Directorate-General for Humanitarian Aid (DG ECHO) has been put at EUR 25 000 000 for the financial year 2007, this being equivalent to 3.2% of the total humanitarian assistance budget for that year; deplores the lack of procedures for risk management by DG ECHO and calls for such procedures systematically to be incorporated into the control arrangements;
166. Notes that, according to information from the Commission, that estimate covers only part

¹ OJ C 74 E, 24.3.04, p. 746.

of the costs relating to humanitarian operations funded by DG ECHO, because the cost of checks carried out by humanitarian organisations, which are included in the overall cost of the grant agreements, are also funded by DG ECHO;

167. Notes that, given that the cost of checks may be split into three categories – namely the cost of control activities carried out by the Commission at its headquarters and within the delegations, the cost of external audits by the Commission, and the cost of expenditure verification through audits contracted by recipients – the cost of checks relating to the funds administered by the EuropeAid Cooperation Office is estimated by the Commission at some EUR 120 000 000;
168. Calls on the ECA, in its next annual report, to take account of this in its calculations and to state its position on both this estimate and the cost-effectiveness of the relevant control systems, while also taking due account of the special features of and conditions applying to EU external action;
169. Regrets that in Kenya the Commission disbursed budgetary support straight after the elections of 27 December 2007, thus giving the impression of taking sides in the debate on the legitimacy of the election results; recalls its resolution of 17 January 2008 on Kenya¹, and looks to the Commission to take due account thereof;
170. Notes the Court's assessment that the supervisory and control systems for external relations, enlargement and humanitarian aid are partially effective; accepts that many of the errors detected concern advance payments and are then rectified when final payments are made; nevertheless, invites the Commission to make the necessary improvements to its monitoring and verification procedures, especially at the level of implementing organisations, without this leading to unnecessary administrative burdens for the final beneficiaries; recognises at the same time the progress made by the Commission and the United Nations to date;
171. Deplores the continuing lack of transparency concerning the use of Community funds channelled through United Nations organisations; supports the Commission's efforts to find a solution and to ensure that the Court of Auditors receives all requested information in a timely fashion; welcomes the increasing number of verification missions performed by the Commission under the Financial and Administrative Framework Agreement between the European Community and the United Nations (FAFA agreement); expects these missions to further enhance the transparency and visibility of Community contributions to UN-led activities;
172. Calls on the Commission to further improve, and to define more clearly, the conditions and performance indicators used for the disbursement of budgetary support to third countries, so as to provide for clear, unambiguous and measurable assessment criteria with a specific timetable, if applicable;
173. Takes note of the Court of Auditors' assessment that urgent steps are required to correct the weaknesses in the management of EU funds in Bulgaria and that the necessary monitoring mechanisms must be maintained in Turkey; calls on the national authorities to increase their efforts in order to comply with the applicable rules;

¹ OJ C 41 E, 19.2.2009, p. 70.

174. Looks forward to seeing tangible results from the application of new terms of reference for expenditure verification via external audits launched by the beneficiaries or the Commission;
175. Notes the ECA'S Special Report No 5/2007 on the Commission's management of the CARDS programme¹; emphasises the importance of reinforced strategic guidance from the Commission to ensure, in close cooperation and dialogue with Parliament, an appropriate focus in selecting key areas of intervention within the framework of the Instrument for Pre-accession Assistance; calls on the Commission to devise a comprehensive strategy to improve local ownership of the design and implementation of projects;
176. Expects to be kept regularly informed about steps taken by the Commission concerning the implementation of the significant pledges made in support of Georgia's post-conflict recovery and future development at the international donors' conference held in Brussels on 22 October 2008;
177. Reiterates its request that the Commission regularly present to Parliament specific measures to further increase Union ownership of its external actions in their geographical contexts, in accordance with the principles of efficiency, accountability and visibility;

Non-governmental organisations (NGOs)

178. Takes note of the role and growing number of NGOs in the administration of Community funds; calls on the Commission to evaluate the effectiveness of operating grants for the NGOs' Brussels headquarters, and to apply strictly the principle of the degressivity of operating grants laid down in the Financial Regulation;
179. Asks the Commission to compile, by the end of 2009, a comprehensive list of all NGOs which have received EU funds;

