

RESOLUTION OF THE EUROPEAN PARLIAMENT
of 23 April 2009
on financial management and control of EU agencies

THE EUROPEAN PARLIAMENT,

- having regard to the report from the Commission to the European Parliament of 15 October 2008 on the follow-up to 2006 discharge decisions (COM(2008) 629) and the accompanying Commission Staff Working Document (SEC(2008) 2579),
 - having regard to the Commission communication of 11 March 2008 entitled ‘European agencies — the way forward’ (COM(2008) 135),
 - having regard to its resolution of 21 October 2008 on a strategy for the future settlement of the institutional aspects of regulatory agencies ⁽¹⁾,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽²⁾,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽³⁾, and in particular Article 96 thereof,
 - having regard to Special Report No 5/2008 of the European Court of Auditors entitled ‘The European Union’s agencies: getting results’,
 - having regard to Rule 71 of, and Annex V to, its Rules of Procedure,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Budgets (A6-0148/2009),
- A. whereas this resolution contains, for each body within the meaning of Article 185 of Regulation (EC, Euratom) No 1605/2002, the horizontal observations accompanying the discharge decision in accordance with Article 96 of Regulation (EC, Euratom) No 2343/2002 and Article 3 of Annex V to Parliament’s Rules of Procedure,
- B. whereas, following the adoption of the abovementioned Commission communication, Parliament, the Council and the Commission have relaunched the project of defining a common framework for the agencies and set up an interinstitutional working group,

Introduction

1. Observes that in 2007 the European Court of Auditors (ECA) audited 23 decentralised agencies, three executive agencies and the Euratom Supply Agency, a body set up under the Euratom Treaty; notes that the subsidies from the Community budget in 2007 for the decentralised agencies amounted to EUR 452 000 000; emphasises that more than EUR 1 000 000 000 has been allocated to agencies’ budgets through other revenues such as own revenues from fees, contributions from EFTA countries and special contributions of Community programmes;
2. Notes that the number of agencies subject to the discharge procedure has greatly increased in recent years from eight in 2000 to 21 decentralised plus three executive agencies in 2007, not including three agencies which are audited by the ECA but not subject to discharge by Parliament;

⁽¹⁾ Texts adopted, P6_TA(2008)0495.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 357, 31.12.2002, p. 72.

3. Points out that the budgetary authority has authorised 3 487,5 posts in the establishment plans of the decentralised agencies; notes that, according to the documents provided by the ECA, 2 823 posts have been filled, in addition to the 961,5 contractual agent and national expert posts;
4. Welcomes the abovementioned Commission report on the follow-up to 2006 discharge decisions;
5. Points out again that Community law does not contain a definition of an agency, and supports the definition of agencies as 'bodies set up by the Communities having legal personality' ⁽¹⁾; recalls the three categories of agency that fit this definition, namely decentralised agencies, executive agencies and other bodies;
6. Reiterates in this context the term 'decentralised agencies' as a general term for the traditional agencies; considers that the term 'regulatory agency', which is increasingly used as a generic term, is misleading, as not all decentralised agencies have regulatory tasks;
7. Recalls that decentralised agencies are set up by the European legislator for a variety of reasons such as the provision of certain services, the employment of specialist expertise and the carrying-out of regulatory and monitoring tasks;
8. Considers the establishment of the budget of decentralised bodies and assessment of the implementation of the respective budget as core responsibilities of its Committee on Budgets;
9. Urges the ECA, for the sake of transparency, to consider the three categories of agencies in its next annual report;
10. Notes that the ECA observed an improvement with regard to financial discipline compared to the financial year 2006, but that nevertheless in some of the agencies the areas of recruitment and procurement still contained weaknesses which must be addressed by the authorising officers;
11. Deplores the fact that the ECA again found serious problems as regards the implementation of procurement rules and the Staff Regulations in many agencies; is not prepared to accept that these weaknesses have persisted over many years; considers that the revision of the Regulation (EC, Euratom) No 2343/2002 will not do away with these problems and that a fundamental overhaul of the legal framework is needed;
12. Notes the Commission's statement that all necessary support was granted to those agencies wishing to migrate to ABAC (accrual based accounting); notes that the agencies in some cases considered the support as insufficient;