Development

180. Notes that the ECA has concluded once again that DG ECHO should enhance its audit strategy by ensuring better coverage of operations at implementing organisation-level and, more specifically, in the field for all types of partners (paragraph 8.33(f) of the annual report for 2007);
181. Encourages the Commission, in connection with the objective it set in 2007 of having each project visited at least once a year by an expert, except where this cannot be done on account of security conditions or access difficulties, to continue to check that humanitarian aid specialists are permanently in the field in order to facilitate and maximise the impact of the humanitarian operations financed by the Commission, in whatever country or region;
182. Considers that, in connection with project implementation, the Commission should ensure that the reporting requirements agreed with the United Nations in April 2007 are strictly applied and that financial reports are produced in accordance with those requirements;
183. Is aware of the risk of inadequate on-the-spot checks in places which are difficult to reach or where humanitarian-aid neutrality is not respected, and in particular of the fact that such

¹ OJ C 285, 27.11.2007, p. 1.

risks are to some extent linked to the objectives of humanitarian aid and to 'forgotten crises';

184. Notes, further, that, according to DG ECHO's annual activity report for 2007, the Commission's humanitarian assistance in Iraq was delivered exclusively through the International Committee of the Red Cross in the areas of protection and water and sanitation and amounted to EUR 7 800 000;
185. Considers that thought should be given to clarifying funding structures (European Development Fund (EDF), Commission, European Investment Bank, etc.) in the development and external actions fields, with a view to giving greater visibility to Community action and ensuring better auditing of the funds committed; calls for a study to be carried out into the incorporation of the EDF into the Community budget, in preparation for a political debate on this subject;
186. Draws attention to the Commission's commitment¹ to take steps to ensure that by 2009 a benchmark of 20% of its allocated assistance is devoted to basic and secondary education and basic health; calls on the Commission to provide detailed information on how this benchmark will be met through projects, programmes and budget support; calls for greater consistency between the Thematic, Country and Regional Strategy Papers in the areas of health and education, in particular when aid is provided via budget support;
187. Stresses that priority must be given to the enrolment in schools of children, including disabled children, from hard-to-reach groups in countries with critical MDG indicators;
188. Urges the Commission to prioritise support for partner countries in developing parliamentary control and audit capacities, in particular when aid is provided via budget support, and invites the Commission to report regularly on the progress achieved;
189. Points out that due attention must be paid to the sustainability of the Commission's interventions, including the formulation of a clear exit strategy which does not compromise results and monitoring of implementation; considers that enhanced evaluation of results represents a major factor in ensuring the democratic legitimacy of Union development cooperation;
190. Welcomes the adoption in 2007 of the Union Code of Conduct on Complementarity and Division of Labour in Development Policy, which is geared towards enhancing cooperation and coordination between the Commission and the Member States; calls on the Commission to redouble its efforts to ensure genuine implementation of the Code of Conduct, including by addressing persisting problems in the best interests of the partner countries;
191. Takes the view that the consultation of civil society and local authorities prior to drawing up Country Strategy Papers (CSPs) under the Development Cooperation Instrument was not sufficient to satisfy the legal obligation established under Article 19(3) of Regulation (EC) No 1905/2006², namely that 'strategy papers shall, in principle, be based on a dialogue with the partner country or region which involves civil society and regional and local authorities'; considers, in this respect, the involvement of national parliaments in partner

¹ Commission Declaration concerning Article 5 of the Development Cooperation Instrument, Annex to the Communication from the Commission of 24 October 2006 (COM(2006)0628).

² Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation (OJ L 378, 27.12.2006, p. 41).

countries indispensable to achieving genuine ownership of the process; urges the Commission to make every effort to improve dialogue with these bodies at the various stages of the programming process;

Pre-accession strategy

Cooperation and verification mechanism

192. Points out that, for the first time following the accession of new Member States, the Commission has introduced a cooperation and verification mechanism for Romania and Bulgaria to remedy 'shortcomings in the areas of judicial reform and the fight against corruption and organised crime and to monitor progress in these areas' (COM(2008)0063), and wonders about the effectiveness of that mechanism, as well as the relevance and reliability of the information supplied to the discharge authority;

193. Notes that a number of Commission directorates-general and offices are responsible for administering this mechanism, under the authority of the Secretary-General; considers the combined efforts of those bodies to be inadequate; expects better coordination and the systematic inclusion of an assessment of all the Commission bodies concerned in the progress reports; wonders what lessons for applicant countries and potential applicant countries the Commission draws from the mechanism;

European funding in Bulgaria and Romania

194. Notes that between 2004 and 2007 EUR 650 000 000 in Phare funding, EUR 226 000 000 in Sapard funding and EUR 440 500 000 in ISPA funding were made available to Bulgaria, while some EUR 1 346 500 000 in Phare funding, EUR 526 300 000 in Sapard funding and EUR 1 040 500 000 in ISPA funding were made available to Romania over the same period;

195. Recalls that in its Special Report No 4/2006 concerning Phare investment projects in Bulgaria and Romania¹ the ECA drew attention to a large number of problems concerning the management of European funds, including irregularities regarding invitations to tender and the eligibility of expenditure, cases of failure to use investment monies for their intended purpose and a lack of administrative capacity;

196. Voices concern, furthermore, at the fact that the Member of the Commission with responsibility for enlargement failed to provide the Committee on Budgetary Control with sufficiently detailed information about the scale of the shortcomings in good time;

197. Voices serious concern at the fact that the Commission suspended EUR 200 000 000 in agricultural funding for Romania and froze EUR 250 000 000 in Phare funding, EUR 105 000 000 in Sapard funding and EUR 115 000 000 in ISPA funding in Bulgaria; notes that the final loss for Bulgaria under Phare is EUR 220 000 000;

198. Is aware that the lack of reliable control systems and the management problems encountered pose a risk to European taxpayers' money; acknowledges the efforts made in the meantime to overcome these problems; urges the Member States to continue making every effort to meet European requirements;

¹ OJ C 174, 26.7.2006, p. 1.

199. Considers that the Commission should step up technical assistance to Member States to strengthen their administrative capacity; points out that sound management of European funds is an obligation and a duty for all Member States, and supports the temporary suspension of funding by the Commission in cases where a Member State's management systems fail to function as required;
200. Notes that over the period 2007 to 2013, Bulgaria is to receive EUR 6 853 000 in structural funding, and Romania EUR 19 200 000; in addition to the information given in the annual activity report and in the reports on the Structural Funds and the Cohesion Fund, calls for responsible and effective administration of these funds;
201. Is of the opinion that the preparation of the absorption capacity of Romania and Bulgaria for funds in the Agricultural and Cohesion policy fields has not been treated by the Commission with the necessary seriousness, and that statements and actions of the Commission in this context were misleading, not only for Parliament but also for the Bulgarian and Romanian governments, and were one reason for the loss of funds by those Member States;
202. Calls on the Commission to keep it informed of the practical outcome of judicial reform and anti-corruption efforts and to include in the progress reports criteria quantifying progress in these areas;
203. Considers that the EU institutions should apply the principle of zero tolerance in connection with cases of misuse of Community funds, fraud and corruption; calls on the Commission to ensure that unduly paid amounts are recovered;
204. Calls, furthermore, on OLAF to forward to it the findings of its ongoing enquiries in Member States;
205. Agrees with the Commission that all actions and measures recently taken by Bulgaria need to be followed up by credible, structural corrective actions and a fundamental reform of all structures involved in the management of EU funds, so as to ensure the correct and timely take-up of funds and a high level of transparency; calls in this context on the Commission to improve coordination and communication with the national authorities and closely monitor the implementation of the various action plans submitted to it by Bulgaria, and to keep Parliament informed thereof; asks the Commission to submit to it a special report on the state of play of the management and control of all EU funds in Bulgaria covering the period until 15 July 2009;
206. Calls on the Commission, in the light of the last progress report and the setbacks with regard to the fight against corruption, to submit to it a special report on the state of play of the management and control of EU funds in Romania and on the measures taken and the progress made in the fight against corruption covering the period until 15 July 2009;

Turkey, Croatia, Serbia, Former Yugoslav Republic of Macedonia, Kosovo and the other Western Balkan countries

207. Points out that it is the responsibility of the Commission delegations in the applicant countries and potential applicant countries to prepare those countries to ensure proper use of European funds; calls for anti-fraud strategies to be incorporated in this pre-accession process and for the relevant administrations to be trained under a programme of exchanges

between the Commission and the administrations of applicant countries and potential applicant countries;

208. Calls on the Commission to play a more active role in connection with the expenditure control systems existing in Turkey, Croatia, Serbia, the Former Yugoslav Republic of Macedonia and the other Western Balkan countries during the pre-accession stage, and requests it to provide Parliament, in its report on the progress of those countries, with more detailed information on this issue, including a detailed analysis of the reasons for any failings; calls on the Commission to introduce in the progress reports a system of traffic lights (green, amber and red lights) to denote the progress made towards achieving the various key objectives;
209. Deplores the cases of fraud and mismanagement of European funds administered by the United Nations identified in connection with EU funding of reconstruction work in Kosovo and the lack of follow-up by the United Nations of these clearly identified cases; wishes, however, also to express its gratitude to the European Agency for Reconstruction and its 'European' and local staff for the work done for the people of Kosovo in sometimes difficult circumstances;
210. Calls on the ECA to produce a special report on the effectiveness of the systems put in place by the Commission to control the European funds received by Kosovo and of those systems' performance as regard fraud prevention, and to check whether the conditions laid down in the agreements on the relevant programmes, as well as the rules laid down under the Instrument for Pre-Accession Assistance¹ and Regulation (EC, Euratom) No 1605/2002, have been fully applied to such funding;
211. Proposes that the Commission ask the Kosovo Government to supply an audit certificate in respect of European funds, in particular those included in the budget, from the country's audit authorities;
212. Recalls that the Investigation Task Force (ITF) established to investigate financial irregularities and fraud concerning EU funds in Kosovo finished its operations in August 2008, that its final report identified criminal conduct on the part of, among others, United Nations staff, and that several international warrants were issued without any results being achieved in that regard by the United Nations; asks the Commission to press for the execution of these warrants; asks the Commission, further, to present a report on the legal follow-up to all cases discovered; calls for the establishment of a successor organisation, involving the Commission and OLAF, in the fight against fraud and irregularity;