Budget planning and implementation

13. Notes that the issue of agencies overestimating their cash requirements was addressed in the revised Regulation (EC, Euratom) No 2343/2002, which contains provisions reinforcing the agencies' obligation to submit, in their payment requests, rigorous forecasts of their real cash requirements throughout the year, in order to avoid unnecessary cash-flows;
14. Urges the Commission to consider technical abatement in order to lower surpluses in case of low implementation rates and persistently high vacancy rates, which will also trigger a reduction of assigned revenue;
15. Notes, in this context, the difficulties of decentralised agencies in recruiting highly qualified staff and experts; invites the Commission and the European Personnel Selection Office to strengthen their supporting efforts;

⁽¹⁾ See the arguments developed in the Study on the Agencies' discharge by the Budgetary Support Unit of the European Parliament, December 2006.

16. Urges the Commission to continue scrutinising the agencies' budget implementation for 2008 and 2009 and to make the necessary adjustments to the agencies' budget proposals;
17. Welcomes the Commission's efforts, since the 2009 preliminary draft budget (PDB), to systematically take into account the last known surpluses (in the case of the 2009 PDB, those of year n-2) when calculating the Community contribution; in order to improve transparency and efficiency, calls on the Commission, as a principal rule, to provide detailed information on the procedures for calculating and accounting for all types of assigned revenue at the agencies' disposal, specifically those arising from previous years' surpluses;
18. Welcomes the Commission's decision to follow the requests of the budgetary authority to take assigned revenues into account when drawing up the PDB for the decentralised agencies for 2009; considers that this is undoubtedly a step towards greater budgetary transparency;
19. Draws attention to the fact that the current use of the assigned revenue instruments still bears risks for budgetary transparency and sound financial management of EU funds in so far as estimations of assigned revenue remain difficult and the various types, years of origin and procedures to release assigned revenue does not enable them to be integrated in the budget planning and management in a clear manner;
20. Notes that in 2007 about EUR 550 000 000 of Community programme funds were committed by three executive agencies; in addition to the operational appropriations, EUR 47 000 000 was used for administrative purposes, i.e. operating the respective executive agency; notes that 119 temporary agents and 279 contract agents were operative in these agencies;
21. Reiterates the fact that the amounts taken from operational programme envelopes are used to finance purely administrative operations; invites its Committee on Budgetary Control to monitor closely future developments in the outsourcing of the administrative tasks of the Commission;
22. Notes that the Euratom Supply Agency functions as an administrative unit of the Commission, which is reflected by the budget nomenclature and by the fact that its Director-General is a staff member of the Commission;

Compliance with financial regulations and the Staff Regulations

23. Notes that it is a serious problem that a number of agencies are repeatedly criticised for not following rules such as Regulation (EC, Euratom) No 1605/2002, in particular the procurement rules, and the Staff Regulations; notes that the principal reason is that most rules are designed for larger institutions and that most of the small agencies do not have the critical mass to be able to cope with these regulatory requirements;
24. Regrets that the Commission, despite Parliament's request in 2006 discharge resolutions on agencies, has not presented a rapid solution and therefore asks the Commission again to look for a quick solution in order to enhance effectiveness by grouping the administrative functions of various agencies together;
25. Encourages the Commission to increase its efforts in providing all necessary administrative assistance to relatively small and especially newly-created agencies; bearing in mind negative experiences from the past; calls on the Commission to issue in the shortest possible time special guidelines for the agencies concerning the application of financial rules in relation to staff recruitment, public procurement and so on;
26. Will, in this context, assess very carefully the study entitled 'Opportunity and feasibility of establishing common support services for EU agencies' commissioned by its Committee on Budgets and Committee on Budgetary Control;

Internal audit

27. Is satisfied that the Commission's internal audit service, in its annual activity report 2007, lifted its reservation from the previous year, when it declared that it was not in a position to audit each of the operational decentralised agencies once a year due to a lack of resources;

28. Welcomes the pragmatic cooperation between the internal auditor of the Commission and the internal auditors and other persons in charge of internal audit in the agencies;
29. Recalls that Parliament asked the agencies, in its 2006 discharge resolutions on agencies, if and how they comply with the obligation in Regulation (EC, Euratom) No 2343/2002 to send to the discharge authority and the Commission an annual report on internal audits; regrets the fact that, whereas 21 agencies are subject to the 2007 discharge procedure, Parliament only received such a report from two (the European Centre for the Development of Vocational Training and the European Aviation Safety Agency);