Administrative expenditure

213. Notes with satisfaction that the ECA's audits brought to light no material errors affecting the legality and regularity of administrative expenditure;

European schools

214. Expects the Commission to ensure that the Belgian and United Kingdom governments commit to meeting their obligations under the existing inter-governmental agreements - for

¹ Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA) (OJ L 210, 31.7.2006, p. 82).

Belgium the earliest possible provision of a fourth or even a fifth European school, for the UK the secondment of a sufficient number of teachers - and expects the current enrolment policy regarding the Berkendael/Laeken schools to be revised in order to avoid long and unacceptable travelling times for children;

Impact of decentralisation impact on staff

215. Notes with satisfaction that, at Parliament's request, the Commission performed a study of its human resources in 2007 (SEC(2007)0530), focusing on administrative activities;

216. Voices its disappointment at the inadequate information forwarded by the Commission in 2005 and 2006 in this area, which is extremely important from a budgetary point of view; acknowledges the efforts made in the meantime as regards transparency on the Commission website and the annual staff screening report;

217. Voices concern at the fact that close to 32% of the Commission's staff work in administrative support and coordination; points out that that figure does not include the 10% of staff who work in the budget area; calls on the Commission to draw appropriate conclusions from these figures and to reorganise its human resources in order to reduce the proportion of staff working in these areas to 20%;

218. Notes that staff mobility was originally intended to cover sensitive posts alone; expresses surprise at the Commission's current practice of applying the mobility rule to all staff members after five years or, at the most, seven years; fears that this way of applying the mobility rule could undermine efficiency within the Commission and prevent the necessary experience and know-how from being built up within that institution; calls on the Commission to inform it how mobility might be confined to sensitive posts;

Matters relating to the Community's buildings

219. Deplores the lack of transparency shown by the Commission in the management of its 61 buildings in Brussels and as regards developments concerning its buildings stock;

220. Calls on the Commission to inform it of all new projects concerning its buildings stock prior to their adoption, and to notify its Committee on Budgetary Control of all initiatives and new decisions concerning property projects, including preparatory work and invitations to tender, in respect of which it is proposed that a tender committee should be established, which would include representatives from Parliament;

221. Calls on OLAF to notify it of any cases of fraud brought to light in the property policy field and to look into possible conflicts of interest;

222. Calls on the Commission to conduct an audit of both its own buildings and the buildings of all the other Community institutions, and to look into the idea of a common property management structure;

Follow-up measures in the light of the discharge

223. Deplores the fact that, in the annual accounts of the European Communities for the

financial year 2007¹, the Commission fails to repeat in full the provisions of the EC Treaty on follow-up measures in the light of the discharge, stating merely that when granting discharge Parliament may highlight observations it considers important, often recommending actions that the Commission should take concerning these matters; notes that, although this is correct, the Commission fails to mention that Article 276 of the EC Treaty also requires the Commission to take all appropriate steps to act on the observations in Parliament's decisions giving discharge relating to the execution of expenditure; reminds the Commission, therefore, that the calls made in its discharge resolution are not simply non-binding recommendations, but instructions which the Commission must act on when implementing the budget;

CONCLUSIONS CONCERNING THE SPECIAL REPORTS ISSUED BY THE COURT OF AUDITORS

Part I: Special Report No 6/2007 on the effectiveness of technical assistance in the context of capacity development

224. Considers that technical assistance (TA) and other types of external aid, which is still too donor-driven, often inefficient and unsustainable, urgently needs to be reformed by, among other things, promoting local ownership, more effectively coordinating the resources between Member States at Union and international level, and ensuring that there is sufficient time to implement projects;
225. Notes in this context the approval by the Commission's services in July 2008 of the Backbone Strategy and the Work Plan to meet aid effectiveness targets on Technical Cooperation and Project Implementation Units; calls therefore on the Commission to inform Parliament about the implementation of this strategy for the first time before the end of March 2009, and thereafter at six-monthly intervals;
226. Notes the belated information on the amounts spent on TA recently provided by the Commission to the ECA following publication of the ECA's special report; is surprised that this information was not made available during the preparation of the special report; acknowledges that the definition employed by the OECD's Development Aid Committee is broad and in practice leads to differences in interpretation; hopes that the strategy adopted by the Commission will also lead to a more operational definition of TA;
227. Calls on the Commission, therefore, to propose the necessary legislative changes before the end of the mandate of the current Commission, and urges Member States to take the necessary steps to ensure the widespread use of this instrument, adapted to particular needs, in those countries, and to amend the regulation on the implementation of the 10th EDF accordingly;
228. Deplores the fact that the suspension clause, allowing an accelerated procurement procedure, is barely used by the Commission; requests the Commission to use this facility wisely in order to improve the timetable for the implementation of TA operations;
229. Finds it unacceptable that some companies deliberately propose experts with good CVs in order to win a contract while knowing that the expert in question will not be available to

¹ OJ C 287, 10.11.2008, p. 9.

take up the assignment; agrees with the ECA that the selection criteria for TA used by the Commission are inappropriate;

230. Requests therefore that the Commission take much greater account of other criteria (such as those proposed by the ECA), rather than solely considering the CV of the team leader expert; suggests that this could be done, for example, by creating a database, compatible with legal requirements, of firms which fail to provide the proposed expert, which should in turn prevent them from participating in procurement for a specified period; notes that the Commission has adopted Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database¹ and Decision 2008/969/EC, Euratom of 16 December 2008 on the Early Warning System for the use of authorising officers of the Commission and the executive agencies², but that these new instruments do not make it possible to exclude firms on this basis; further notes that these aspects are part of the Work Plan (Axis 3, Actions 13-15), and calls on the Commission to apply the related actions immediately;
231. Agrees with the ECA that there is incoherence in the Commission's approach regarding the use of partner countries' public financial management and procurement systems, which stands, sometimes, in direct contradiction to the Union's commitments in the context of the Paris Declaration on Aid Effectiveness endorsed on 2 March 2005³; urges the Commission therefore to ensure the quick implementation of these commitments on the basis of the strategic dialogue provided for in the framework of the Accra and post-Accra work stream and the Work Plan actions (Axis 1, in particular Action 20);
232. Calls on the Commission, as far as possible, to act in a manner consistent with its transparency initiatives and to take into account Parliament's resolution of 19 February 2008 on transparency in financial matters⁴, and recommends that a database be set up providing an overview of TA missions and results which can be used for future TA tasks and to prevent duplications;

Part II: Special Report No 1/2008 concerning the procedures for the preliminary examination and evaluation of major investment projects for the 1994-1999 and 2000-2006 programming periods

233. Calls on the Commission to review the strict approval procedure for major projects, but recommends that it rationalise decision-making by indicating real values, thereby avoiding treating the procedure as an excessively 'administrative procedure', reducing the length of the decision-making process to a reasonable duration, and establishing, as soon as possible, an independent unit for major projects with horizontal competence within the Directorate-General for Regional Policy (DG REGIO); points out the importance of funding investment in software, as this will make the system more transparent and easier to control; at the same time, the Commission must not reduce the number of on-the-spot

¹ OJ L 344, 20.12.2008, p. 12.

² OJ L 344, 20.12.2008, p. 125.

³ Agreed and adopted at the High Level Forum on 2 March 2005 in Paris by developing and donor countries, the EU, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Development Assistance Committee of the OECD, the United Nations and the World Bank.

⁴ Texts adopted, P6_TA(2008)0051.

checks as a result of this investment;