Evaluation of the agencies' performance

30. Notes the Commission's follow-up on the 2006 discharge resolutions on the agencies, and that in September 2008 it finalised the following:
 - (a) an overview of the evaluation of the decentralised agencies, which provides a list of the agencies already assessed and a summary of the major findings;
 - (b) a document on the state of play and planning with regard to evaluation of the decentralised agencies; and
 - (c) a 'Meta-study on decentralised agencies: cross-cutting analysis of evaluation findings', prepared by an external contractor;
31. Is convinced that the evaluation of decentralised agencies launched and supervised by the Commission, and to be completed by the end of 2009, will contribute to the assessment of shortfalls and shortcomings of the agencies; is satisfied by the fact that the Commission has set up a reference group to launch the study;
32. Recalls the Commission's horizontal evaluation of the decentralised agencies referred to in its abovementioned Communication, the results of which should be available by 2009-2010; calls on the Commission to ensure that evaluations of agencies become more transparent in the interests of both the agencies and stakeholders;

Disciplinary procedures

33. Recalls that Parliament, in its 2006 discharge resolutions concerning agencies, called on the agencies to consider an inter-agency disciplinary board; notes that progress has been made, but that difficulties remain, in particular due to problems in finding staff who have the appropriate career grade to be a member of the board; calls on the agencies to inform the discharge authority as to whether the inter-agency disciplinary board is feasible or not and, if applicable, to come forward with an alternative solution;

ECA Special Report No 5/2008

34. Welcomes the timely publication by the ECA of its abovementioned special report, and urges the decentralised agencies to take on board the shortcomings identified in the report as well as to take action in line with the recommendations of the ECA;
35. Points out that the basic acts of the EU agencies must contain a clear definition of their tasks and competences and highlight the results-based approach of the agencies' work;
36. Stresses that the agencies must draw up multiannual work programmes in accordance with the multiannual Community strategy in the sector; the relevant annual work programme should set clear, specific and measurable objectives, which should then form the basis of actions, resources, approaches and time-tables in order to guarantee the achievement of expected results; underlines that the work programme should respect the limits of the agency's budget as authorised by the budgetary authority;

37. Demands that the EU agencies' management boards achieve maximum convergence between the planning of tasks and of resources (both financial and human) through the introduction of activity-based budgeting and management (ABB/ABM), and underlines that the agencies are subject to the principle of sound financial management and budgetary discipline;
38. Notes that the work of each agency should be accompanied by risk assessment in order to optimise expenditure as well as human resource management;
39. Recommends that the ECA continue the periodic performance audit of the agencies, but that it focus even more on the agencies' internal efficiency and assess how far its recommendations are met;

Interinstitutional dialogue on a common framework for agencies

40. Recalls the suggestion made in its abovementioned resolution that the interinstitutional working group address, inter alia, the need for a standard approach to the presentation of the agencies' activities during the financial year in question;
 41. Welcomes the decision by the Conference of Presidents taken on 18 December 2008 to nominate five Members to Parliament's delegation to the interinstitutional working group on the role of regulatory agencies;
 42. Considers its abovementioned resolution on a strategy for the future settlement of the institutional aspects of regulatory agencies as a mandate for the Parliament's delegation working in the interinstitutional working group;
 43. Insists on the need to establish minimum common standards with regard to the setting-up of decentralised agencies in the future;
 44. Asks the Commission and the agencies, in the meantime, to make available the financial documentation produced by the agencies in a complete, comparable and up-to-date manner on the common website launched by the Commission and the decentralised agencies on the Commission's intranet;
 45. Calls on the interinstitutional working group, in the light of the 2007 discharge exercise, to consider:
 - the reasons behind budget implementation problems, in particular the lack of a top-down approach concerning the agencies' budgets and staffing,
 - the question why compliance with recruitment and procurement rules is a recurrent problem in many agencies,
 - lessons learned from the specific experience of the European Anti-Fraud Office related to agencies,
 - how the implementation of policies by agencies can be made more cost efficient, for example by grouping the administrative functions of various agencies together,
 - how the Commission's different support functions and services could be made more reactive in order to respond quicker to the agencies' needs;
 46. Instructs its President to forward this resolution to the agencies subject to this discharge procedure, the Council, the Commission and the Court of Auditors.
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