234. Calls on the Commission to report on the practical application of the n+2 and n+3 rules for major projects, since some Member States have tried to ‘circumvent’ the ERDF rules (more specifically, the n+2 rule) by merging a number of projects such that the total figure for these fell just short of the threshold values for major projects and then waiting for the Commission decision to suspend the n+2 rule;
235. Points out – and seeks an answer to – the question of how the ‘risk-averse’ culture might have come about (with high-quality, innovative investments losing prominence), a practice which runs completely counter to the Community’s efforts as laid down in the Lisbon Strategy; considers that the problem lies not with funding infrastructure investments but with the fact that Member States have the opportunity to avoid innovative – ‘risky’ – investments;
236. Considers it regrettable that the Commission is funding education and training not for its own staff (DG REGIO) but for a separate group (JASPERS), which is located within the structure of the European Investment Bank and is therefore not accountable to the Commission for its work; points out to Member States that, if they fail to provide training and development for their pools of experts, they will be dependent on groups of foreign, external experts, resulting in considerable indirect expense to the country in question;
237. Supports the initiative whereby the European Commission undertakes to draw up the ex post evaluation of major projects and determines what information (uniform and comparable data) – to be gathered and forwarded by the Member States by the stipulated deadline – is needed; is of the opinion that monitoring needs to be focused in this way because there is currently no tangible evidence that major projects financed by Community funding are effective and that the Member States have used the funds received as effectively and productively as possible;
238. Points out that, at present, information on major projects is available in the Commission’s annual report on the Structural Funds and the Cohesion Fund only after such projects have been approved; calls, therefore, on the Commission to ensure that its homepage will enable citizens to monitor the status of any major project;

Part III: Special Report No 2/2008 concerning Binding Tariff Information (BTI)

239. Urges the Commission to endeavour to resolve the outstanding problems and shortcomings as a matter of urgency, since they could result in a loss of revenue for the Union in the form of traditional own resources;
240. Notes the Commission's replies to the effect that the Modernised Customs Code (MCC), adopted in 2008¹, will make BTI binding on the holder, the work of updating the thesaurus will continue and the user interface is available in all EU official languages;
241. Urges the Commission to resolve tariff-classification disputes by the deadlines laid down by Community law and, at the latest, within five months and, in view of the possible loss of own resources, to increase the number of staff working on BTI and classification to four

¹ Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code (Modernised Customs Code) (OJ L 145, 4.6.2008, p. 1).

persons and to ensure that those persons also carry out more risk analyses and exercise more stringent scrutiny of Member State contributions to the system, possible abuses of the period-of-grace system and BTI 'shopping';

242. Calls on the Commission to provide, by the end of 2009, information on all the initiatives and measures taken on the basis of the ECA's observations, together with details of their implementation;

Part IV: Special Report No 3/2008 on the European Union Solidarity Fund: how rapid, efficient and flexible is it?

243. Welcomes the ECA's globally positive assessment of the results achieved by the Commission in its management of the European Union Solidarity Fund;
244. Notes that responsibility for the issues raised with regard to rapidity may not be attributed to the Commission alone, given that in very large number of cases the problems stem from management shortcomings on the Member States' side and the quality of the information supplied by applicants;
245. Notes, furthermore, that in its position of 18 May 2006¹ Parliament welcomed the proposal for a regulation of the European Parliament and of the Council establishing the European Union Solidarity Fund (COM(2005)0108) setting out simpler and clearer criteria for swifter activation, and that the Council has yet to make any progress on the matter;

Part V: Special Report No 4/2008 concerning the implementation of milk quotas in the Member States which joined the European Union on 1 May 2004

246. Deplores the fact that national authorities are obliged to carry out a host of inspections, which are likely to be superficial, thus making it impossible to determine the credibility of direct-sales declarations; welcomes Commission Regulation (EC) No 228/2008² which reduces to 1% the inspection rate for producers whose production is less than 5 000 kg;
247. Considers that the Commission should, under the shared management arrangements, continue to take all steps necessary in order to ensure effective monitoring of the establishment and management of the milk quotas system;
248. Calls on the competent national authorities to draw up, on the basis of a risk analysis, an inspection programme for each 12-month period and to carry out checks during and after each quota year, but no later than 18 months after the end of that year;
249. Takes the view that, in order to simplify matters, the Commission should ask the new Member States to adhere to the general principle that all milk marketed must be recorded;
250. Calls on the Commission to ask the new Member States to improve their database record-keeping, as requested by the ECA in its report, and to avoid unnecessary checks;

¹ OJ C 297, 7.12.2006, p. 331.

² Commission Regulation (EC) No 228/2008 of 13 March 2008 amending Regulation (EC) No 595/2004 with regard to intensity of controls on deliveries and direct sales of milk (OJ L 70, 14.3.2008, p. 7).

251. Calls on the Commission to continue to assess developments in the dairy sector, in particular those linked to its market, to the situation of producers, and to the implications for regional development, in particular in the assessment reports to be submitted before 31 December 2010 and before 31 December 2012 under the terms of the political agreement on the common agricultural policy 'health check' concluded in November 2008;
252. Calls on the Commission to abide by all of the ECA's recommendations in connection with the 'health check' and to consider possible adjustments to the common market organisation for milk and the milk quota scheme, which should focus on:
- (a) transitional and accompanying measures to be envisaged in regions where small producers are still very much in the majority;
 - (b) the need for milk producers in the new Member States to have a clear regulatory framework and clear prospects encouraging them to make the investments that are vital in order for their activity to remain viable;

Part VI: Special Report No 5/2008 – The European Union's agencies: Getting results

253. Welcomes the ECA special report and urges the Commission to note the shortcomings identified in it, as well as to take steps in line with the ECA's recommendations;
254. Calls on the Commission to develop and implement a general management system for the EU 'regulatory' agencies, based on explicit criteria, such as transparency, economy, efficiency, effectiveness and exchange of best practices; takes the view that the Commission should be in active communication with the Union agencies and should assist management boards in the implementation of activity-based budgeting and management (ABB/ABM);
255. Calls on the Commission to introduce an effective monitoring system for the Union agencies, allowing internal transfer of best practices and methodology and containing a range of both general and specific indicators for evaluation purposes;
256. Calls on the Commission to develop guidelines for improving the planning, monitoring, reporting on and evaluation of the agencies' activities and fully to implement the concept of 'getting results' established by Regulation (EC, Euratom) No 1605/2002 in 2002 and the framework Financial Regulation for the agencies¹;

Part VII: Special Report No 6/2008 concerning European Commission Rehabilitation Aid following the Tsunami and Hurricane Mitch

257. Calls on the Commission to draw all necessary conclusions from the experiences following Hurricane Mitch and the tsunami in order to improve future performance; urges the Commission to play an active role at international level with a view to remedying systemic weaknesses in international relief capacity;

¹ Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p. 72).

258. Calls on the Commission to pay particular attention to the following issues in future rehabilitation actions: ensuring that funding is needs-based, that the affected population – including the poor, women and children – is at the centre of the aid measures and that detailed and accurate information about the outcomes of assistance is available to both taxpayers in donor countries and the affected populations;
259. Calls on the supreme audit institutions and the ECA to cooperate more closely in investigating, auditing and evaluating the use of disaster-related relief funds;
260. Calls on the Commission to review its list of NGOs in order to exclude non-bona fide NGOs, and to lay down procurement policies that prevent misappropriation of donated funds by such NGOs;
261. Calls, further, on the Commission to give Union aid a sufficiently high profile without, in so doing, jeopardising overall efficiency and equity objectives;
262. Calls on the United Nations, the Red Cross/Red Crescent and all other donors to agree upon a comprehensive control and audit framework in order to:
- (a) step up and improve overall control of donated funds;
 - (b) eliminate duplication and/or fragmentation of checks and reduce their cost;
263. Expects the Commission not only to accept the ECA's recommendations but also to indicate the earliest date for their implementation;
264. Considers, moreover, that in connection with humanitarian aid it is essential for the Commission to assert the criteria governing aid effectiveness as enshrined in the Paris Declaration on Aid Effectiveness;
265. Calls on the Commission to set a realistic and firm deadline for funds to be made available, in order to encourage the recipient countries to implement the agreed projects in a timely manner;
266. Considers that, in the event of natural disasters, humanitarian aid should be provided with no political strings attached; takes the view that the Commission should nonetheless require recipient countries to ensure:
- (a) unrestricted access to victims;
 - (b) that the assistance is not subject to taxation, customs duty or any other form of fiscal burden;
 - (c) that there will be no delay in granting, and no refusal to grant, visas to international staff working for relevant aid agencies;
 - (d) that beneficiaries will not be required to pay for the donated goods and services (or that all such revenue will be channelled into reconstruction operations);
267. Calls on the Commission to consider suspending aid should any of the above principles be violated;

Part VIII: Special Report No 7/2008 on Intelligent Energy 2003-2006

268. Welcomes the serious work carried out by the ECA and its findings, which contain a certain amount of praise but also criticisms regarding the management by the Commission and the Intelligent Energy Executive Agency of the IEE 2003-2006 programme; applauds the close cooperation between the Agency, the ECA and Parliament and the future-oriented cooperation of the Agency;
269. Concludes from the ECA's analysis that costs borne by beneficiaries (in preparing proposals and reporting) are rather high and, although it understands that those costs are different from purely administrative costs, advocates that they should also be taken into account and reduced in line with the principles of better regulation;
270. Considers that the ECA's findings might also be useful in the case of other executive agencies; looks forward to receiving the forthcoming ECA Special Report on executive agencies;
271. Deplores the fact that, in the case of projects or studies related to the programme, as well as in the case of local energy agencies, new Member States were hardly involved; accepts however that this situation can in part be explained by the fact that the programme had already started before the accession of EU-10; requests that the Commission actively pursue its policy of giving priority to the creation of energy agencies in the new Member States in order to arrive at a well-balanced distribution across the whole Union;

Part IX: Special Report No 8/2008 - Is cross-compliance an effective policy?

272. Considers that the objectives of Council Regulation (EC) No 1782/2003¹ should be developed in a 'SMART' (Specific, Measurable, Achievable, Relevant and Timed) manner and organised in a logical hierarchy; on this basis, Member States should define verifiable requirements and standards at farm level;
273. Considers that the cross-compliance framework should be simplified by limiting it to the principal elements of farming activities where improvements are sought and by specifying the expected results, requirements and standards;
274. Invites the Commission to draw a clear distinction between cross-compliance and agri-environment; notes that elements of rural development policy, such as the approval of standards by the Commission and the obligation to lay down verifiable standards, should also apply to cross-compliance;
275. Considers that an effective control and sanction system providing assurance of farmers' compliance should be implemented in the Member States; as a minimum, 1% of farms applying each obligation should be covered by controls, and the sanction system should be based on the principle that reductions in payments are proportionate to, or dependent on, the seriousness of the breach;

¹ Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1).

- 276. Invites the Commission to implement a sound monitoring system to measure performance by defining relevant indicators and baseline levels; Member States are invited to submit complete and reliable data, which should be subject to closer analysis by the Commission;
- 277. Invites the Commission to present proposals at the latest in the context of the budget review and the next reform of the common agricultural policy;
- 278. Invites the ECA to report on compliance with cross-compliance conditions in its annual report (statement of assurance);

Part X: Special Report No 9/2008— The effectiveness of EU support in the area of freedom, security and justice for Belarus, Moldova and Ukraine

- 279. Urges the Commission to carry out a full analysis of the reasons for the shortcomings and lack of results in some of the projects in Belarus, Moldova and Ukraine, and to improve the planning, management and control of Union funds in these countries;
- 280. Insists that the Commission continue to target Union funds to the specific priorities of Moldova, Belarus and Ukraine, bearing in mind the progress made in previous projects;
- 281. Calls on the Commission to make EU funding procedures more flexible, which would allow adjustment of project dossiers, benchmarks and goals in order to reflect changes in the economic and political situation in the countries concerned;
- 282. Requests that the Commission ensure the sustainability of Union-financed projects by clearly defining the commitments made by the recipient government at the end of each project;
- 283. Deplores the fact that the effectiveness of Community funding was insufficient in cases where, although there were shortcomings in project management, grants were awarded to the same contractors for new projects; thus urges the Commission to define clear criteria for selecting contractors and to avoid repetition of the unsatisfactory management of Community funds;
- 284. Recommends that the Commission improve its communication with the governments of Ukraine, Moldova and Belarus, and that it take appropriate steps to encourage and help recipient countries to establish and exercise effective donor coordination;
- 285. Encourages the Commission to focus more on the issue of effective prosecution in the fight against organised crime, and to explore possibilities for promoting greater public involvement in anti-corruption policy by supporting civil society organisations in issues relating to the judiciary and good governance;

Part XI: Special Report No 11/2008 – The management of the European Union support for the public storage of cereals

- 286. Agrees with the ECA that the Commission should take into account the geographical

location of the stores and in particular the quality of the cereal lots when it sets the minimum disposal price;

287. Calls on the Commission, in order to improve the budgetary process, to make the costs of activities not directly related to the intervention storage of cereals more transparent; therefore suggests that the subsidy element of programmes, such as support for the most deprived persons or the bioethanol industry, be directly allocated to the activities concerned;
288. Requests the Member States and the Commission to evaluate the costs of controls in the field of public storage operations of cereals; calls on the Commission to create more incentives for Member States to reduce the storage and capital costs of their interventions and to optimise the time of sale of their stocks;
289. Agrees with the ECA's opinion that the Commission should strengthen its review of the costs notified by the paying agencies by systematically following up on any unusual data or trends; on-the-spot inspections should include checks of the data used; the Commission should review its standard costs for operations without movement to ensure that they do not exceed actual costs;
290. Supports the ECA in its opinion that on-the-spot inspections of data on cost information received from the Member States' paying agencies would be useful; stresses however the need to ensure that control obligations are cost-effective;
291. Deplores the fact that there is no strategic reserve of cereals should a food shortage occur at Community level; notes that Member States are allowed to constitute strategic reserves of cereals, and that they have to inform the Commission about these reserves; deplores, however, the fact that very few Member States make use of this possibility, and considers that the Commission should explore the idea of constituting a Community strategic reserve.